

EDA Members:
Dan Roe,
President
Lisa Laliberte,
Vice President
Wayne Groff,
Treasurer
Robert Willmus
Jason Etten



**Economic Development
Authority
Meeting Agenda
Monday, March 9, 2020
6:00pm
City Council Chambers**

Address:
2660 Civic Center Dr.
Roseville, MN 55113

Phone:
651-792-7000

Website:
www.growroseville.com

1. 6:00 P.M. Roll Call
Voting & Seating Order: Willmus, Laliberte, Groff, Etten, and Roe
2. Pledge Of Allegiance
3. Approve Agenda
4. 6:01 P.M. Public Comment
5. Business Items (Action Items)
 - 5.A. 6:03 PM Receive 2019 Rice & Larpenteur Alliance Annual Report
Documents:
[5A REPORT AND ATTACHMENTS.PDF](#)
 - 5.B. 6:18 PM Provide Direction Regarding The Recommendations In City's Tax Increment Financing (TIF) Management Plan
Documents:
[5B REPORT AND ATTACHMENTS.PDF](#)
 - 5.C. 6:30 PM Consider Request To Amend The Contract For Private Redevelopment With 2720 Fairview Group, LLC (Reuter Walton Development)
Documents:
[5C REPORT AND ATTACHMENTS.PDF](#)
6. 6:45 P.M. Adjourn To City Council



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 03/09/2020
Item No.: 5.a

Department Approval

Janice Gundlach

City Manager Approval

Patricia Trueman

Item Description: Receive 2019 Rice & Larpenteur Alliance Annual Report

1 **BACKGROUND**

2 On April 22, 2019 the City Council authorized a Professional Services Agreement with the Saint Paul
3 Area Chamber of Commerce (SPACC) to provide professional services to create and run the Rice &
4 Larpenteur Alliance. The EDA provides funding for Rice & Larpenteur Alliance revitalization efforts.
5 Costs for 2019 were \$50,000. Kim O'Brien from SPACC, who serves as the Executive Director of the
6 Alliance, and will provide the 2019 Annual Report (see Attachment A).

7 **POLICY OBJECTIVE**

8 The corridor of Rice and Larpenteur that borders southeast Roseville was originally identified in the
9 City's Policy Priority Plan in 2016 as an Economic Development Strategic Initiative. This initiative
10 continues to be a focus area in the 2019-2020 City Policy Priority Plan.

11 **BUDGET IMPLICATIONS**

12 The EDA provided \$50,000 of funding to support Alliance efforts in year 2019, which technically runs
13 from April 22, 2019 thru March 1, 2020.

14 **STAFF RECOMMENDATION**

15 Receive the 2019 Rice & Larpenteur Annual Report.

16 **REQUESTED COUNCIL ACTION**

17 Receive the 2019 Rice & Larpenteur Annual Report.

Prepared by: Janice Gundlach, Community Development Director
Attachments: A: 2019 Annual Report

RICE & LARPELLEUR ALLIANCE

3 Cities. 1 Neighborhood.



2019 ANNUAL REPORT

OUR SHARED VISION

The Rice & Larpenteur Area is a safe, engaging, and inviting neighborhood center that includes common spaces, a high-quality pedestrian environment, and robust reinvestment for the diverse people of the surrounding communities to live, conduct business, and play together.

INTERIM ALLIANCE MEMBERS

City of Maplewood

Marylee Abrams, Mayor

Melinda Coleman, City Manager

Jeff Thomson, Community
Development Director

Shann Finwall, Environmental Planner

Scott Nadeau, Public Safety Director

City of Roseville

Dan Roe, Mayor

Jason Etten, Councilmember

Pat Trudgeon, City Manager

Janice Gundlach, Community
Development Director

Jeanne Kelsey, Housing and Economic
Development Program Manager

Rick Mathwig, Chief of Police

City of Saint Paul

Amy Brendmoen, City Council President

Hwa Jeong Kim, Legislative Aide

Angela Riffe, Senior Project Manager

Kady Dadlez, Senior City Planner

Tim Flynn, Senior Commander (SPPD)

Ramsey County

Trista MatasCastillo, Commissioner

Ethan Osten,
Commissioner Assistant

Mary Jo McGuire, Commissioner

Melissa Jamrock,
Commissioner Assistant

Victoria Reinhardt, Commissioner

Darren Tobolt, Commissioner Assistant

Kari Collins, Director of Community
and Economic Development

Rick Howden, Economic
Development Specialist

Brian Isaacson, Deputy Director
of Public Works

Greetings,

What a year it's been since embarking upon the implementation phase of the Rice & Larpenteur Vision Plan. We have accomplished much in 2019 thanks to the steadfast commitment from staff and elected leaders from the Cities of **Maplewood, Roseville, Saint Paul** and **Ramsey County**, and the enthusiastic engagement of our local businesses and residents. We have learned that our neighborhood has many strengths and that challenges can be overcome by working together to realize our hopeful vision for the future.

We are excited for the year ahead as the community takes more leadership of the Rice & Larpenteur Alliance. The Alliance will continue to serve the neighborhood with community events, identify and support redevelopment opportunities, and manage improvements like public garbage and recycling cans, public art, signage, and green infrastructure. We will partner with and support our local businesses and housing providers, and ensure every community member feels safe, welcomed, and engaged in our shared future.

Together, we can build a better future of the Rice & Larpenteur neighborhood.

Sincerely,

Kim O'Brien
Executive Director

Maplewood 

ROSEVILLE 



 RAMSEY COUNTY

The Rice & Larpenteur Alliance is a collaboration of the Cities of Maplewood, Roseville, Saint Paul, Ramsey County, and the Saint Paul Area Chamber of Commerce.



RICE & LARPENTEUR ALLIANCE HIGHLIGHTS

- *Rice & Larpenteur Area Vision Plan* adopted in 2018.
- Urban Land Institute's *Envisioning Healthy Corridors Study* published and grant received.
- Saint Paul Area Chamber of Commerce selected to lead implementation phase.
- McKnight Foundation grant received to help launch the Rice & Larpenteur Alliance.
- 600+ people attended RLA community events.
 - Summer Block Party @ Rice & Larpenteur.
 - Fall Festival at the Rice Street Gardens.
 - Spring Clean-Up and Meet-Up .
 - Holiday Pop-Up at Setzer's Pharmacy.
- New neighborhood logo unveiled and website (riceandlarpenteur.com) launched.
- Planters installed & pavement mural created on southwest corner.
- Larpenteur Ave. traffic calming, sidewalk, and pedestrian refuge islands installed.
- Wheelock Parkway rebuilt from Dale to Rice St., sidewalk added, and multi-purpose trail completed.
- Successfully advocated against cuts to Metro Transit Route 64 bus service.
- Created plans for Strategic Funding and Long-Term Alliance Governance.
- Engaged dozens of local businesses, hundreds of residents, and investors.

NEXT STEPS

- Create a Rice & Larpenteur Alliance Advisory Board and community-based committees.
- Support the development of the Rice Street Gardens site for housing and urban ag.
- Improve the MyThrift Store mall parking lot and add a sidewalk on Rice Street.
- Beautify the neighborhood with public art, greening, and signage.
- Install and maintain public garbage and recycling bins.
- Celebrate Rice & Larpenteur with community events.
- Promote redevelopment and investment opportunities.
- Support local businesses with financial and technical assistance.
- Advocate for improvements to Rice Street from Cottage Avenue to County Rd B.
- Improve connections to Lake McCarrons Regional Park.



What we do:



Placemaking



Community Engagement



Economic Development



Community Safety & Livability

Our community:

Rice and Larpenteur is a neighborhood at the intersection of three cities, bisected by two county roads. We are...

- **Growing** (~18K residents)
- **Diverse** (>35% people of color)
- **Global** (~15% non-English speaking)
- **Young** (30% increase in children under 5)

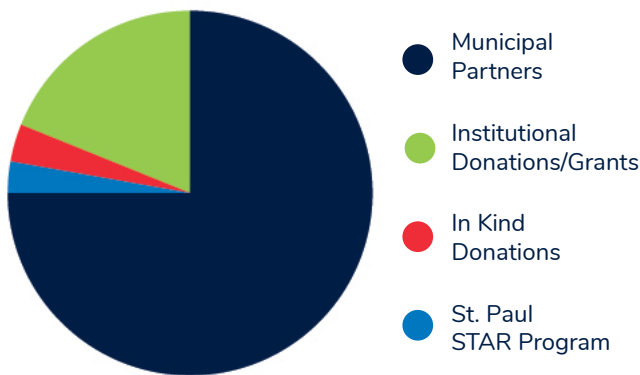
**Based on census data from 2015 for tracts 416.02, 422.01, 304, 305.*



2019 Financials

The Rice & Larpenteur Alliance is funded primarily through a contract with the Cities of Maplewood, Roseville, and Saint Paul. The Alliance successfully secured grants from the McKnight Foundation, Urban Land Institute of MN, and cash and in-kind sponsorships of community events. The operating budget for Year 1 (March 2019-February 2020) was about \$179,500. The largest expense went for staffing by the Saint Paul Area Chamber of Commerce followed by events, placemaking activities, and marketing.

RICE & LARPEnteUR REVENUE (MAR-DEC 2019)



RICE & LARPEnteUR EXPENSES (MAR-DEC 2019)



STAY IN TOUCH!

Sign-up for newsletters at riceandlarpenteur.com

Join the "Let's Revitalize Rice & Larpenteur" Facebook Group

Follow us on Twitter & Instagram @AllianceRice



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 3/9/2020
Item No.: 5.b

Department Approval

Executive Director Approval

Item Description: Provide direction regarding the recommendations in City's Tax Increment Financing (TIF) Management Plan

BACKGROUND

Annually, the Roseville Economic Development Authority (REDA) has requested that staff provide a review of the City's TIF district fund balances and overall use of TIF. At the January 13, 2020 meeting, the REDA was provided a report of the City's TIF districts, referred to as the Management Review & Analysis Tax Increment Financing Districts or TIF Management Plan (Plan), which identified recommendations aimed at ensuring long-term best management of funds generated within certain active districts (Attachment A). The REDA requested the item be brought back for discussion when all of the board members are present. The following is a summary of the recommendations made by Ehlers per the TIF Management Plan, and the corresponding staff recommendation (noted in **bold italics**), which staff is requesting direction from the REDA:

TIF 17/17A – Twin Lakes for Redevelopment. At the end of 2019, TIF 17 balance available for pooling is approximately \$297,812, and TIF 17A (HSS) balance available for pooling is approximately \$407,580. We recommend REDA utilize the current and future cash balances under TIF 17 to pay for acquisition/demolition of blighted property, environmental remediation and/or public infrastructure costs associated with redevelopment. Cash balances (current and future) under TIF 17A (HSS) can only be utilized for clean-up of hazardous substances identified in an approved Response Action Plan (RAP) and pursuant to the special TIF legislation received in 2019.

Staff recommends the REDA utilize TIF 17 pooling funds for redevelopment (including acquisition/demolition) of blighted property, environmental remediation and/or public infrastructure costs associated with redevelopment. Staff recommends the REDA utilize TIF 17A pooling funds for future environmental remediation needs. Utilization of pooling funds in this manner would be consistent with the REDA's previous and current use of pooling.

TIF 18 – Sienna Green TIF for Affordable Housing. If the current fund balance of \$62,000 and future TIF not needed for the Note continues to accumulate, at the end of the term of the District, the fund balance will be approximately \$1.185 million. Since the current Development Agreement only requires Aeon to meet the income guidelines and report until the TIF Note is paid in full (anticipated to be August 2028), we recommend that staff engage with Aeon to amend the Agreement to require reporting through 2038, allowing generation of additional dollars for affordable housing in light of other identified affordable housing needs in the community. If Aeon is unwilling, then REDA would

33 need to decertify the District when the obligation is paid in full (August 2028) and the cash balance
34 REDA would have available for the pooling would be approximately \$123,000.

35
36 This increment may be used to pay eligible costs for housing projects that are rental or owner-
37 occupied and intended for occupancy by low and moderate-income families. The income guidelines
38 are defined in MS 469.1761 as follows:

39
40 Rental Housing: 20% of the units occupied by families at 50% of median income (20/50) or
41 40% of the units occupied by families at 60% of median income (40/60).

42
43 Owner Occupied: Assistance to homeowners with an income at or below 100% of the median
44 income for a family of two or less or 115% of the median income for a family
45 of three or more.

46 Typically, TIF is utilized for capital expenditures, but may be used for non-capital expenditures on a
47 limited basis.

48
49 Examples of potential rental housing projects would include:

- 50 1. New affordable rental housing as part of redevelopment (20/50 or 40/60 election)
- 51 2. Renovation of an existing rental housing development (20/50 or 40/60 election)
- 52 3. Providing subsidy to an existing project that is earmarked for additional affordability
53 (20/50 or 40/60 election)

54 Examples of potential owner-occupied projects would include:

- 55 1. Site acquisition and demolition for infill lots that will be sold for new housing construction
- 56 2. Acquisition of foreclosed homes for resale to income qualified buyers
- 57 3. Rehabilitation loans for home improvements
- 58 4. Second mortgages to qualified home buyers

59 If the income requirements are not met on any given year, the City will need to return that year's
60 increment to the County for redistribution.

61 ***Staff recommends working with Aeon to amend the Development Agreement to require***
62 ***reporting through 2038 to allow generation of additional dollars for affordable housing***
63 ***projects, which could include NOAH preservation and/or new construction.***

64
65 TIF District 19 – Applewood Pointe Pooling for Economic Development. As of December 31, 2019,
66 this District has a legal pooling fund balance of approximately \$267,617. These funds can be
67 retained by REDA in the TIF account and spent only on documented administrative expenses (only
68 projected to use 1.5% of the 10% maximum allowed) or for economic development purposes (public
69 infrastructure related to economic development TIF eligible uses such as land acquisition, utilities,
70 parking, etc.). If REDA does not anticipate that there will be any economic development projects
71 (manufacturing/warehouse) that require public infrastructure for them to proceed and/or assistance,
72 then the fund balance should be returned to the County for redistribution. If REDA does the later, we
73 anticipate that the City's portion of the \$267,617 will be approximately \$85,868. If returned, these
74 funds are non-restricted (not considered TIF) and we recommend that when the City receives them,
75 they place them in the EDA Fund for future redevelopment/development projects.

76
77 ***Staff recommends reserving \$267,617 for economic development projects. Potential use of these***
78 ***funds could include redevelopment of the PIK Properties site, and/or public infrastructure needs***
79 ***for economic development projects. If funds are not utilized, then the REDA can have funds***

80 *redistributed in the future. It's worth noting that preserving these funds for redevelopment and/or*
81 *public infrastructure purposes provides the REDA ability to leverage the full amount of \$267,617*
82 *verses slightly less than a 1/3 at \$85,686 if turned back to the County for redistribution.*

83
84 TIF 19 – Applewood Pointe Return of Increment. The PAYGO Note was paid in full as of the
85 August 1, 2019 payment. REDA will need to return the unused portion of the first half TIF plus the
86 second half settlement it receives (\$226,735). These dollars will be redistributed to the City, County
87 and School District upon receipt. It is estimated that the City will receive approximately \$72,750 of
88 this. Since these returned funds are non-restricted (not considered TIF) we recommend that when the
89 City receives them, they place them in the EDA Fund for future redevelopment/development
90 projects.

91
92 *Staff recommends redistribution of these funds and for the \$72,750 to be directed into the general*
93 *fund for use as the Council desires.*

94
95 TIF District 20 – McGough Lookback and TIF Note Issuance. Since construction is completed and
96 McGough has officially moved into their new building, we recommend requesting the required
97 documentation from McGough and completing the necessary lookback. In addition, upon
98 completion of the lookback the TIF note should be sized accordingly and issued to McGough.

99 *Staff has requested documentation from McGough in order to complete the lookback provision in*
100 *the Development Agreement.*

101
102 **STAFF RECOMMENDATION**

103 Provide direction to Staff on the recommendations noted in the TIF Management Plan.

104
105 **REQUESTED EDA ACTION**

106 Provide direction to Staff on the recommendations noted in the TIF Management Plan.

107
108
109 Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

110 Attachments: A: Management Review & Analysis TIF Districts



January, 2020

Management Review & Analysis Tax Increment Financing Districts

FOR THE CITY OF ROSEVILLE, MINNESOTA



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Management Review and Analysis

OVERVIEW

Tax increment is a financing tool authorized by State law, that allows an authority to capture and use most of the increased local property tax revenues from new development within a defined geographic area for a defined period of time without approved of other taxing jurisdictions. Tax increment revenues are used to encourage creation or retention of jobs, redevelopment of blighted areas or polluted sites and construction of affordable housing. Since creating its first TIF district in 1982 (TIF 1 – Centre Pointe Redevelopment), the City has certified 22 districts, of which only six (6) are in existence today. Revenue from these tax increment financing (TIF) districts is a financial asset of the City of Roseville. The revenue generated is first used to pay debt service on outstanding bonds, interfund loans and developer pay-as-you-go (PAYGO) TIF notes. A portion, but not all, of the remaining revenues may be used to participate in other eligible development and redevelopment projects and City initiatives.

The factors that produce tax increment revenues change every year. At the same time, the State property tax laws have changed significantly since 1997, including the major reforms enacted in 2001. In addition to property tax reform, significant changes enacted by the Legislature in 1990 have changed the way that cities can utilize TIF for development.

The Office of the State Auditor (OSA) has a TIF division which is mandated by state law to collect annual reporting forms and, if necessary, audit the use of TIF. Such audits could result in a letter to the county attorney or attorney general for enforcement actions. To date the City has not been audited. Due to legislative and market changes and oversight of TIF districts by the OSA, the management of the City's TIF districts is an ongoing activity. Because of legislative changes, the potential to be audited by the OSA, and to be more proactive in ensuring districts are performing as intended, Ehlers worked with City staff to create the following plan for the management of its TIF districts and their related obligations.

USE OF TIF POOLING

An authority can utilize up to 25% of the TIF generated from a redevelopment district to pay for redevelopment related expenses outside of the TIF district, but within the city's development district or for projects within the TIF district if being completed after year five (5) of certification of the district. This 25% is inclusive of the maximum administrative costs of 10% so the net amount available for pooling is typically less than 25%, as noted in the following examples:

25% Pooling - 10% admin = 15% for pooling

25% Pooling - 3% admin = 22% for pooling

Pooling restrictions do not apply to housing districts so essentially an authority can utilize any unused TIF from a housing district for affordable housing related activities, as long as the original housing developed in the district still reports to the authority annually that they are meeting the required income and unit thresholds of 20% affordable at 50% of area median income (AMI) or 40% affordable at 60% of AMI. For the City, this would be TIF District 18 – Sienna Green. TIF could be utilized for capital expenditures, but may be used for non-capital expenditures on a limited basis as follows:

Potential rental housing projects would include:

1. New affordable rental housing (20/50 or 40/60 election)
2. Renovation of an existing rental housing development (20/50 or 40/60 election)
3. Providing subsidy to an existing project that is earmarked for new or additional affordability (20/50 or 40/60 election)

TIF from this district could also be utilized for owner-occupied housing projects as long as the homeowner's income is at or below 100% of the median income for a family of two or less or 115% of the median income for a family of three or more.

Potential owner-occupied projects would include:

1. Site acquisition and demolition for infill lots that will be sold for new housing construction
2. Acquisition of foreclosed homes for resale to income qualified buyers
3. Rehabilitation loans for home improvements and second mortgages to qualified home buyers

USE OF TIF POOLING CONTINUED

Over the years, the City utilized unobligated revenues from older TIF districts to complete the following projects:

- **Greater Minnesota Housing Corporation (GMHC)**. In 2015, the City used \$1,120,017 in pooling dollars from TIF #10 (ETC) and TIF #12 (NCR) for a land write down to assist GMHC in developing eighteen (18) for-sale single-family homes on the City's former Fire Station Site. The homes were developed in 2016-2018 and as required by the TIF agreement which included a lookback provision. The lookback was completed in the summer of 2019 to determine if the land write down was necessary and if GMHC was required to repay a portion of the TIF pooling dollars. Pursuant to the TIF agreement, if their developer fee exceeded an 8% return (total development costs minus total sales), then 50% of the excess above the amount need to attain an 8% developer fee would be paid to the City. The lookback determined that the developer did not meet the 8% profit threshold and therefore none of the TIF assistance needed to be repaid.
- **SE Roseville Redevelopment Fund**. In 2017 the City transferred \$781,000 to this fund for use for redevelopment activities associated with the redevelopment. To date, none of these dollars have been expended.

TIF DISTRICT SUMMARY

Currently, the City has four (4) redevelopment districts, one of which is also a hazardous substance subdistrict, one (1) housing district, and one (1) economic development district. These districts are outlined in the following chart. A more detailed explanation of each district can be found starting on page 13.

Category	TIF 17 & 17A Twin Lakes	TIF 18 Sienna Green	TIF 19 Applewood Pointe	TIF 20 McGough	TIF 21 Colder	TIF 22 Twin Lakes II
District Type	Redevelopment & Hazardous Substance Sub District	Housing	Economic Development	Redevelopment	Redevelopment	Redevelopment
Project/Costs Financed	Public Improvements/Roadways	50-unit apartment complex (rehab and new construction)	48-unit senior cooperative	53,675 Sq/Ft Corporate Office	131,100 Sq/Ft Office and Manufacturing Facility	117 market rate apartment, 40,000 sq/ft Office, 56,200 sq/ft retail and 476 units of affordable rental units
Project Area	Development District 1	Development District 1	Development District 1	Development District 1	Development District 1	Development District 1
Certified	9/3/2005	12/22/2009	5/20/2011	9/19/2018	Requested 6/20/2019	Not Yet Requested
Legal max term	12/31/2031	12/31/2038	12/31/2020	12/31/2045	12/31/2046	12/31/2046
Anticipated term	12/31/2031	12/31/2038 (If TIF agreement is amended)	12/31/2019	12/31/2045	12/31/2046	12/31/2039
First Increment	2006	2013	2013	2020	2021	2021
Current Obligations	\$3,060,000 GO TIF Bonds, Series 2015A	\$935,005 Pay-As-You-Go TIF Note	None	\$1,316,000 Pay-As-You-Go TIF Note (Yet to be issued)	\$2,200,000 Pay-As-You-Go TIF Note (Yet to be issued)	\$2,900,000 PAYGO TIF Note for RW Apartments, \$650,000 PAYGO TIF Note to RW for Office, \$3,990,000 PAYGO TIF Note to Dominion for Sr. Apts and \$3,450,000 PAYGO TIF Note to Dominion for non-age restricted apts (all notes yet to be issued)
2019 Anticipated TIF	\$906,264	\$104,722	\$298,784	\$0	\$0	\$0
Pooling Amount	\$407,580 in 2019 for HSS purposes & \$297,812 for redevelopment	\$67,700 in 2019	\$267,000 in 2019	N/A	N/A	N/A
Use of Pooling Dollars	Clean up of HSS parcels and/or redevelopment	Affordable Housing (Rental and/or Owner-Occupied)	Economic Development (Manufacturing/Warehouse)	Redevelopment	Redevelopment	Redevelopment

TIF AS A DEVELOPMENT TOOL

In October 2016, the Roseville Economic Development Authority adopted a Public Financing Criteria and Business Subsidy Policy. Before this policy, other policies existed that attributed to creation of districts prior to 2016. Continuous redevelopment is vital to maintaining the City's long-term economic health and vitality. Utilizing TIF to accomplish the various goals of the City has strengthened the overall diversity of housing options, jobs, land uses and tax base. One immediate benchmark of the benefit in utilizing TIF is the overall increase in market value from when the district was created to when it is fully developed and aging. As illustrated in the following table, the City's overall market value within the TIF Districts has increased since 1982 by nearly 900%.

District	Status	Original Market Value	Pay 2019 Taxable Market Value	Percent Increase in Value
TIF 1 - Centre Pointe	Decertified	\$1,338,179	\$141,662,500	10486.2%
TIF 2 - Lido, Burger, Everest		\$813,707	\$96,161,400	11717.69%
TIF 3 - Housing Alliance Sr. Housing		\$27,720	\$9,408,100	33839.75%
TIF 4		\$1,062,347	\$46,933,800	4317.94%
TIF 5		\$9,347,181	\$86,073,800	820.85%
TIF 6		\$7,200	\$1,541,200	21305.56%
TIF 7		\$2,744,102	\$54,592,900	1889.46%
TIF 8		\$30,592	\$5,497,400	17870.06%
TIF 9		\$3,036,520	\$37,328,800	1129.33%
TIF 10 - ETC		\$15,542,913	\$55,340,700	256.05%
TIF 11 - Twin Lakes		\$35,741,500	\$214,272,000	499.50%
TIF 12 - NCR		\$52,938	\$25,572,800	48207.08%
TIF 13 - College Prop		\$1,285,800	\$42,559,200	3209.94%
TIF 14		\$2,200,000	\$15,409,800	600.45%
TIF 15 - Tower Place Area		\$2,769,600	\$14,044,900	407.11%
TIF 16		\$102,800	\$33,877,400	32854.67%
TIF 17 & 17A - Twin Lakes	Active	\$18,124,300	\$60,539,600	234.02%
TIF 18 - Sienna Green		\$5,000,000	\$20,133,300	302.67%
TIF 19 - Applewood Pointe		\$1,522,700	\$23,517,300	1444.45%
TIF 20 - McGough		\$1,978,600	\$1,978,600	0.00%
TIF 21 - Colder		\$3,681,300	\$3,681,300	0.00%
TIF 22 - Twin Lakes II	Approved	\$28,891,700	\$28,891,700	0.00%
TOTAL	N/A	\$135,301,699	\$1,019,018,500	877.14%

TIF AS A DEVELOPMENT TOOL CONTINUED

As noted above in the table, some districts have significantly higher increase in market value compared to others. Typically, districts that allow for high density housing, multi-story office, other higher valued uses, along with a lower original market value (OMV), will typically see the largest increase in valuation. As we look at your current, active districts, the overall increase is a little over 300%. As noted, TIF 19 – Applewood Pointe has a significant increase in valuation, due to a lower OMV and construction of high-density housing on it. The other districts had either a higher OMV (TIF 17 and TIF 22) and/or had office/manufacturing (or predominantly office/manufacturing) development on them, which produces a lower overall valuation. However, in these districts and many of the others, increase in market value isn't the driving factor for their creation. It is removal of blight, creation of housing options within the City for its residents, job creation and business retention.

District	Original Market Value	Pay 2019 Taxable Market Value	Percent Increase in Value
TIF 17 & 17A - Twin Lakes	\$18,124,300	\$60,539,600	234.02%
TIF 18 - Sienna Green	\$5,000,000	\$20,145,500	302.91%
TIF 19 - Applewood Pointe	\$1,522,700	\$23,631,400	1451.94%
TIF 20 - McGough	\$1,978,600	\$1,978,600	0.00%
TIF 21 - Colder	\$3,681,300	\$3,681,300	0.00%
TIF 22 - Twin Lakes II	\$28,891,700	\$28,891,700	0.00%
TOTAL	\$59,198,600	\$138,868,100	323.24%

Note: The percent increase in value excludes McGough, Colder and Twin Lakes II since construction did not start for pay 2019 values.

Even though there are many benefits to utilizing TIF as a development tool, cities still wonder if they are utilizing the tool too much or not enough. One way to measure a city's use of TIF is to compare the use of TIF with similar cities. A common measure of the use of TIF is the percentage of the gross tax base captured in TIF districts. On the following page is a chart which demonstrates Roseville's current and projected tax base which is captured in TIF districts with similar cities.

TIF AS A DEVELOPMENT TOOL CONTINUED

City of Roseville Projected Captured TIF Tax Capacity and Comparison with Other Cities

	2015	2016	2017	2018	2019	2020	2021	Projected 2022	2023	2024
TIF 10 Rosedale	362,430	0	0	0	0	0	0	0	0	0
TIF 11/11A Twin Lakes	856,285	877,894	500,552	0	0	0	0	0	0	0
TIF 12 NCR	129,760	131,635	0	0	0	0	0	0	0	0
TIF 13 College Prop.	379,847	333,347	0	0	0	0	0	0	0	0
TIF 17/17A Twin Lakes	505,653	534,167	580,396	701,324	771,631	775,489	779,367	783,263	787,180	791,116
TIF 18 Sienna Green	66,806	71,711	68,737	101,065	105,769	106,298	106,829	107,363	107,900	108,440
TIF 19 Applewood Pointe	179,487	178,290	204,568	230,035	251,739	0	0	0	0	0
TIF 20 McGough	0	0	0	0	0	49,490	49,737	49,986	50,236	50,487
TIF 21 Colder	0	0	0	0	0	0	865	148,614	149,357	150,104
TIF 22 Twin Lakes II	0	0	0	0	0	0	93,030	579,347	868,363	872,705
Captured TIF Tax Capacity	2,480,268	2,127,044	1,354,253	1,032,424	1,129,139	931,277	1,029,828	1,668,574	1,963,037	1,972,852
Total Tax Capacity (Gross)	52,370,094	52,683,388	55,674,350	59,304,042	63,351,516	63,669,030	63,705,958	63,742,908	63,779,879	63,816,871
Percentage of Tax Base in TIF	4.7%	4.0%	2.4%	1.7%	1.8%	1.5%	1.6%	2.6%	3.1%	3.1%

Note: Assumes 1% annual increase in tax base and TIF beginning in payable 2020

Comparable City	Final Pay 2019 Captured TIF as a % of Tax Base	Final Pay 2019 City Tax Rate	Bond Rating
Golden Valley	1.7%	53.780%	AA+
Edina	3.5%	27.380%	AAA
Minnetonka	2.7%	34.676%	AAA
Brooklyn Park	1.6%	51.869%	AA+
Minneapolis	7.6%	57.312%	AAA
Roseville	1.5%	37.422%	AAA
St. Louis Park	11.4%	44.706%	AAA
Bloomington	2.6%	40.045%	AAA
St. Paul	8.6%	50.266%	AAA
Maplewood	2.7%	44.693%	AA+
Arden Hills	2.1%	25.555%	AAA
Shoreview	2.3%	32.959%	AAA
Richfield	9.4%	53.275%	AA+
New Brighton	11.6%	40.589%	AA+

TIF AS A DEVELOPMENT TOOL CONTINUED

The following is a table which demonstrates the historical market value growth of the City of Roseville.

Tax Year Payable	Taxable Market Value	Percent Change From Prior Year
2019	4,740,536,700	7.63%
2018	4,404,560,100	6.07%
2017	4,152,526,300	6.01%
2016	3,916,961,800	0.86%
2015	3,883,569,100	6.55%
2014	3,644,972,400	2.42%
2013	3,558,966,800	-5.14%
2012	3,751,962,400	-8.46%
2011	4,098,719,200	-4.12%
2010	4,274,909,700	-4.05%
2009	4,455,162,600	-1.49%
2008	4,522,375,200	7.02%

Tax Year Payable	City Tax Rate	Percent Change From Prior Year
2019	37.422	-1.98%
2018	38.177	-0.97%
2017	38.552	-1.96%
2016	39.324	1.07%
2015	38.909	-3.02%
2014	40.121	3.14%
2013	38.899	16.30%
2012	33.446	12.39%
2011	29.758	8.73%
2010	27.369	11.51%
2009	24.545	4.97%
2008	23.383	1.60%

The above two tables show the history for the City's taxable market value and the City's tax rate. Factors such as total general and debt levy needs, State law and economic factors will influence both the market value and the corresponding tax rate. A correlation cannot always be made when considering market value, tax rate and total tax capacity captured by tax increment districts.

As noted in the table on the prior page, today the City's use of TIF is below average compared to similar cities that are undertaking significant redevelopment. However, the City's adoption of its updated Policy in 2016 has generated significant activity which is incorporated in the table and future projections show the amount captured will be approximately 3%, which is still comparatively low. Also shown in the table are comparable cities' tax rates and bond ratings. Although this is a small sample of municipalities, the amount of TIF used by a City does not seem to correlate directly with a City's tax rate or bond rating. In conversations with rating agencies, we do know that market value growth and redevelopment are important factors in maintaining Roseville's AAA bond rating.

IMPACT OF DECERTIFIED TIF DISTRICTS

As shown on Page 6, the City has seen the gradual decertification of TIF districts from 2015 to 2018. These decertified districts have begun to return value to the tax rolls for general taxing purposes, and the City has seen a corresponding increase in its tax base. Moreover, the City will also see another TIF district decertify in 2020 and based on Pay 2019 tax rates, the City will see an additional \$250,000 returned to its tax rolls. One frequent question we receive is what are the additional levy dollars the City can expect to receive for the other future TIF districts? The table below shows how much more the City could levy and still maintain a stable tax rate.

City of Roseville

Projected Additional Tax Levy Dollars As A Result of Decertified TIF Districts

TIF District	Decertifies	Projected					
		2020	2032	2039	2040	2046	2047
TIF 17 - Twin Lakes	12/31/2031	-	771,630	-	-	-	-
TIF 18 - Sienna Green	12/31/2038	-	-	116,282	-	-	-
TIF 19 - Applewood Pointe	12/31/2019	251,731	-	-	-	-	-
TIF 20 - McGough	12/31/2045	-	-	-	-	70,779	-
TIF 21 - Colder	12/31/2046	-	-	-	-	-	148,614
TIF 22 - Twin Lakes II	12/31/2039	-	-	-	856,248	-	-
Total Annual Captured Net Tax Capacity Returned to Tax Rolls		251,731	771,630	116,282	856,248	70,779	148,614
City Tax Rate for Taxes Payable in 2019 ⁽¹⁾		37.422%					
Estimated Additional Annual Tax Levy Available ⁽¹⁾		\$ 94,203	\$ 288,759	\$ 43,515	\$ 320,425	\$ 26,487	\$ 55,614

(1) - Assumptions:

- Calculates additional dollars the City could levy and still maintain the same tax rate as Pay 2019.
- Assumes no change in existing tax base from prior year
- Assumes no change in the Fiscal Disparities Distribution Dollars from Pay 2019

OBLIGATIONS OF THE TIF DISTRICTS

The revenues from these districts are largely site specific, meaning that the revenues are restricted by law and by contract with the developers. The revenues must be used primarily to address blight, contamination, housing or redevelopment needs for the parcels in the TIF district within a specified period of time. The City has one GO TIF Bond and seven (7) PAYGO TIF Notes outstanding (after the August 1, 2019 actual bond and PAYGO TIF note payments were made) as noted in the table below:

Outstanding Obligations				
District	Bonds/PAYGO	Original Bond/PAYGO Amount	Outstanding After 8/1/2019	Term
TIF #17 - Twin Lakes	2015A GO TIF Bonds	\$ 3,246,065	\$ 2,940,000	3/1/2032
TIF #18 - Sienna Green	Aeon PAYGO	\$ 935,005	\$ 716,578	8/1/2028
TIF #20 - McGough	McGough PAYGO	\$ 1,316,000	\$ 1,316,000	2/1/2046
TIF #21 - Colder	Colder PAYGO	\$ 2,200,000	\$ 2,200,000	2/1/2047
TIF #22 - Twin Lakes II	Reuter Walton Apt PAYGO	\$ 2,900,000	\$ 2,900,000	2/1/2036
	Reuter Walton Office PAYGO	\$ 650,000	\$ 650,000	2/1/2040
	Dominium Sr. Apt PAYGO	\$ 3,990,000	\$ 3,990,000	2/1/2040
	Dominium Non-Age Restricted Apt PAYGO	\$ 3,450,000	\$ 3,450,000	2/1/2040
TOTAL		\$ 18,687,070	\$ 18,162,578	N/A

Note: The PAYGO obligations for TIF #20, #21 and #22 have not yet been issued

ADMINISTRATIVE EXPENSES

Minnesota TIF law defines certain costs to administer and maintain the district as allowable costs that can be paid for from tax increment revenues. These generally include City staff time, legal expenses, financial advisory expenses and publication and reporting expenses. This allows a City to defray documented staff time that is most likely a General Fund expense, such as staff time in Finance, Community Development, and Administration. Time spent can be paid for from TIF revenues rather than general property tax or other revenues. The table below compares the statutorily calculated percent of administrative costs used to date with the maximum allowable statutory admin. The table also includes an estimate of the yearly amount of documented admin that can be charged to the district without exceeding this limit.

District	TIF 17 & 17A Twin Lakes	TIF 18 Sienna Green	TIF 19 Applewood Pointe	TIF 20 McGough	TIF 21 Colder	TIF 22 Twin Lakes II
TIF Admin Budget	\$4,110,000	\$260,223	\$245,056	\$305,384	\$401,483	\$4,560,105
Statutory Limit	10%	10%	10%	10%	10%	10%
Actual Admin Used to Date	\$261,280	\$1,425	\$19,325	N/A	N/A	N/A
Yearly Admin Estimate	\$0	\$200	\$200	N/A	N/A	N/A
Statutory % Used to Date	5.00%	0.30%	1.70%	N/A	N/A	N/A

Note: Yearly admin estimate is through December 31, 2018.

ASSUMPTIONS

Before discussing the recommendations of the current TIF analysis, it is important to understand the assumptions used in making these projections.

1. **Fund Balances.** Fund balances shown for debt service funds are based on actual audited amounts for December 31, 2018.
2. **Tax Increment.** Pay 2019 tax increment revenues are based upon Ramsey County reports.
3. **Projected Revenues.** Projected revenues account for anticipated development in the new districts.

RECOMMENDATIONS

The updated financial analysis of the City's TIF Districts offers the following recommendations:

1. **Pooling.** The City's three (3) TIF districts have cash balances within them due to funds not being utilized for administration or other projects within or outside the district. Following is a chart outlining the cash balances available for pooling at the end of 2019, as well as the end term of the Districts. **We recommend the REDA continue to utilize these pooling funds to advance affordable housing and redevelopment efforts** (see specifics for pooling limitations in recommendations numbers 2-4).

District	End Date of Obligation	Pooling Through 2019	Cumulative Pooling Available Through Term of District	Type of Project Eligible
TIF 17 Twin Lakes	3/1/2032	\$ 297,812	\$ 2,351,901	Redevelopment
* TIF 17A Twin Lakes HSS		\$ 407,580	\$ 1,127,187	Clean up of HSS parcels within District so no pooling
TIF 18 Sienna Green	2/1/2028	\$ 67,178	\$ 1,184,608	Affordable Housing (Rental and/or Owner-Occupied)
TIF 19 Applewood Ponite	8/1/2019	\$ 267,617	\$ 267,617	Economic Development (Manufacturing/Warehouse)
TOTAL	N/A	\$ 1,040,187	\$ 4,931,313	N/A

* TIF Pooling for 17A is net of \$550,000 to TIF 22 - Twin Lake II (Reuter Walton Apartments)

2. **TIF 17/17A – Twin Lakes for Redevelopment.** At the end of 2019, TIF 17 balance available for pooling is approximately \$297,812, and TIF 17A (HSS) balance available for pooling is approximately \$407,580. **We recommend REDA utilize the current and future cash balances under TIF 17 to pay for acquisition/demolition of blighted property, environmental remediation and/or public infrastructure costs associated with redevelopment.** Cash balances

RECOMMENDATIONS CONTINUED

(current and future) under TIF 17A (HSS) can only be utilized for clean-up of hazardous substances identified in an approved Response Action Plan (RAP) and pursuant to the special TIF legislation received in 2019.

3. **TIF 18 – Sienna Green TIF for Affordable Housing.** If the current fund balance of \$62,000 and future TIF not needed for the Note continues to accumulate, at the end of the term of the District, the fund balance will be approximately \$1.185 million. Since the current Development Agreement only requires them to meet the income guidelines and report until the TIF Note is paid in full (anticipated to be August 2028), **we recommend that staff engage with Aeon to amend the Agreement to require reporting through 2038, allowing generation of additional dollars for affordable housing in light of other identified affordable housing needs in the community.** If Aeon is unwilling, then REDA would need to decertify the District when the obligation is paid in full (August 2028) and the cash balance REDA would have available for the pooling would be approximately \$123,000.

This increment may be used to pay eligible costs for housing projects that are rental or owner-occupied and intended for occupancy by low and moderate-income families. The income guidelines are defined in MS 469.1761 as follows:

Rental Housing: 20% of the units occupied by families at 50% of median income (20/50) or 40% of the units occupied by families at 60% of median income (40/60).

Owner Occupied: Assistance to homeowners with an income at or below 100% of the median income for a family of two or less or 115% of the median income for a family of three or more.

Typically, TIF is utilized for capital expenditures, but may be used for non-capital expenditures on a limited basis.

Examples of potential rental housing projects would include:

1. New affordable rental housing as part of redevelopment (20/50 or 40/60 election)
2. Renovation of an existing rental housing development (20/50 or 40/60 election)
3. Providing subsidy to an existing project that is earmarked for additional affordability (20/50 or 40/60 election)

RECOMMENDATIONS CONTINUED

Examples of potential owner-occupied projects would include:

1. Site acquisition and demolition for infill lots that will be sold for new housing construction
2. Acquisition of foreclosed homes for resale to income qualified buyers
3. Rehabilitation loans for home improvements
4. Second mortgages to qualified home buyers

If the income requirements are not met on any given year, the City will need to return that year's increment to the County for redistribution.

4. **TIF District 19 – Applewood Pointe Pooling for Economic Development.** As of December 31, 2019, this District has a legal pooling fund balance of approximately \$267,617. These funds can be retained by REDA in the TIF account and spent only on ***documented*** administrative expenses (only projected to use 1.5% of the 10% maximum allowed) or for economic development purposes (public infrastructure related to economic development TIF eligible uses such as land acquisition, utilities, parking, etc.). If REDA does not anticipate that there will be any economic development projects (manufacturing/warehouse) that require public infrastructure for them to proceed and/or assistance, then the fund balance should be returned to the County for redistribution. If REDA does the later, we anticipate that the City's portion of the \$267,617 will be approximately \$85,868. If returned, these funds are non-restricted (not considered TIF) and **we recommend that when the City receives them, they place them in the EDA Fund for future redevelopment/development projects.**
5. **TIF 19 – Applewood Pointe Return of Increment.** The PAYGO Note was paid in full as of the August 1, 2019 payment. REDA will need to return the unused portion of the first half TIF plus the second half settlement it receives (\$226,735). These dollars will be redistributed to the City, County and School District upon receipt. It is estimated that the City will receive approximately \$72,750 of this. Since these returned funds are non-restricted (not considered TIF) **we recommend that when the City receives them, they place them in the EDA Fund for future redevelopment/development projects.**

RECOMMENDATIONS CONTINUED

6. **TIF District 20 – McGough Lookback and TIF Note Issuance.** Since construction is completed and they have officially moved into their new building, **we recommend requesting the required documentation from McGough and completing the necessary lookback. In addition, upon completion of the lookback the TIF note should be sized accordingly and issued to McGough.**

Development District No. 1

The City adopted a Development Program and established Development District No. 1 in 1982. Over the preceding years leading up to 2015, the City created, modified, and decertified several Tax Increment Financing (TIF) Districts. These districts include TIF District Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 11A, 12, 13, 14, 15, 16, 17, 17A, 18, 19, 20 and 21.

On November 30, 2015, the City approved Resolution No. 11277, a resolution enabling the creation of the Roseville Economic Development Authority (REDA) pursuant to Minnesota Statutes, Sections 469.090 to 469.1081. Moreover, the City also approved Resolution No. 11278, a resolution relating to the REDA and transferring all projects and programs of the Housing and Redevelopment Authority to the REDA.

On February 26, 2018, The City approved Resolution No. 11492, a resolution relating to the REDA and transferring the control, authority, and operation of Development District No. 1, the TIF Districts contained within Development District No. 1, and any tax increment financing district to be created within the Development District No. 1 in the future.

Currently, Development District No. 1 contains five (5) TIF Districts; TIF District Nos. 17 and 17A Twin Lakes, 18 Sienna Green, 19 Applewood Pointe, 20 McGough, and 21 Colder.

Tax Increment Financing Districts

TIF 17 AND 17A TWIN LAKES

Description

TIF District 17 & 17A (County #259-0 and 259-1) is a Redevelopment District located within Development District No. 1 and contains a Hazardous Substance Subdistrict certified on September 3, 2005. Originally, this district encompassed twenty-one (21) parcels, collectively referred to as Twin Lakes area, which were decertified parcels from TIF District 11 & 11A. It was established to remediate contaminated land and facilitate the construction of various residential and commercial developments within the Twin Lakes area. The primary purpose however was to finance significant public improvements and entice private redevelopment.



On August 8, 2011, the City approved an interfund loan of \$6,000,000 between TIF Districts 11 and 17 for the temporary use of funds in connection to land acquisition and public improvements within TIF District 17. Since these uses required funds to be spent prior to development and sufficient tax increment being generated, the City determined it would be in its best interest to use the funds from TIF District 11 rather than traditional bond financing. The interfund loan was set to be repaid semi-annually at an interest rate of 4% once tax increment was available. Due to the downturn in the economy, the development activity within the Twin Lakes area failed to meet expectations and the district was unable to repay the interfund loan. Subsequently, on September 9, 2013, the City determined it necessary to recategorize the interfund loan as a permanent transfer due to the extenuating circumstances.



On September 3, 2015, the City issued GO Tax Increment Revenue Bonds, Series 2015A in the amount of \$3,060,000 to finance public improvements, specifically completion of Twin Lakes Parkway (Phase III); construction of a north-bound interchange on I-35W at the intersection of Twin Lakes Parkway and Cleveland Avenue, and signalized intersection improvements for proper traffic control.

TIF 17 & 17A TWIN LAKES CONTINUED

In addition, in 2019 the City provided \$550,000 in HSS TIF pooling dollars to TIF 22 – Twin Lakes II, Reuter Walton apartment development, to pay for costs covered under an approved Response Action Plan (RAP). They also provided \$868,000 to TIF #21 – Colder and \$164,000 to TIF #20 - McGough, under special legislation received in 2019 for costs covered under an approved RAP (non TIF 17A pooling).

Adopted.....	06/20/2005
Requested Date.....	06/29/2005
Certified Date.....	09/03/2005
First Increment.....	07/2006
Decertification.....	12/31/2031

Former and Current PID Numbers

Former PID#	New PID#	Use
04-29-23-32-0007	04-29-23-32-0014	Vacant
04-29-23-32-0012	04-29-23-32-0015	Calyxt
04-29-23-33-0001	04-29-23-33-0014	MetroTransit Park and Ride
	04-29-23-33-0033	Hampton Inn Minneapolis-Roseville & Home2 Suites
04-29-23-33-0002	04-29-23-33-0034	Aldi
	04-29-23-33-0036	Denny's
	04-29-23-33-0037	
04-29-23-33-0003	04-29-23-33-0028	Walmart Supercenter
04-29-23-33-0004	04-29-23-33-0029	
04-29-23-33-0009		
04-29-23-33-0010		
04-29-23-33-0011	04-29-23-33-0027	
04-29-23-33-0007	04-29-23-33-0032	Vacant
04-29-23-34-0002	04-29-23-34-0036	Vacant
NA	04-29-23-31-0021	ROW
NA	04-29-23-31-0022	ROW
NA	04-29-23-31-0026	ROW

Note: Decertified parcels have been removed from the table above.

TIF 17 & 17A TWIN LAKES CONTINUED

Fiscal Disparities Election

The City elected to calculate fiscal disparities from inside the district, or Option B.

Frozen Tax Rate

102.078%

Special Legislation

The City received special legislation for the Hazardous Substance Subdistrict 17A in 2019 after approval of the omnibus tax bill (SS HF 5) by the House, Senate and Governor. The special legislation stipulates that the City may use any or all increment generated from the district for the purpose of financing environmental remediation pursuant to one or more response action plans on the parcels within or adjacent to the subdistrict as originally certified, regardless of the date of approval by the Pollution Control Agency of the response action plan (utilized for TIF #21 – Colder - \$868,000).

Allowable Uses

MN Statute 469.176 subd. 4j specifies the activities in which tax increment from a redevelopment district may be spent as subd. 4e specifies the activities in which tax increment from a hazardous substance subdistrict may be spent. In general, tax increment must be spent on correcting those conditions which caused the area to be designated a redevelopment district. Allowable uses include property acquisition, demolition, rehabilitation, installation of public utilities, road, sidewalks, public parking facilities, and allowable administrative expenses.

Obligations

There is one (1) obligation in this district as follows:

- **\$3,060,000 2015A GO Tax Increment Revenue Bonds.** These bonds have a current outstanding amount of \$2,940,000 and mature on March 1, 2032.

TIF 17 & 17A TWIN LAKES CONTINUED

Four Year Rule

MN Statute 469.176 subd. 6 requires that, within four years from certification date, certain activities must have taken place on each parcel with the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. If these activities have not taken place within the required time, the parcel is 'knocked down' from the district, meaning, that no increment may be collected from that individual parcel for the duration of the district. The law, does, however allow for reinstatement procedures should the required activity later occur on the parcel. TIF District 17 had an original Four-Year Rule deadline of September 3, 2009 and it was met by the activities conducted by the City.

Five Year Rule

MN Statute 469.1763 places limits on the amount and length of time in which revenues from TIF districts may be used for activities outside the district. In general, for TIF District 17, at least 75% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the 'in district' percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, and contracts entered into in order for revenues to be considered spent. The original five-year deadline was September 3, 2010 but pursuant to Subdivision 3(c), the five-year rule was extended for redevelopment districts or renewal and renovation districts certified after June 30, 2003 and before April 20, 2009 due to unanticipated economic circumstances. Since TIF District 17 was certified on September 3, 2005, the five-year deadline was September 3, 2015 and was met by the 2015A bonds being issued.

Geographic Enlargements

MN Statute 469.175 subd. 4 (f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. TIF District 17 has passed its deadline and the City may no longer enlarge its geographic size.

TIF 17 & 17A TWIN LAKES CONTINUED

Recommendations

1. **Pooling for redevelopment.** At the end of 2019, TIF 17 balance available for pooling is approximately \$297,812, and TIF 17A (HSS) balance available for pooling is approximately \$407,580. **We recommend REDA utilize the current and future cash balances under TIF 17 to pay for acquisition/demolition of blighted property, environmental remediation and/or public infrastructure costs associated with redevelopment.** Cash balances (current and future) under TIF 17A (HSS) can only be utilized for clean-up of hazardous substances identified in an approved Response Action Plan (RAP) and pursuant to the special TIF legislation received in 2019.

TIF 17 & 17A TWIN LAKES CONTINUED

DISTRICT INFORMATION				ASSUMPTIONS		RECOMMENDATIONS	
District Type	ORIGINAL	HSS	Geo. Enlargement	Interest Income	0.75%	1) Consider pooling options.	
Project Area	Redevelopment			Admin Expense	2.00%	2) Budget Mod: Not Recommended at this time	
Fiscal Disparities	8 Election					3) Admin. Expense is currently: 4.5%	
County Number	259, 259-1						
Frozen Rate	UTA #1	102.078%	0.000%				
	UTA #2	102.078%					
	UTA #3	0.000%					
Current Year	2019						

TIF PLAN BUDGET ANALYSIS																		
	Decertifies					Revenues				Expenditures				Total Budget				
	City Approved	Cert Request	Certified	Legal Term	Expected Term	Tax Increment	HSS Tax Increment	Interest Income	Transfer In	TOTAL REVENUES	Project	Transfer Out	Bond		Admin	County Admin	Outside District	TOTAL EXPENSE
Original Budget	6/20/2005	6/29/2005	9/30/2005	12/31/2031	12/31/2031					-							-	-
Cumulative Modified						83,200,000		822,000		84,022,000	30,722,000		48,190,000	4,110,000			83,022,000	83,022,000
End of District Projected Actual Total						8,819,482	6,708,747	614,067	9,079,716	25,360,673	8,146,284	1,373,539	4,052,365	402,970	40,331	550,000	16,043,633	14,565,489
Under / (Over) Budget						74,380,518	(6,708,747)	207,933	(9,079,716)	58,661,327	22,575,716		44,137,635	3,707,030		(550,000)	66,978,377	69,870,381

CASH FLOW PROJECTIONS ROLL UP											CASH FLOW PROJECTIONS ROLL UP													
TAX CAPACITY						Revenues					Expenditures													
TIF Year	Year	Base	Current	Fiscal Disparities	Captured	Current Local Tax Rate	Tax Increment	HSS Tax Increment	HSS Interest Income	Interest Income	Transfer In	TOTAL REVENUES	Project	HSS Project costs	Transfer Out	Bond	Admin	County Admin	Outside District	TOTAL EXPENSE	Ending Balance	HSS Restricted Fd Bal	Unrestricted Fd Bal	
9	2014	-	-	-	-	133.506%	555,140	2,415,036	25,723	3,768	8,763,020	11,762,687	7,289,504	91,436	1,373,539		256,998	6,605		9,018,082	2,744,605	2,349,323	395,282	
10	2015	409,910	934,404	86,161	438,333	133.506%	149,318	176,812	46,156	46,156	316,696	735,138								-	3,479,743	2,572,291	907,452	
11	2016	571,562	1,273,902	234,627	467,713	133.506%	282,129	489,914	1,140	1,140		774,323	774,657	18,268	152,768					945,693	3,308,373	3,045,077	263,296	
12	2017	571,562	1,442,742	286,239	584,941	128.654%	324,946	265,382	54,811	4,766		649,905	74,065	360,430	118,031	4,282				556,808	3,401,469	3,004,840	396,629	
13	2018	571,562	1,561,566	325,185	664,819	128.852%	423,471	125,481	10,831	1,475		561,258	8,058		186,231			2,409		196,698	3,766,029	3,141,152	624,877	
14	2019	355,212	1,517,432	390,590	771,630	124.897%	544,960	357,694		28,245		930,899		1,008,000	252,331	10,899		2,409	550,000	1,823,639	2,873,289	2,490,846	382,443	
15	2020	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		21,550		806,379			253,156	10,899		2,409		266,464	3,413,203	2,730,715	682,488	
16	2021	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		25,599		810,428			278,456	10,899		2,409		291,764	3,931,866	2,970,584	961,282	
17	2022	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		29,489		814,318			272,456	10,899		2,409		285,764	4,460,420	3,210,453	1,249,967	
18	2023	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		33,453		818,282			265,456	10,899		2,409		278,764	4,999,937	3,450,322	1,549,615	
19	2024	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		37,500		822,328			257,456	10,899		2,409		270,764	5,551,501	3,690,191	1,861,310	
20	2025	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		41,636		826,465			249,456	10,899		2,409		262,764	6,115,202	3,930,060	2,185,142	
21	2026	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		45,864		830,693			251,256	10,899		2,409		264,564	6,681,330	4,169,929	2,511,401	
22	2027	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		50,110		834,939			254,581	10,899		2,409		267,889	7,248,380	4,409,798	2,838,582	
23	2028	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		54,363		839,192			254,434	10,899		2,409		267,743	7,819,829	4,649,667	3,170,162	
24	2029	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		58,649		843,478			253,888	10,899		2,409		267,196	8,396,111	4,889,536	3,506,575	
25	2030	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		62,971		847,800			252,781	10,899		2,409		266,089	8,977,821	5,129,405	3,848,416	
26	2031	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		67,334		852,163			250,950	10,899		2,409		264,258	9,565,725	5,369,274	4,196,451	
27	2032	-	-	-	-	0.000%	-	-	-	-	-	-	-	-	-	248,675	-	-	-	-	248,675	9,317,050	5,369,274	3,947,776

TIF 17 & 17A TWIN LAKES CONTINUED

Pursuant to M.S. 469.176 Subd. 3:

Admin limit is based on:

Revenues

ADMINISTRATIVE EXPENSE TEST		
TEST 1:	Admin per TIF Plan	\$4,110,000
TEST 2:	Estimated TIF Admin Allowable (10%)	\$8,402,200
	Estimated Total TIF Revenues per TIF Plan	\$84,022,000
TEST 3:	Cumulative TIF Admin Allowable (10%)	\$1,557,516
	Total TIF Revenues for the Project	\$15,575,156
RESULTS:	Cumulative TIF Admin Allowable (10%)	\$1,557,516
	Actual Admin Expenses	\$403,621
	Available Admin	\$1,153,895
	Actual Percentage	2.6%

Pursuant to M.S. 469.1763 Subd. 2:

District Type:	Redevelopment
Does this section apply?	Yes
Certification Request Date:	6/29/2005
Does TIF Plan Specify Assisting Housing Outside Project Area?	No
If so, What is the Additional % Allowed in TIF Plan (Up to 10%):	0%
Total Pooling %:	25%

TIF Year	Year	ADMINISTRATIVE EXPENSE CALCULATION		
		Accumulated Totals		
		Admin. Expenses	Total	% Allowable
9	2014	256,998	2,970,176	8.7%
10	2015	256,998	3,296,306	7.8%
11	2016	256,998	4,068,349	6.3%
12	2017	261,280	4,658,677	5.6%
13	2018	261,280	5,207,629	5.0%
14	2019	272,229	6,113,893	4.5%
15	2020	283,179	6,902,331	4.1%
16	2021	294,128	7,690,770	3.8%
17	2022	305,077	8,479,208	3.6%
18	2023	316,027	9,267,647	3.4%
19	2024	326,976	10,056,086	3.3%
20	2025	337,925	10,844,524	3.1%
21	2026	348,875	11,632,963	3.0%
22	2027	359,824	12,421,401	2.9%
23	2028	370,773	13,209,840	2.8%
24	2029	381,723	13,998,278	2.7%
25	2030	392,672	14,786,717	2.7%
26	2031	403,621	15,575,156	2.6%
27	2032	403,621	15,575,156	2.6%

POOLING CALCULATION (25% Outside of District)						
Tax Increment		25% for Qualified			Available for	
Current Year	Cummulative	Admin Costs	Costs	Spent Outside	Cummulative	Pooling
555,140	555,140	256,998	(118,213)	-	(118,213)	(118,213)
149,318	704,458	256,998	(80,884)	-	(80,884)	(80,884)
282,129	986,587	256,998	(10,351)	-	(10,351)	(10,351)
324,946	1,311,533	261,280	66,603	-	66,603	66,603
423,471	1,735,004	261,280	172,471	-	172,471	172,471
547,466	2,282,470	272,229	298,388	550,000	(251,612)	(251,612)
547,466	2,829,936	283,179	424,305	-	424,305	424,305
547,466	3,377,402	294,128	550,223	-	550,223	550,223
547,466	3,924,868	305,077	676,140	-	676,140	676,140
547,466	4,472,334	316,027	802,057	-	802,057	802,057
547,466	5,019,800	326,976	927,974	-	927,974	927,974
547,466	5,567,266	337,925	1,053,891	-	1,053,891	1,053,891
547,466	6,114,732	348,875	1,179,808	-	1,179,808	1,179,808
547,466	6,662,198	359,824	1,305,726	-	1,305,726	1,305,726
547,466	7,209,664	370,773	1,431,643	-	1,431,643	1,431,643
547,466	7,757,130	381,723	1,557,560	-	1,557,560	1,557,560
547,466	8,304,596	392,672	1,683,477	-	1,683,477	1,683,477
547,466	8,852,062	403,621	1,809,394	-	1,809,394	1,809,394
-	8,852,062	403,621	1,809,394	-	-	-

TIF 17 & 17A TWIN LAKES CONTINUED

City of Roseville, MN

\$3,060,000 G.O. Tax Increment Revenue Bonds, Series 2015A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+i	Fiscal Total
09/03/2015	-	-	-	-	-
09/01/2016	-	-	92,887.33	92,887.33	-
03/01/2017	25,000.00	3.000%	46,703.13	71,703.13	164,590.46
09/01/2017	-	-	46,328.13	46,328.13	-
03/01/2018	95,000.00	3.000%	46,328.13	141,328.13	187,656.26
09/01/2018	-	-	44,903.13	44,903.13	-
03/01/2019	165,000.00	3.000%	44,903.13	209,903.13	254,806.26
09/01/2019	-	-	42,428.13	42,428.13	-
03/01/2020	170,000.00	2.000%	42,428.13	212,428.13	254,856.26
09/01/2020	-	-	40,728.13	40,728.13	-
03/01/2021	200,000.00	3.000%	40,728.13	240,728.13	281,456.26
09/01/2021	-	-	37,728.13	37,728.13	-
03/01/2022	200,000.00	3.000%	37,728.13	237,728.13	275,456.26
09/01/2022	-	-	34,728.13	34,728.13	-
03/01/2023	200,000.00	4.000%	34,728.13	234,728.13	269,456.26
09/01/2023	-	-	30,728.13	30,728.13	-
03/01/2024	200,000.00	4.000%	30,728.13	230,728.13	261,456.26
09/01/2024	-	-	26,728.13	26,728.13	-
03/01/2025	200,000.00	4.000%	26,728.13	226,728.13	253,456.26
09/01/2025	-	-	22,728.13	22,728.13	-
03/01/2026	210,000.00	4.000%	22,728.13	232,728.13	255,456.26
09/01/2026	-	-	18,528.13	18,528.13	-
03/01/2027	220,000.00	2.250%	18,528.13	238,528.13	257,056.26
09/01/2027	-	-	16,053.13	16,053.13	-
03/01/2028	225,000.00	2.375%	16,053.13	241,053.13	257,106.26
09/01/2028	-	-	13,381.25	13,381.25	-
03/01/2029	230,000.00	2.500%	13,381.25	243,381.25	256,762.50
09/01/2029	-	-	10,506.25	10,506.25	-
03/01/2030	235,000.00	2.750%	10,506.25	245,506.25	256,012.50
09/01/2030	-	-	7,275.00	7,275.00	-
03/01/2031	240,000.00	3.000%	7,275.00	247,275.00	254,550.00
09/01/2031	-	-	3,675.00	3,675.00	-
03/01/2032	245,000.00	3.000%	3,675.00	248,675.00	252,350.00
Total	\$3,060,000.00	-	\$932,484.32	\$3,992,484.32	-

TIF 18 SIENNA GREEN

Description

TIF District 18 Sienna Green (County #298-0), formerly known as Har Mar Apartments (County #288-0) is a Housing District located within the Development District No. 1 and encompassed one (1) parcel which was subsequently replatted into two (2) parcels. This TIF district was established on December 22, 2009 to facilitate the redevelopment of the Har Mar Apartments.

On June 20, 2011, the City entered into a development agreement with AEON to construct affordable housing for persons and families of low to moderate incomes. The project was to be completed in two (2) phases. Phase I incorporated a complete renovation of the 120-unit Har Mar apartment building while phase II consisted of the construction of a 48-unit apartment building adjacent to the Har Mar Apartments. In total, the project rehabilitated and constructed 168-units for individuals experiencing long-term homelessness and who earn less than agreed upon area median income levels (AMI), as detailed in the development agreement.



On September 15, 2012, after the City received and reviewed documentation verifying AEON's TIF eligible expenditures, the City issued a Pay-As-You-Go TIF Note pursuant to the development agreement in an amount of \$935,005 at an interest rate of 4.25%. The TIF Note is paid with 95% of the tax increment generated from within the district.

Moreover, pursuant to the development agreement, the City is required to substantiate that the applicable income limitations and rent restrictions are being met on an annual basis for the project. Aeon has been submitting the required documentation on an annual basis and have continued to meet the requirement that 40% of the units are affordable to persons at or below 60% of the area median income. Should AEON ever not meet the income requirements for a housing district in any given year, the City will need to return that year's tax increment to the County for redistribution.

TIF 18 SIENNA GREEN CONTINUED

Adopted.....	07/13/2009
Requested Date.....	09/18/2009
Certified Date.....	12/22/2009
First Increment.....	07/2013
Anticipated Decertification.....	12/31/2028

Former and Current PID Numbers

Former PID#	New PID#	Use
09-29-23-44-0247	09-29-23-44-0248	Sienna Green Apartments
	09-29-23-44-0251	

Fiscal Disparities Election

The City elected to calculate fiscal disparities from inside the district, or Option B.

Frozen Tax Rate

99.368%

Allowable Uses

MN Statute 469.176 subd. 4d specifies the activities on which tax increment from a housing district may be spent. In general, tax increment must be spent on housing projects meeting the income guidelines, public improvements directly related to housing projects and administrative expenses. The City has used tax increment from this district to support affordable housing initiatives, in compliance with TIF law.

TIF 18 SIENNA GREEN CONTINUED

Obligations

There is one (1) PAYGO Note outstanding in this district as follows:

- **\$935,005 Pay-As-You-Go Note** to AEON, for the Sienna Green Apartments, issued on September 15, 2012 payable with 95% of tax increment received from the project and paid at an annual interest rate of 4.25%. After the 8/1/2019 payment, the current balance is \$716,577.88 and the projected final payment is on August 1, 2028.

Other Development Agreement Compliance

- 1. Annual Income Monitoring.** REDA is required to substantiate that the applicable income limitations and rent restrictions are being met on an annual basis for the project. REDA should continue to review and retain the annual reports submitted by Aeon showing that 40% of the units are affordable to persons at or below 60% of the area median income.

Four Year Rule

MN Statute 469.176 subd. 6 requires that, within four years from certification date, certain activities must have taken place on each parcel within the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. TIF District 18 had an original four-year rule of December 22, 2013 and it was met by the qualifying activities conducted by AEON.

Five Year Rule

MN Statute 469.1763 places limits on the amount and length of time in which revenues from TIF districts may be used for activities outside the district. In general, for TIF District 18, at least 75% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the 'in district' percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, and contracts entered into in order for revenues to be considered spent. The original five-year deadline was December 22, 2014 and was met by the qualifying activities conducted by AEON and by entering into a development agreement with AEON.

TIF 18 SIENNA GREEN CONTINUED

Geographic Enlargements

MN Statute 469.175 subd. 4 (f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. This timeline has passed for TIF District 18 which was December 22, 2014.

Recommendations

1. **TIF for Affordable Housing.** If the current fund balance of \$62,000 and future TIF not needed for the Note continues to accumulate, at the end of the term of the District, the fund balance will be approximately \$1.185 million. Since the current Development Agreement only requires them to meet the income guidelines and report until the TIF Note is paid in full (anticipated to be August 2028), **we recommend that staff engage with Aeon to amend the Agreement to require reporting through 2038, allowing generation of additional dollars for affordable housing in light of other identified affordable housing needs in the community.** If Aeon is unwilling, then REDA would need to decertify the District when the obligation is paid in full (2028) and the cash balance REDA would have available for the pooling would be approximately \$123,000.

This increment may be used to pay eligible costs for housing projects that are rental or owner-occupied and intended for occupancy by low and moderate-income families. The income guidelines are defined in MS 469.1761 as follows:

Rental Housing: 20% of the units occupied by families at 50% of median income (20/50) or 40% of the units occupied by families at 60% of median income (40/60).

Owner Occupied: Assistance to homeowners with an income at or below 100% of the median income for a family of two or less or 115% of the median income for a family of three or more.

Typically, TIF is utilized for capital expenditures, but may be used for non-capital expenditures on a limited basis.

TIF 18 SIENNA GREEN CONTINUED

Examples of potential rental housing projects would include:

1. New affordable rental housing as part of redevelopment (20/50 or 40/60 election)
2. Renovation of an existing rental housing development (20/50 or 40/60 election)
3. Providing subsidy to an existing project that is earmarked for additional affordability (20/50 or 40/60 election)

Examples of potential owner-occupied projects would include:

1. Site acquisition and demolition for infill lots that will be sold for new housing construction
2. Acquisition of foreclosed homes for resale to income qualified buyers
3. Rehabilitation loans for home improvements
4. Second mortgages to qualified home buyers

If the income requirements are not met on any given year, the City will need to return that year's increment to the County for redistribution.

TIF 18 SIENNA GREEN CONTINUED

DISTRICT INFORMATION			
	ORIGINAL	HSS	Geo. Enlargement
District Type	Housing		
Project Area	B Election		
Fiscal Disparities	288		
County Number			
Frozen Rate	UTA #1	99.368%	0.000%
	UTA #2	0.000%	0.000%
	UTA #3	0.000%	

ASSUMPTIONS	
Interest Income	0.75%
Admin Expense	2.00%

RECOMMENDATIONS	

Current Year 2019

TIF PLAN BUDGET ANALYSIS																
	Decertifies					Revenues					Expenditures					
	City Approved	Cert Request	Certified	Legal Term	Expected Term	Tax Increment	Interest Income	Transfer In	Other Revenue	TOTAL REVENUES	Transfer Out	PAYGO	Admin	County Admin	TOTAL EXPENSE	Total Budget
Original Budget	7/13/2009	9/18/2009	12/22/2009	12/31/2038	12/31/2038	2,602,233	25,000	-	-	2,627,233	-	1,027,207	260,223	-	2,627,228	2,627,228
Cumulative Modified	6/13/2011															
End of District Projected Actual Total						2,506,641	49,608	1,698	18,102	2,576,049	1,698	1,321,534	43,314	24,895	1,391,441	1,391,441
Under / (Over) Budget						95,592	(24,608)	(1,698)	(18,102)	51,184	(1,698)	(294,327)	216,909	(24,895)	1,235,787	1,235,787

CASH FLOW PROJECTIONS ROLL UP													CASH FLOW PROJECTIONS ROLL UP				
TAX CAPACITY							Revenues					Expenditures					
TIF Year	Year	Base	Current	Fiscal Disparities	Captured	Current Local Tax Rate	Tax Increment	Interest Income	Transfer In	Other Revenue	TOTAL REVENUES	Transfer Out	PAYGO	Admin	County Admin	TOTAL EXPENSE	Ending Balance
3	2015						173,075	159	1,698	-	174,932	1,698	148,552	1,225	3,751	155,226	19,706
4	2016	43,196	114,907	-	71,711	128.219%	71,001	(352)	-	-	70,649	-	65,144	-	747	65,891	24,464
5	2017	60,281	129,018	-	68,737	121.855%	68,057	(243)	-	18,102	85,916	-	66,053	-	846	66,899	43,482
6	2018	43,196	144,261	-	101,065	134.784%	100,064	(270)	-	-	99,794	-	79,857	200	931	80,988	62,287
7	2019	43,196	148,965	-	105,769	134.784%	104,722	467	-	-	105,189	-	97,273	2,094	931	100,299	67,178
8	2020	43,196	148,965	-	105,769	134.784%	104,722	504	-	-	105,226	-	99,486	2,094	931	102,512	69,892
9	2021	43,196	148,965	-	105,769	134.784%	104,722	524	-	-	105,246	-	99,486	2,094	931	102,512	72,627
10	2022	43,196	148,965	-	105,769	134.784%	104,722	545	-	-	105,267	-	99,486	2,094	931	102,512	75,383
11	2023	43,196	148,965	-	105,769	134.784%	104,722	565	-	-	105,288	-	99,486	2,094	931	102,512	78,159
12	2024	43,196	148,965	-	105,769	134.784%	104,722	586	-	-	105,308	-	99,486	2,094	931	102,512	80,955
13	2025	43,196	148,965	-	105,769	134.784%	104,722	607	-	-	105,329	-	99,486	2,094	931	102,512	83,773
14	2026	43,196	148,965	-	105,769	134.784%	104,722	628	-	-	105,350	-	99,486	2,094	931	102,512	86,612
15	2027	43,196	148,965	-	105,769	134.784%	104,722	650	-	-	105,372	-	99,486	2,094	931	102,512	89,473
16	2028	43,196	148,965	-	105,769	134.784%	104,722	671	-	-	105,393	-	68,766	2,094	931	71,791	123,074
17	2029	43,196	148,965	-	105,769	134.784%	104,722	923	-	-	105,645	-	-	2,094	931	3,025	225,694
18	2030	43,196	148,965	-	105,769	134.784%	104,722	1,693	-	-	106,415	-	-	2,094	931	3,025	329,084
19	2031	43,196	148,965	-	105,769	134.784%	104,722	2,468	-	-	107,190	-	-	2,094	931	3,025	433,249
20	2032	43,196	148,965	-	105,769	134.784%	104,722	3,249	-	-	107,972	-	-	2,094	931	3,025	538,195
21	2033	43,196	148,965	-	105,769	134.784%	104,722	4,036	-	-	108,759	-	-	2,094	931	3,025	643,928
22	2034	43,196	148,965	-	105,769	134.784%	104,722	4,829	-	-	109,552	-	-	2,094	931	3,025	750,454
23	2035	43,196	148,965	-	105,769	134.784%	104,722	5,628	-	-	110,351	-	-	2,094	931	3,025	857,779
24	2036	43,196	148,965	-	105,769	134.784%	104,722	6,433	-	-	111,156	-	-	2,094	931	3,025	965,909
25	2037	43,196	148,965	-	105,769	134.784%	104,722	7,244	-	-	111,966	-	-	2,094	931	3,025	1,074,850
26	2038	43,196	148,965	-	105,769	134.784%	104,722	8,061	-	-	112,784	-	-	2,094	931	3,025	1,184,608

TIF 18 SIENNA GREEN CONTINUED

ADMINISTRATIVE EXPENSE TEST		
TEST 1:	Admin per TIF Plan	260,223
TEST 2:	Estimated TIF Admin Allowable (10%)	\$262,723
	Estimated Total TIF Revenues per TIF Plan	\$2,627,233
TEST 3:	Cumulative TIF Admin Allowable (10%)	\$257,435
	Total TIF Revenues for the Project	\$2,574,351
RESULTS: Cumulative TIF Admin Allowable (10%) \$257,435		
	Actual Admin Expenses	43,314
	Available Admin	\$214,121
	Actual Percentage	1.7%

Pursuant to M.S. 469.1763 Subd. 2:

District Type:	Housing
Does this section apply?	Yes
Certification Request Date:	9/18/2009
Does TIF Plan Specify Assisting Housing Outside Project Area?	No
If so, What is the Additional % Allowed in TIF Plan (Up to 10%):	0%
Total Pooling %:	20%

ADMINISTRATIVE EXPENSE CALCULATION					POOLING CALCULATION (20% Outside of District)						
TIF Year	Year	Accumulated Totals			Tax Increment		20% for Qualified			Available for	
		Admin. Expenses	Total	% Allowable	Current Year	Cummulative	Admin Costs	Costs	Spent Outside	Cummulative	Pooling
3	2015	1,225	173,075	0.7%	173,075	173,075	1,225	34,370	-	34,370	19,706
4	2016	1,225	244,076	0.5%	71,001	244,076	1,225	14,200	-	48,570	24,464
5	2017	1,225	312,133	0.4%	68,057	312,133	1,225	13,612	-	62,182	43,482
6	2018	1,425	412,197	0.3%	100,064	412,197	1,425	18,832	-	81,014	62,287
7	2019	3,519	516,919	0.7%	104,722	516,919	3,519	18,850	-	99,864	67,178
8	2020	5,614	621,642	0.9%	104,722	621,642	5,614	18,850	-	118,714	69,892
9	2021	7,708	726,364	1.1%	104,722	726,364	7,708	18,850	-	137,564	72,627
10	2022	9,803	831,086	1.2%	104,722	831,086	9,803	18,850	-	156,414	75,383
11	2023	11,897	935,808	1.3%	104,722	935,808	11,897	18,850	-	175,264	78,159
12	2024	13,992	1,040,530	1.3%	104,722	1,040,530	13,992	18,850	-	194,114	80,955
13	2025	16,086	1,145,253	1.4%	104,722	1,145,253	16,086	18,850	-	212,964	83,773
14	2026	18,181	1,249,975	1.5%	104,722	1,249,975	18,181	18,850	-	231,814	86,612
15	2027	20,275	1,354,697	1.5%	104,722	1,354,697	20,275	18,850	-	250,664	89,473
16	2028	22,369	1,459,419	1.5%	104,722	1,459,419	22,369	18,850	-	269,514	123,074
17	2029	24,464	1,564,141	1.6%	104,722	1,564,141	24,464	18,850	-	288,364	225,694
18	2030	26,558	1,668,863	1.6%	104,722	1,668,863	26,558	18,850	-	307,214	307,214
19	2031	28,653	1,773,586	1.6%	104,722	1,773,586	28,653	18,850	-	326,064	326,064
20	2032	30,747	1,878,308	1.6%	104,722	1,878,308	30,747	18,850	-	344,914	344,914
21	2033	32,842	1,983,030	1.7%	104,722	1,983,030	32,842	18,850	-	363,764	363,764
22	2034	34,936	2,087,752	1.7%	104,722	2,087,752	34,936	18,850	-	382,614	382,614
23	2035	37,031	2,192,474	1.7%	104,722	2,192,474	37,031	18,850	-	401,464	401,464
24	2036	39,125	2,297,196	1.7%	104,722	2,297,196	39,125	18,850	-	420,314	420,314
25	2037	41,219	2,401,919	1.7%	104,722	2,401,919	41,219	18,850	-	439,164	439,164
26	2038	43,314	2,506,641	1.7%	104,722	2,506,641	43,314	18,850	-	458,014	458,014

TIF 18 SIENNA GREEN CONTINUED

City of Roseville
Principal Ledger - AEON
PAYGO Note

Principal Amount \$ 935,005		Interest Rate 4.25%			
Note Issue Date 15-Sep-12					
Final Payment 31-Dec-38					
Date	Interest Due	Tax Increment Received	Total Tax Increment Available (95%)	Total Principal Payments	Note Balance
12/31/2016					\$ 856,342.00
2/1/2017	18,197.27	\$ 35,500.63	33,725.60	15,528.33	\$ 840,813.67
8/1/2017	17,867.29	34,028.35	32,326.93	14,459.64	\$ 826,354.03
2/1/2018	17,560.02	34,028.35	32,326.93	14,766.91	\$ 811,587.12
8/1/2018	17,246.23	50,032.00	47,530.40	30,284.17	\$ 781,302.95
2/1/2019	16,602.69	50,032.00	47,530.40	30,927.71	\$ 750,375.24
8/1/2019	15,945.47	52,361.09	49,743.03	33,797.56	\$ 716,577.68
2/1/2020	15,227.28	52,361.09	49,743.03	34,515.75	\$ 682,061.92
8/1/2020	14,493.82	52,361.09	49,743.03	35,249.21	\$ 646,812.71
2/1/2021	13,744.77	52,361.09	49,743.03	35,998.26	\$ 610,814.45
8/1/2021	12,979.81	52,361.09	49,743.03	36,763.22	\$ 574,051.22
2/1/2022	12,198.59	52,361.09	49,743.03	37,544.44	\$ 536,506.78
8/1/2022	11,400.77	52,361.09	49,743.03	38,342.26	\$ 498,164.51
2/1/2023	10,586.00	52,361.09	49,743.03	39,157.03	\$ 459,007.48
8/1/2023	9,753.91	52,361.09	49,743.03	39,989.12	\$ 419,018.35
2/1/2024	8,904.14	52,361.09	49,743.03	40,838.89	\$ 378,179.46
8/1/2024	8,036.31	52,361.09	49,743.03	41,706.72	\$ 336,472.73
2/1/2025	7,150.05	52,361.09	49,743.03	42,592.98	\$ 293,879.75
8/1/2025	6,244.94	52,361.09	49,743.03	43,498.09	\$ 250,381.66
2/1/2026	5,320.61	52,361.09	49,743.03	44,422.42	\$ 205,959.23
8/1/2026	4,376.63	52,361.09	49,743.03	45,366.40	\$ 160,592.83
2/1/2027	3,412.60	52,361.09	49,743.03	46,330.43	\$ 114,262.39
8/1/2027	2,428.08	52,361.09	49,743.03	47,314.95	\$ 66,947.44
2/1/2028	1,422.63	52,361.09	49,743.03	48,320.40	\$ 18,627.03
8/1/2028	395.82	52,361.09	19,022.85	18,627.03	\$ 0.00
TOTAL	251,495.73	1,198,482.01	1,107,837.73		

TIF 19 APPLEWOOD POINTE

Description

TIF District 19 Applewood Pointe (County #294-0) is an economic development district established on May 20, 2011 and located within Development District No. 1. Originally the district encompassed four (4) parcels. On October 13, 2010, the City entered into a development agreement with United Properties to provide the necessary assistance for the construction of a senior cooperative project (Applewood Pointe).



On October 17, 2011, after the City received and reviewed documentation verifying United Properties TIF eligible expenditures, the City issued a Pay-As-You-Go TIF Note pursuant to the development agreement in an amount of \$659,000, plus interest at a rate of 7%. The TIF Note is paid with 80% of the tax increment generated from within the district.

Adopted.....	09/13/2010
Requested Date.....	02/15/2011
Certified Date.....	05/20/2011
First Increment.....	07/2013
Anticipated Decertification.....	12/31/2019

TIF 19 APPLEWOOD POINTE CONTINUED

Former and Current PID Numbers

Former PID#	New PID#	Use
04-29-23-22-0104	Multiple	Applewood Pointe Apartments
04-29-23-22-0105		
04-29-23-23-0019		
04-29-23-23-0020		

Fiscal Disparities Election

The City elected to calculate fiscal disparities from inside (B election) the district.

Frozen Tax Rate

119.117%

Allowable Uses

MN Statute 469.176 subd. 4c specifies the activities on which tax increment from an economic development district may be spent. This district qualifies as an economic development district pursuant to subdivision 4c(a)(7), a workforce housing project. In general, tax increment must be spent on property acquisition, construction, and the provision of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs for rental housing developments.

Obligations

There is one (1) PAYGO Note outstanding in this district as follows:

- **\$659,000 Pay-As-You-Go Note** to United Properties, for the Applewood Pointe Senior Cooperative, issued on October 17, 2011 payable with 80% of tax increment received from the project and paid at an annual interest rate of 7%. The note was paid off on full on August 1, 2019 (1 ½ years earlier than anticipated).

TIF 19 APPLEWOOD POINTE CONTINUED

Four Year Rule

MN Statute 469.176 subd. 6 requires that, within four years from certification date, certain activities must have taken place on each parcel within the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. TIF District 18 had an original four-year rule of May 20, 2015 and it was met by the qualifying activities conducted by United Properties.

Five Year Rule

MN Statute 469.1763 places limits on the amount and length of time in which revenues from TIF districts may be used for activities outside the district. In general, for TIF District 19, at least 80% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the 'in district' percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, and contracts entered into in order for revenues to be considered spent. The original five-year deadline was May 20, 2016 and was met by the qualifying activities conducted by United Properties and by entering into a development agreement with United Properties.

Geographic Enlargements

MN Statute 469.175 subd. 4 (f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. This timeline has passed for TIF District 19 which was May 20, 2016.

Recommendations

1. **Return of Increment.** The PAYGO Note was paid in full as of the August 1, 2019 payment. REDA will need to return the unused portion of the first half TIF plus the second half settlement it receives (\$226,735). These dollars will be redistributed to the City, County and School District upon receipt. It is estimated that the City will receive approximately \$72,750 of this. Since these returned funds are non-restricted (not considered TIF) **we recommend that when the City receives them, they place them in the EDA Fund for future redevelopment/development projects.**

TIF 19 APPLEWOOD POINTE CONTINUED

2. Pooling for Economic Development. As of December 31, 2019, this District has a legal pooling fund balance of approximately \$267,617. These funds can be retained by REDA in the TIF account and spent only on ***documented*** administrative expenses (only projected to use 1.5% of the 10% maximum allowed) or for economic development purposes (public infrastructure related to economic development TIF eligible uses such as land acquisition, utilities, parking, etc.). If REDA does not anticipate that there will be any economic development projects (manufacturing/warehouse) that require public infrastructure for them to proceed and/or assistance, then the fund balance should be returned to the County for redistribution. If REDA does the later, we anticipate that the City's portion of the \$267,617 will be approximately \$85,868. If returned, these funds are non-restricted (not considered TIF) and ***we recommend that when the City receives the, they place them in the EDA Fund for future redevelopment/development projects.***

TIF 19 APPLEWOOD POINTE CONTINUED

DISTRICT INFORMATION				
	ORIGINAL	HSS	Geo. Enlargement	
District Type	Economic Development			
Project Area				
Fiscal Disparities	B Election			
County Number	294			
Frozen Rate	UTA #1	119.117%	0.000%	0.000%
	UTA #2	0.000%		
	UTA #3	0.000%		

ASSUMPTIONS	
Interest Income	0.75%
Admin Expense	1.00%

RECOMMENDATIONS	
for year 2019	At or Under Limit

TIF PLAN BUDGET ANALYSIS															
Decertifies						Revenues			Expenditures						
	City Approved	Cert Request	Certified	Legal Term	Expected Term	Tax Increment	Interest Income	TOTAL REVENUES	PAYGO	Interfund Loan	Admin	County Admin	Other Expense	TOTAL EXPENSE	Total Budget
Original Budget	9/13/2010	2/15/2011	5/20/2011	12/31/2021	12/31/2019	2,450,551	-	2,450,551	124,477	-	245,056	-	-	2,450,551	2,450,551
Cumulative Modified								-						-	-
End of District Projected Actual Total						1,449,651	6,716	1,456,367	925,201	422	22,313	13,892	226,735	1,188,563	1,188,563
Under / (Over) Budget						1,000,900	(6,716)	994,184	(800,724)	(422)	222,743	(13,892)	(226,735)	1,261,988	1,261,988

CASH FLOW PROJECTIONS ROLL UP							CASH FLOW PROJECTIONS ROLL UP									
TAX CAPACITY							Revenues			Expenditures						
TIF Year	Year	Base	Current	Fiscal Disparities	Captured	Current Local Tax Rate	Tax Increment	Interest Income	TOTAL REVENUES	PAYGO	Interfund Loan	Admin	County Admin	Increment Returned	TOTAL EXPENSE	Ending Balance
3	2016	16,301	194,598	-	178,297	133.506%	635,052	(162)	634,890	422,969	422	19,125	4,596	-	447,112	187,778
4	2017	16,242	220,808	-	204,566	128.265%	242,785	608	243,393	182,236	-	-	1,640	-	183,876	247,295
5	2018	16,242	246,286	-	230,044	128.852%	273,039	(87)	272,952	205,841	-	200	1,914	-	207,955	312,292
6	2019	16,242	267,973	-	251,731	124.373%	298,775	2,342	301,117	114,155	-	2,988	1,914	226,735	345,791	267,617

TIF 19 APPLEWOOD POINTE CONTINUED

Pursuant to M.S. 469.176 Subd. 3:

Admin limit is based on: Revenues

ADMINISTRATIVE EXPENSE TEST		
TEST 1:	Admin per TIF Plan	245,056
TEST 2:	Estimated TIF Admin Allowable (10%)	\$245,055
	Estimated Total TIF Revenues per TIF Plan	\$2,450,551
TEST 3:	Cumulative TIF Admin Allowable (10%)	\$145,637
	Total TIF Revenues for the Project	\$1,456,367
RESULTS:	Cumulative TIF Admin Allowable (10%)	\$145,637
	Actual Admin Expenses	22,313
	Available Admin	\$123,324
	Actual Percentage	1.5%

Pursuant to M.S. 469.1763 Subd. 2:

District Type: Economic Development
 Does this section apply? Yes
 Certification Request Date: 2/15/2011
 Does TIF Plan Specify Assisting Housing Outside Project Area? No
 If so, What is the Additional % Allowed in TIF Plan (Up to 10%): 0%
 Total Pooling %: 20%

TIF Year	Year	ADMINISTRATIVE EXPENSE CALCULATION			POOLING CALCULATION (20% Outside of District)						EXCESS INCREMENT							
		Admin. Expenses	Total	% Allowable	Tax Increment		20% for		Available for	Increment	Costs	Increment	P&I Due after	Excess (Not				
					Current Year	Cummulative	Admin Costs	Qualified Costs	Spent Outside	Cumulative	Pooling	Generated	Authorized	Required?	returned	Net Retained	year end	Excess)
3	2016	19,125	635,052	3.0%	635,052	635,052	19,125	107,885	-	107,885	107,885	634,890	2,450,551	no	0	0	0	(1,815,661)
4	2017	19,125	877,837	2.2%	242,785	877,837	19,125	156,442	-	156,442	156,442	878,283	2,450,551	no	0	0	0	(1,572,268)
5	2018	19,325	1,150,876	1.7%	273,039	1,150,876	19,325	210,850	-	210,850	210,850	1,151,235	2,450,551	no	0	0	0	(1,299,316)
6	2019	22,313	1,449,651	1.5%	298,775	1,449,651	22,313	267,617	-	267,617	267,617	1,452,352	2,450,551	no	226,735	0	0	(998,199)

TIF 19 APPLEWOOD POINTE CONTINUED

City of Roseville
Principal Ledger - United Properties Residential LLC
PAYGO Note

Principal Amount		\$ 659,000		Interest Rate		7.00%	
Note Issue Date		17-Oct-11					
Final Payment		1-Feb-21					
Date	Interest Due	Tax Increment Received	Total Tax Increment Available (80%)	Total Principal Payments	Note Balance		
12/31/2016	214,822.00			208,147.00	\$ 450,853.00		
2/1/2017	15,779.86	\$ 105,808.73	84,646.98	68,867.12	\$ 381,985.88		
8/1/2017	13,369.51	121,984.50	97,587.60	84,218.09	\$ 297,767.79		
2/1/2018	10,421.87	121,984.50	96,625.82	86,203.95	\$ 211,563.84		
8/1/2018	7,404.73	121,984.50	109,215.57	101,810.84	\$ 109,753.00		
2/1/2019	3,841.35	121,984.50	97,587.60	93,746.25	\$ 16,006.75		
8/1/2019	560.24	121,984.50	97,587.60	16,006.75	\$ (0.00)		
TOTAL	266,199.56	715,731.23		659,000.00			

TIF 20 MCGOUGH

Description

TIF District 20 McGough (County #329-0) is a Redevelopment District established on February 26, 2018 and is located within the Development District No. 1. The district encompasses one (1) parcel which was decertified from TIF District 17 & 17A. On June 18, 2018, the REDA entered into a development agreement with 2785 Fairview, LLC to provide the necessary assistance for renovation and redevelopment of an existing 44,000 square foot warehouse facility into a 54,000 square foot corporate headquarters for McGough Construction.



Construction was completed in November 2019. Upon verification of the TIF eligible costs, the REDA shall issue a TIF PAYGO Note in the maximum principal amount of \$1,316,000. The TIF Note is being issued to reimburse McGough Construction for a portion of the costs associated to site preparation, utilities, soil correction, demolition, and environmental investigation and remediation costs.



REDA provided funding from TIF 17A (HSS) for remediation in the amount of \$140,000, pursuant to the special legislation received for TIF District 17A in 2019. In addition, REDA also agreed to provide additional assistance in an amount equal to \$1,500,000 less the sum of the TIF Note issued and any grant funds received for sewer access connection charges.

Furthermore, a TIF Lookback provision was incorporated into the development agreement to ensure that the assumptions made regarding the project and its likely costs and expenses were in fact accurate. Since the project is completed, staff should initiate review of actual TIF eligible costs in early 2020 to determine if they are less than the estimates within the development agreement, in accordance with the Lookback provision. Depending on the results of the analysis, the assistance provided by the REDA shall be reduced on a dollar for dollar basis.

Adopted.....	02/26/2018
Requested Date.....	06/08/2018
Certified Date.....	09/19/2018
First Increment.....	07/2020
Decertification.....	12/31/2045

TIF 20 MCGOUGH CONTINUED

Former and Current PID Numbers

Former PID#	New PID#	Use
04-29-23-31-0019	04-29-23-31-0023	McGough Development

Fiscal Disparities Election

The City elected to calculate fiscal disparities from inside (B election) the district.

Frozen Tax Rate

128.852%

Allowable Uses

MN Statute 469.176 subd. 4j specifies the activities in which tax increment from a redevelopment district may be spent. In general, tax increment must be spent on correcting those conditions which caused the area to be designated as a redevelopment district. Allowable uses include property acquisition, demolition, rehabilitation, installation of public utilities, road, sidewalks, public parking facilities, and allowable administrative expenses.

Obligations

It is anticipated there will be one PAYGO Note in this district as follows:

- **\$1,316,000** at the lesser of 5% or the Redeveloper's actual financing rate and paid with 95% of the TIF generated from the project. The Note has not yet been issued

TIF 20 MCGOUGH CONTINUED

Other Development Agreement Compliance

- 1. Look Back.** At the time of completion of construction of the project, if the amount of actual Public Redevelopment Costs incurred is less than the amount of Public Redevelopment Costs projected in Exhibit E (less any Grant-Eligible Costs reimbursed by Grants or Authority Funds), the assistance for Public Redevelopment Costs will be reduced on a dollar for dollar basis in the amount of such deficiency and the principal amount of the TIF Note will be adjusted accordingly.
- 2. Grants.** REDA applied for, ***but did not receive***, a grant from the Met Council in the amount of \$157,230 (abatement and clean up - \$134,760 and environmental investigation - \$22,470). If the amount of environmental remediation exceeded Grant-Eligible Costs the excess was the sole responsibility of McGough. ***REDA has since determined that they will provide TIF 17A(HSS) dollars for any environmental clean up under and approved RAP that does not exceed \$164,000.***
- 3. Other Assistance.** In addition to the Grant and issuance of the TIF Note, REDA shall provide additional assistance to the McGough from available funds in REDA's development account for the following purposes: first, to pay a portion of McGough's SAC charges, and second, to fund other Public Redevelopment Costs (to the extent not reimbursed under the Grant or allocated to be reimbursed under the TIF Note). The amount of funds payable by REDA shall be determined following the final reimbursement by the REDA to the McGough of Grant-Eligible Costs. REDA Funds shall be disbursed in an amount equal to \$1,500,000 less the sum of the maximum principal amount of the TIF Note and the actual amount of Grant proceeds, if any, disbursed to McGough. If actual SAC charges exceed the amount to be reimbursed under this Section, such excess shall be the sole responsibility of McGough.
- 4. Minimum Assessment Agreement.** The minimum market value as of January 2, following the date of receipt of a Certificate of Completion shall be \$7,246,125. The Assessment Agreement shall be in place until the TIF Note is paid in full or the TIF District terminates, whichever is sooner.

TIF 20 MCGOUGH CONTINUED

- 5. Tax Petitions.** McGough has to inform REDA of any tax petition it files for the property. During the pendency of the petition, REDA will pay principal and interest on the TIF Note only to the extent of the Available Tax Increment attributable to the minimum Market Value of the property; provided that if McGough fails to notify REDA of the tax petition, REDA shall have the right to withhold all payments of principal and interest on the TIF Note until McGough's challenge is resolved. Upon resolution of the tax petition, any Available Tax Increment deferred and withheld shall be paid, without interest thereon, to the extent payable under the assessor's final determination of Market Value.

Four Year Rule

MN Statute 469.176 subd. 6 requires that, within four years from certification date, certain activities must have taken place on each parcel within the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. The four-year deadline for TIF District 20 is September 19, 2022, but compliance with this has already happened with demolition and construction commencing in 2018.

Five Year Rule

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. In general, for TIF District 20, at least 75% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the 'in district' percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, contracts entered into in order for revenues to be considered to have been spent. The five-year deadline is September 19, 2023 and has already been met by the REDA entering into a development agreement with 2785 Fairview, LLC.

TIF 20 MCGOUGH CONTINUED

Geographic Enlargements

MN Statute 469.175 subd. 4 (f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. TIF District 20 has until September 19, 2023 to enlarge its geographic size.

Recommendations

1. **Lookback and TIF Note Issuance.** Since construction is completed and they have officially moved into their new building, **we recommend requesting the required documentation from McGough and completing the necessary lookback. In addition, upon completion of the lookback the TIF note should be sized accordingly and issued to McGough.**

TIF 21 COLDER PRODUCTS

Description

TIF District 21 Colder (County #TBD) is a Redevelopment District established on February 25, 2019 and is located within the Development District No. 1. Originally the district encompassed three (3) parcels which were decertified from TIF District 17 & 17A. On May 20, 2019, the REDA entered into a development agreement with Colder Products Company to provide the necessary assistance for redevelopment of environmentally contaminated land and construction of a 131,100 square foot manufacturing, warehouse, and corporate headquarters for Colder Products Company.



Demolition and remediation work commenced, and construction is underway following the receipt of a no further action letter from the Minnesota Pollution Control Agency regarding the hazardous wastes and contaminants presently found on the property. REDA provided funding from TIF 17A (HSS) for remediation in the amount of \$868,000, pursuant to the special legislation received for TIF District 17A in 2019. In addition, REDA secured \$250,000 in grant funds from the DEED for equipment acquisition and \$300,000 from the Ramsey County ERF for environmental clean-up. Upon completion of the project and verification of the TIF eligible costs, REDA shall issue a TIF Note in the maximum principal amount of \$2,200,000. The TIF Note is being issued to reimburse Colder Products Company for a portion of the costs associated to land acquisition, demolition, and environmental investigation and remediation costs.

Adopted.....	02/25/2019
Requested Date.....	06/20/2019
Certified Date.....	TBD
First Increment.....	07/2021
Decertification.....	12/31/2046

TIF 21 COLDER PRODUCTS CONTINUED

Former and Current PID Numbers

Former PID#	New PID#	Use
04-29-23-32-0001	04-29-23-32-0013	Colder
04-29-23-32-0002		
04-29-23-32-0003		

Fiscal Disparities Election

The City elected to calculate fiscal disparities from inside (B election) the district.

Frozen Tax Rate

Request for certification was made by June 20, 2019 so the pay 2019 rate is 124.897% and will be verified once certification document is received from the County.

Allowable Uses:

MN Statute 469.176 subd. 4j specifies the activities in which tax increment from a redevelopment district may be spent. In general, tax increment must be spent on correcting those conditions which caused the area to be designated as a redevelopment district. Allowable uses include property acquisition, demolition, rehabilitation, installation of public utilities, road, sidewalks, public parking facilities, and allowable administrative expenses.

Obligations

It is anticipated there will be one PAYGO Note in this district as follows:

- **\$2,200,000** at 0% and paid with 90% of the TIF generated from the project. The Note has not yet been issued.

TIF 21 COLDER PRODUCTS CONTINUED

Other Development Agreement Compliance

- 1. Look Back.** At the time of completion of construction of the project, if the amount of actual Public Redevelopment Costs incurred is less than the amount of Public Redevelopment Costs projected in Exhibit D, the assistance for Public Redevelopment Costs will be reduced on a dollar for dollar basis in the amount of such deficiency and the principal amount of the TIF Note will be adjusted accordingly.
- 2. Minimum Assessment Agreement.** The minimum market value as of January 2, 2021 shall be \$14,873,320. The Assessment Agreement shall be in place until the TIF Note is paid in full or the TIF District terminates, whichever is sooner.
- 3. Tax Petitions.** Colder has to inform REDA of any tax petition it files for the property. During the pendency of the petition, REDA will pay principal and interest on the TIF Note only to the extent of the Available Tax Increment attributable to the minimum Market Value of the property; provided that if Colder fails to notify REDA of the tax petition, REDA shall have the right to withhold all payments of principal and interest on the TIF Note until their challenge is resolved. Upon resolution of the tax petition, any Available Tax Increment deferred and withheld shall be paid, without interest thereon, to the extent payable under the assessor's final determination of Market Value.

Four Year Rule

MN Statute 469.176 subd. 6 requires that, within four years from certification date, certain activities must have taken place on each parcel within the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. Since certification of this district is currently pending, the four-year deadline is unknown at this time. However, it is anticipated that the four-year deadline will be met as construction commenced in summer of 2019.

TIF 21 COLDER PRODUCTS CONTINUED

Five Year Rule

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. In general, for TIF District 20, at least 75% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the 'in district' percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, contracts entered into in order for revenues to be considered to have been spent. Since certification of this district is currently pending, the five-year deadline is unknown at this time. However, it is anticipated that the five-year deadline will be met as construction commenced in summer of 2019.

Geographic Enlargements

MN Statute 469.175 subd. 4 (f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. Since certification of this district is currently pending, the five-year deadline is unknown at this time.

Recommendations

None at this time.

TIF 22 TWIN LAKES II

Description

TIF District 22 Twin Lakes II (County #TBD) is a Redevelopment District established on August 12, 2019 and is located within the Development District No. 1. The district encompasses seven (7) parcels which will be replatted into various developments and consist of 117 market rate apartments, 40,000 sq/ft of medical office, 224 non-age restricted affordable apartments and 252 senior affordable apartments. On September 16, 2019, REDA approved a development



agreement with Reuter Walton (apartments) and 2720 Fairview Mkt LLC (Office) to provide the necessary assistance (\$3,550,000) for redevelopment of a parcel into 117 apartment units and 40,000 sq/ft of medical office for Tareen Dermatology. Pursuant to the Agreement for the apartments with Reuter Walton, REDA will provide an additional \$550,000 in TIF Pooling dollars from TIF 17A (HSS) for remediation work completed under an approved Response Action Plan (RAP) for the site. On December 2, 2019, REDA approved an assignment and subordination agreement for the office portion of the site so they could close on their financing. REDA anticipates entering into a TIF Agreement with Dominion in 2020, once they receive their tax credit and tax-exempt bond allocation from the State.



Adopted.....	08/12/2019
Requested Date.....	2019
Certified Date.....	TBD
First Increment.....	07/2021
Decertification.....	12/31/2039

TIF 22 TWIN LAKES II CONTINUED

Former and Current PID Numbers

Former PID#	New PID#	Use
04-29-23-43-0005	Same as Existing	Dominium Apartments & Retail
04-29-23-43-0013	Same as Existing	
04-29-23-43-0014	Same as Existing	
04-29-23-43-0002	Same as Existing	Reuter Walton - Apts & Office
04-29-23-43-0001	Same as Existing	Village Auto
04-29-23-43-0003	Same as Existing	Fireside Hearth/Home
04-29-23-43-0015	Same as Existing	The Tile Shop

Fiscal Disparities Election

The City elected to calculate fiscal disparities from inside (B election) the district.

Frozen Tax Rate

Request for certification will be made by June 20, 2020 so the pay 2020 rate will be the frozen rate and is not yet available.

Allowable Uses:

MN Statute 469.176 subd. 4j specifies the activities in which tax increment from a redevelopment district may be spent. In general, tax increment must be spent on correcting those conditions which caused the area to be designated as a redevelopment district. Allowable uses include property acquisition, demolition, rehabilitation, installation of public utilities, road, sidewalks, public parking facilities, and allowable administrative expenses.

TIF 22 TWIN LAKES II CONTINUED

Obligations

It is anticipated there will be four (4) PAYGO Notes in this district as follows:

- **\$2,900,000** to be issued to Walton Holdings, LLC. for the market rate apartments. The Note will be at the lesser of 5% or their actual financing rate and paid with 90% of the TIF generated from the project. The Note has not yet been issued.
- **\$650,000** to be issued to 2720 Fairview MKT LLC. for the medical office development. The Note will be at the lesser of 5% or their actual financing rate and paid with 90% of the TIF generated from the project. The Note has not yet been issued.
- **\$3,450,000** to be issued to Dominion for the non-age restricted, affordable apartments. The Note will be at the lesser of 5% or their actual financing rate and paid with 90% of the TIF generated from the project. The Note has not yet been issued.
- **\$3,990,000** to be issued to Dominion for the senior, affordable apartments. The Note will be at the lesser of 5% or their actual financing rate and paid with 90% of the TIF generated from the project. The Note has not yet been issued.

Other Development Agreement Compliance

Reuter Walton - Apartments

1. **Look Back**. (i) At the time of completion of construction of the project, if the amount of the Public Redevelopment Costs actually incurred is less than the amount of Estimated Public Redevelopment Costs projected in Schedule D, the financial assistance for the Public Redevelopment Costs will be reduced on a dollar for dollar basis in the amount of such deficiency and the principal amount of the Note will be adjusted accordingly.

TIF 22 TWIN LAKES II CONTINUED

(ii) 60 days after the earliest of (i) the date of Stabilization of the project; (ii) the date of any Transfer of the project (provided that the Redeveloper and the Authority agree that the Calculation Date will occur prior to the actual Transfer); or (iii) three years after the date of completion of the project, as evidenced by REDA's issuance of a Certificate of Completion, the amount of the Note provided pursuant to this Agreement will be subject to adjustment based on a targeted annual Cash-On-Cost Return in excess of 7%. If the Project has not reached Stabilization as of the Calculation Date, the calculation shall assume Stabilization has occurred. If the actual Cash-On-Cost Return exceeds 7%, then the principal amount of the Note issued to will be reduced by 50% of the amount that results in a Cash-On-Cost Return equal to 7% over the term of the Note,

(iii) *Property Sale or Refinance.* If the Developer sells the project to an unrelated third party or refinances the Minimum Improvements (provided, however, the placement of permanent debt on the Minimum Improvements will not constitute a refinancing giving rise to the review as described in this Section) during the first eight (8) years after issuance of a Certificate of Completion, the Developer agrees to provide reasonable background documentation of actual project costs, project sources, and financing terms to construct the project as well as the actual income and operating expenses for the period from the date of the Agreement through the date of such anticipated sale or refinance (provided that the Redeveloper and the Authority agree that the Calculation Date will occur prior to the actual sale or refinancing). Based on such review, if the project exceeds an actual annual 7% Cash-On-Cost Return, then 50% of the amount that exceeds the annual 7% Cash-On-Cost Return will be applied to reduce the principal amount payable under the Note.

2. Minimum Assessment Agreement. The minimum market value as of January 2, 2020 shall be \$5,397,500 and as of January 2, 2021 it shall be \$21,590,000. The Assessment Agreement shall be in place until the TIF Note is paid in full or the TIF District terminates, whichever is sooner.

TIF 22 TWIN LAKES II CONTINUED

- 3. Tax Petitions.** The Developer has to inform REDA of any tax petition it files for the property. During the pendency of the petition, REDA will pay principal and interest on the TIF Note only to the extent of the Available Tax Increment attributable to the minimum Market Value of the property; provided that if the Developer fails to notify REDA of the tax petition, REDA shall have the right to withhold all payments of principal and interest on the TIF Note until their challenge is resolved. Upon resolution of the tax petition, any Available Tax Increment deferred and withheld shall be paid, without interest thereon, to the extent payable under the assessor's final determination of Market Value.

2720 Fairview MKT LLC – Medical Office

1. **Look Back.** (i) At the time of completion of construction of the project, if the amount of the Public Redevelopment Costs actually incurred is less than the amount of Estimated Public Redevelopment Costs projected in Schedule C, the financial assistance for the Public Redevelopment Costs will be reduced on a dollar for dollar basis in the amount of such deficiency and the principal amount of the Note will be adjusted accordingly.
- (ii) 60 days after the earliest of (i) the date of Stabilization of the project; (ii) the date of any Transfer of the project (provided that the Redeveloper and the Authority agree that the Calculation Date will occur prior to the actual Transfer); or (iii) three years after the date of completion of the project, as evidenced by REDA's issuance of a Certificate of Completion, the amount of the Note provided pursuant to this Agreement will be subject to adjustment based on a targeted annual Cash-On-Cost Return in excess of 7%. If the Project has not reached Stabilization as of the Calculation Date, the calculation shall assume Stabilization has occurred. If the actual Cash-On-Cost Return exceeds 7%, then the principal amount of the Note issued to will be reduced by 50% of the amount that results in a Cash-On-Cost Return equal to 7% over the term of the Note,
- (iii) *Property Sale or Refinance.* If the Developer sells the project to an unrelated third party or refinances the Minimum Improvements (provided, however, the placement of permanent debt on the Minimum Improvements will not constitute a refinancing giving rise to the review as described in this Section) during the first six (6) years after issuance of a Certificate of Completion, the Developer agrees to provide reasonable background documentation of actual project costs, project sources,

TIF 22 TWIN LAKES II CONTINUED

and financing terms to construct the project as well as the actual income and operating expenses for the period from the date of the Agreement through the date of such anticipated sale or refinance (provided that the Redeveloper and the Authority agree that the Calculation Date will occur prior to the actual sale or refinancing). Based on such review, if the project exceeds an actual annual 7% Cash-On-Cost Return, then 50% of the amount that exceeds the annual 7% Cash-On-Cost Return will be applied to reduce the principal amount payable under the Note.

- 2. Minimum Assessment Agreement.** The minimum market value as of January 2, 2020 shall be \$3,500,000 and as of January 2, 2021 it shall be \$7,000,000. The Assessment Agreement shall be in place until the TIF Note is paid in full or the TIF District terminates, whichever is sooner.
- 3. Tax Petitions.** The Developer has to inform REDA of any tax petition it files for the property. During the pendency of the petition, REDA will pay principal and interest on the TIF Note only to the extent of the Available Tax Increment attributable to the minimum Market Value of the property; provided that if the Developer fails to notify REDA of the tax petition, REDA shall have the right to withhold all payments of principal and interest on the TIF Note until their challenge is resolved. Upon resolution of the tax petition, any Available Tax Increment deferred and withheld shall be paid, without interest thereon, to the extent payable under the assessor's final determination of Market Value.

Four Year Rule

MN Statute 469.176 subd. 6 requires that, within four years from certification date, certain activities must have taken place on each parcel within the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. Since certification of this district is currently pending, the four-year deadline is unknown at this time. However, it is anticipated that the four-year deadline will be met as construction commenced in summer of 2019.

TIF 22 TWIN LAKES II CONTINUED

Five Year Rule

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. In general, for TIF District 20, at least 75% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the 'in district' percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, contracts entered into in order for revenues to be considered to have been spent. Since certification of this district is currently pending, the five-year deadline is unknown at this time. However, it is anticipated that the five-year deadline will be met as construction commenced in summer of 2019.

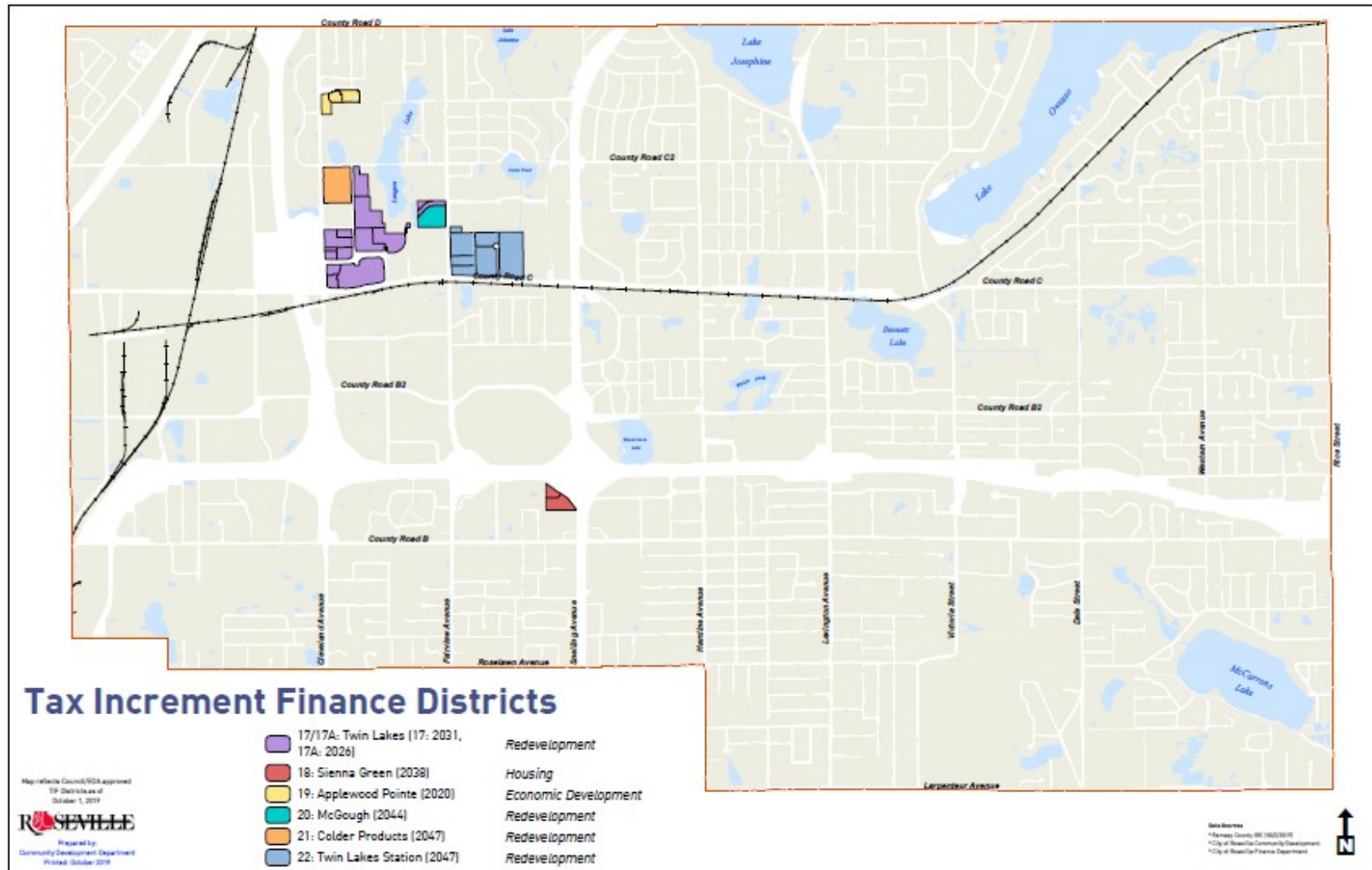
Geographic Enlargements

MN Statute 469.175 subd. 4 (f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. Since certification of this district is currently pending, the five-year deadline is unknown at this time.

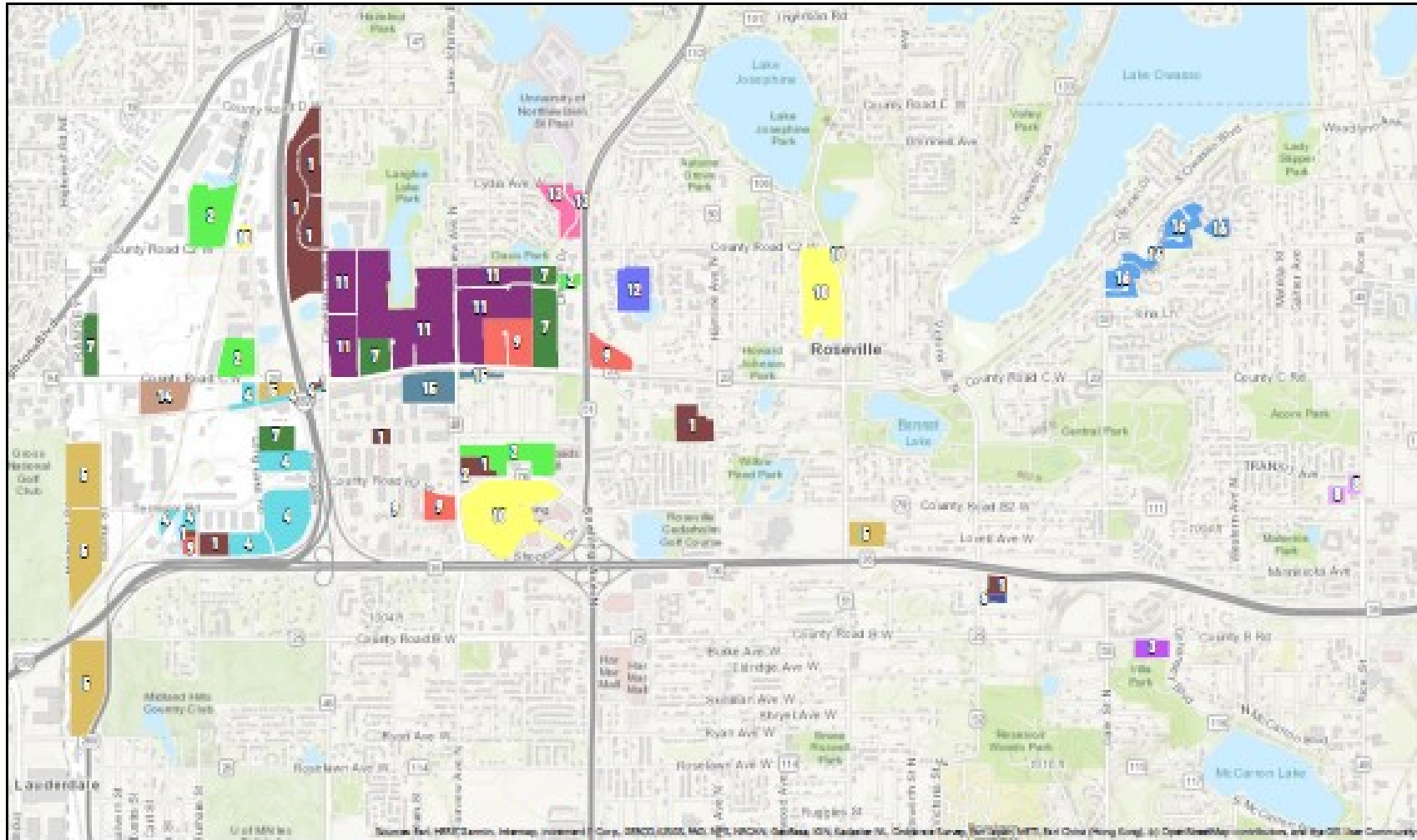
Recommendations

None at this time.

Map of TIF Districts (17 – 22)



Map of Historical TIF Districts (1-16)



Roseville Historical Tax Increment Finance Districts



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 3/9/2020
Item No.: 5.c

Department Approval

Executive Director Approval

Janice Gundlach

[Signature]

Item Description: Consider request to amend the Contract for Private Redevelopment with 2720 Fairview Group, LLC (Reuter Walton Development)

BACKGROUND

On September 16, 2019, the Roseville Economic Development Authority (REDA) authorized a Contract for Private Redevelopment with 2720 Fairview Group, LLC (Reuter Walton Development) for development of 127 market rate rental units on the north half of 2720 Fairview Avenue N. This contract committed the REDA to reimburse up to \$550,000 of environmental remediation funds from pooling Tax Increment Financing (TIF) district #17A Hazardous Substance Subdistrict (HSS) and \$2.9 million of TIF from the newly created Twin Lakes II District #22. Upon further investigation during site preparation, grading, and additional soil boring activities the environmental remediation costs have increased \$550,000 to \$1.1 million in total.

Reuter Walton indicated they could value engineer the following amenities out of the project in order to absorb the increased environmental costs:

- Reduce the underground parking to something less than one stall per unit. Our Zoning Code would allow this.
Cutting the roof-top deck, sports court, and tot-lot (pool would remain).

Rather than remove these amenities from the proposed development, the REDA is being asked to consider additional assistance to absorb the increased environmental remediation costs. Staff felt removal of the development's amenities would be a detriment to the overall project being this is the first market rate rental development proposed to be built in Roseville in over 35+ years.

Based upon the increased costs, staff requested Ehlers to re-evaluate the project's financials to determine if there was a need to provide additional financing of \$550,000 to remediate the site and keep the amenities as listed above. Ehlers analysis identified support to provide the additional assistance for environmental remediation, and that providing such additional assistance would not constitute an over-subsidy to the development (Attachment A). The environmental assistance is only reimbursed based upon draw requests depicting actual costs incurred. This may result in actual costs lower than \$1.1 million, but under no circumstance would the REDA assist should actual costs rise above \$1.1 million.

Reuter Walton Development acknowledges the controversy that was brought before the REDA in September of 2019 and regrets the position the REDA faced at that time. Since then, they have worked to

29 address the issues that were brought to light by the Carpenter's Union, with the Carpenter's Union now
30 providing support for this project as outlined in Attachment B.

31
32 **BUDGET IMPLICATIONS**

33 Should the REDA support the additional \$550,000 of environmental remediation assistance, these funds
34 would come in the same form as the originally supported \$550,000, which is TIF district #17A Hazardous
35 Substance Subdistrict (HSS) pooling. This allows additional assistance without extending the duration of
36 the district.

37
38 **STAFF RECOMMENDATION**

39 If the REDA is supportive of the request for additional environmental remediation assistance, then a
40 Resolution Authorizing the First Amendment to Contract for Private Redevelopment with 2720 Fairview
41 Group, LLC (Reuter Walton Development) must be adopted (Attachment C).

42
43 **REQUESTED EDA ACTION**

44 Upon support of the REDA to amend the Contract for Private Redevelopment with 2720 Fairview Group,
45 LLC, motion to adopt a Resolution Authorizing the Amendment (Attachment D).

46
47 Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

48
49 Attachments: A: Ehlers memorandum of review of environmental remediation funding
50 B: Letter from Reuter Walton Development
51 C: Amendment to Contract for Private Redevelopment
52 D: Resolution Authorizing Amendment to Contract for Private Redevelopment
53

Memo

To: Jeanne Kelsey
From: Stacie Kvilvang - Ehlers
Date: February 28, 2020
Subject: Updated Request for Assistance – Reuter Walton Development: 2720 Fairview Avenue

On September 16, 2019, the EDA entered into an agreement with Reuter Walton to redevelop the above referenced property into approximately 127 market rate apartments and 40,000 sq/ft of medical office. The EDA agreed to provide the market rate apartment project with \$550,000 in up front TIF 17A HSS funds and a PAYGO TIF Note in the amount of \$2.9 million.

Since approval, the developer found further contamination on site that require clean-up under an approved RAP in the additional amount of \$550,000 (total of \$1.1 million in HSS funding). Ehlers updated our review of the developer's budget and operating pro forma to ensure assistance for the increased costs and \$2.9 million PAYGO TIF is justified. Below are the updated sources and uses for the project:

SOURCES			
	Amount	Pct.	Per Unit
First Mortgage	22,000,000	62%	173,228
TIF Note	2,900,000	8%	22,835
Equity	9,478,124	27%	74,631
HSS TIF	1,100,000	3%	8,661
TOTAL SOURCES	35,478,124	100%	279,355

USES			
	Amount	Pct.	Per Unit
Acquisition Costs	1,980,000	6%	15,591
Construction Costs	27,541,050	78%	216,859
Environmental Abatement/Soil Correction	1,100,000	3%	8,661
Professional Services	1,380,000	4%	10,866
Financing Costs	2,175,769	6%	17,132
Developer Fee	1,001,305	3%	7,884
Cash Accounts/Escrows/Reserves	300,000	1%	2,362
TOTAL USES	35,478,124	100%	279,355

Based upon our updated review, the developer's request for an additional \$550,000 in HSS funding is justified in order for the development to proceed since they do not attain a 7% cash-on-cost return without these funds or the PAYGO TIF over the 15 year period (year 2 cash-on-cost return without TIF is 4.9% (5.8% with TIF) and in year 16 when there is no more TIF is 6.9%).

Please contact me at 651-697-8506 with any questions.

Reuter Walton Development

1710 W. Lake St. #100
Minneapolis, MN 55408
612.823.3489

REUTERWALTON
DEVELOPMENT

March 2, 2020

Roseville EDA
Jeanne Kelsey
Housing and Economic Development Program Manager
City of Roseville
2660 Civic Center Drive
Roseville, MN 55113

RE: Fairview Avenue Apartment Soil Conditions

EDA Members,

The intent of this letter is to provide details on both the increased costs we will have related to poor soil conditions that have recently been discovered at 2740 Fairview Avenue and our decision to change general contractors based on our work with the Northern States Regional Council of Carpenters (the “Carpenter’s Union”) to combat wage theft in the construction industry.

Soil Conditions

First, the initial cost and grant amount we agreed to in the Contract for Private Redevelopment dated as of September 16, 2019 with the Roseville EDA (the “Development Agreement”) was \$550,000 to reimburse the Redeveloper for RAP implementation expenses related to contaminated soil and construction debris laden soil. Based on original investigation we estimated that we would need to correct the soil five feet below the garage slab. We also estimated that half of the soil would be contaminated and not able to be reused on site. Since executing the Development Agreement, we have done several additional borings and test pits on the site to explore the area underneath where the parking garage and pool will be constructed. That investigation has revealed that debris laden soil exists anywhere from 7 to 17 feet below the garage slab depending on how close the work gets to the drainage ditch. In other words, the soils get progressively worse as we move east on the site. Additionally, the soils are estimated to be more contaminated than previously thought and we are assuming that 3/4ths of such soils will not be able to be reused on the site. Finally, the soil beneath where the swimming pool is to be constructed is also contaminated and debris laden. It is critical that we can compact the soil underneath the pool, or it will settle and crack over time. We will need to haul off soil at a depth of 14.5 feet beneath the pool and then bring back in clean soil to fill the hole back to grade so we can compact it. Enclosed is the original estimate for this work as well as the updated estimate.

Roseville EDA
Page 2

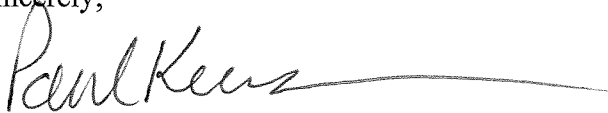
General Contractor and Union Issue

Reuter Walton sincerely apologizes that the City Council was put in the middle of a controversy during the approval process for this project. The Carpenter's Union's objection was not to the project but to the hiring practices of our prior General Contractor, Reuter Walton Commercial, LLC which at that time was 50% owned by Nick Walton. Since we received our final City approvals, we have made significant changes in our business practice. First, Nick Walton sold his interest in Reuter Walton Commercial, LLC to his partners who were also the primary operators of the company. Reuter Walton Commercial, LLC has since rebranded itself and is now named Ironmark Building Company and is completely unaffiliated with Reuter Walton Development or Nick Walton. Second, we committed to using only union general contractors on our future development projects including this project. We have selected Watson Forsberg to be the general contractor for this project and have committed to using 100% union subcontractors. Our relationship with Carpenter's Union has also improved dramatically and they are strong supporters of this and other projects on which we are currently working. As evidence of our improved relationship, please see the attached letter of support.

Our objective from the beginning was to deliver a Class A market rate apartment project in the City of Roseville and that has not changed. Formally named "The Isaac", our project will deliver unmatched luxury in a laid-back atmosphere. It will feature a swimming pool, sauna, workout facility, sport court, bark park, pet wash, community room and rooftop patio as well as other amenities.

In working with City staff, we formally request approval for additional funding to bring the total commitment to \$1,100,000 to help us deliver this exciting project.

Sincerely,



Paul Keenan
Vice President of Development

Enc: Letter from Carpenter's Union
Cost comparison of environmental remediation of site



February 27, 2020

Members of the Roseville Economic Development Authority
2660 Civic Center Drive
Roseville, MN 55113

Dear Members of the Roseville Economic Development Authority,

I am writing today in support of the Reuter Walton project for 127 units along Fairview Avenue in Roseville. This project will include thousands of work hours for carpenters and other construction trades workers, that will pay wages and benefits to support a middle class living.

The last time this project came before the Roseville city council, we raised serious concerns about the sub-contractors who had been used to perform work on their past projects. Over the last number of months what began as a series of meetings and conversations has turned into an opportunity for us to work in partnership. The Carpenters Union and Nick Walton have worked collaboratively to address the concerns and, as an organization, we believe Reuter Walton has taken steps to chart a new direction for his development company.

On behalf the North Central States Regional Council of Carpenters, we strongly support this project at 2740 Fairview Avenue.

In Solidarity,

Adam Duininck
Director of Government Affairs

Fairview Apartments Contaminated Soil & Soil Correction - Original Cost Estimate

Contractor Costs					
	Unit	Quantity	Unit Cost	Subtotal	
Gridline A to H Debris in cut to 914.68 SOG	TN	3,800	\$26.00	\$98,800	
Gridline H to M Debris in cut to 914.68 SOG	TN	4,600	\$26.00	\$119,600	
Gridline H to M Debris in soil correction below 914.68 SOG	TN	6,000	\$26.00	\$156,000	
Gridline H to M Sand replacement for debris in soil correction below 914.68 SOG	CY	4,200 (6,000 TN above)	\$16.68	\$70,056	
Gridline H to M Soil correction below debris, below 914.68 SOG	CY	2,600	\$25.68	\$66,768	
Earth retention needed for soil correction	SF	900	\$45.00	\$40,500	
Total Contaminated Soil & Soil Correction				\$551,724	

Fairview Apartments Contaminated Soil & Soil Correction - Updated Cost Estimate

Contractor Costs					
	Unit	Quantity	Unit Cost	Subtotal	
Gridline A to H Debris in cut to 914.68 SOG	TN	6,285	\$26.00	\$163,410	
Gridline H to M Debris in cut to 914.68 SOG	TN	8,448	\$26.00	\$219,648	
Gridline H to M Debris in soil correction below 914.68 SOG	TN	13,870	\$26.00	\$360,620	
Gridline H to M Sand replacement for debris in soil correction below 914.68 SOG	CY	9,907 (13,870 TN above)	\$16.68	\$165,249	
Gridline H to M Soil correction below debris, below 914.68 SOG	CY	4,319	\$25.68	\$110,912	
Earth retention needed for soil correction	SF	3,576	\$45.00	\$160,920	
Total Contaminated Soil & Soil Correction				\$1,180,759	

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10
11 **FIRST AMENDMENT TO CONTRACT FOR PRIVATE REDEVELOPMENT**
12

13 This Amendment is made as of _____, 2020, by and between the Roseville
14 Economic Development Authority, a public body corporate and politic and political subdivision of
15 the State of Minnesota (the “Authority”) and 2720 Fairview Group, LLC, a Delaware limited
16 liability company (the “Redeveloper”).
17

18 WHEREAS, the Authority and the Redeveloper entered into that certain Contract for Private
19 Redevelopment dated as of September 16, 2019 (the “Agreement”), providing, among other things,
20 for the construction by the Redeveloper of certain improvements (the “Minimum Improvements”) on the property legally described in Exhibit A hereto (the “Property”) and the issuance by the
21 Authority of a tax increment revenue note (the “Note”) to reimburse certain public redevelopment
22 costs of the Redeveloper; and
23
24

25 WHEREAS, due to worse-than-anticipated environmental conditions discovered on the
26 Redevelopment Property in the construction of the Minimum Improvements, which have led to
27 additional extraordinary costs to remediate such conditions, the Redeveloper has requested and the
28 Authority has agreed to provide additional assistance in the form of pooled increment from Tax
29 Increment Hazardous Substance Subdistrict No. 17A, subject to the terms and conditions herein.
30

31 NOW, THEREFORE, in consideration of the premises and the mutual obligations of the
32 parties hereto, each of them does hereby covenant and agree with the other as follows:
33

34 1. Amendment to Section 1.1 of the Agreement. The definition of “Minimum
35 Improvements” in Section 1.1 of the Agreement is amended as follows:
36

37 “Minimum Improvements” means the construction on the Redevelopment Property of a
38 multifamily rental housing facility containing approximately 127 units of housing, including a
39 rooftop deck, children’s play area, and sports court, along with associated underground parking of at
40 least one stall per unit of rental housing.
41

42 2. Amendment to Section 3.4(a) of the Agreement. Section 3.4(a) of the Agreement is
43 amended as follows:
44

45 (a) The Authority will apply a portion of tax increment generated from its Tax
46 Increment Hazardous Substance Subdistrict No. 17A to reimburse the Redeveloper for a portion of
47 the extraordinary costs of environmental remediation required to redevelop the Redevelopment

48 Property pursuant to the Response Action Plan in effect for the Redevelopment Property (the
49 “Environmental Costs”), in an amount not to exceed \$1,100,000 (the “HSS Grant”).
50

51 3. Amendment to Section 3.5(c)(ii) of the Agreement. Section 3.5(c)(ii) of the
52 Agreement is amended as follows:
53

54 (c) *Lookback Calculations.*
55

56 (ii) On the Calculation Date, the amount of the Note provided pursuant to this Agreement
57 will be subject to adjustment based on a targeted annual Cash-On-Cost Return in excess of
58 7%. By the Calculation Date, the Redeveloper must deliver to the Authority’s Consultant
59 evidence of its Cash-On-Cost Return. The Cash-On-Cost Return shall be calculated by the
60 Authority’s Consultant based on the Redeveloper’s financial statement, prepared pursuant to
61 generally accepted industry standards and submitted to the Authority’s Consultant (to be
62 calculated in the same manner as the sample attached as Schedule D-2). If the Minimum
63 Improvements have not reached Stabilization as of the Calculation Date, the calculation
64 shall assume Stabilization has occurred.

65 If the actual Cash-On-Cost Return exceeds 7% through the term of the Note, then the
66 principal amount of the Note issued to the Redeveloper will be reduced by 50% of the
67 amount that results in a Cash-On-Cost Return equal to 7% over the term of the Note, and the
68 Redeveloper shall deliver the Note to the Authority in exchange for a new Note in the
69 adjusted principal amount upon the Authority’s written request.

70 4. Amendment to Section 4.3 of the Agreement. Section 4.3 of the Agreement is
71 amended as follows:
72

73 Section 4.3. Commencement and Completion of Construction. An affiliate of the
74 Redeveloper commenced construction of the Minimum Improvements by December 31, 2019.
75 Subject to Unavoidable Delays, the Redeveloper shall complete the construction of the Minimum
76 Improvements by March 31, 2022. All work with respect to the Minimum Improvements to be
77 constructed or provided by the Redeveloper on the Redevelopment Property shall be in conformity
78 with the Construction Plans as submitted by the Redeveloper and approved by the Authority. For
79 purposes of this Agreement, construction was deemed to commence upon the commencement of
80 environmental remediation activities necessary to carry out the construction of the Minimum
81 Improvements.
82

83 The Redeveloper agrees for itself, its successors, and assigns, and every successor in interest
84 to the Redevelopment Property, or any part thereof, that the Redeveloper, and such successors and
85 assigns, shall promptly begin and diligently prosecute to completion the development of the
86 Redevelopment Property through the construction of the Minimum Improvements thereon, and that
87 such construction shall in any event be commenced and completed within the period specified in
88 this Section 4.3 of this Agreement. After the date of this Agreement and until the Minimum
89 Improvements have been fully constructed, the Redeveloper shall make reports, in such detail and at
90 such times as may reasonably be requested by the Authority, but no more than monthly, as to the
91 actual progress of the Redeveloper with respect to such construction.
92

93 5. Amendment to Schedule D of the Agreement. Schedule D of the Agreement is
94 amended as shown on Exhibit B to this Amendment.

95
96 6. Miscellaneous. Except as amended by this Amendment, the Agreement shall remain
97 in full force and effect. Redeveloper shall pay all Administrative Costs related to the negotiation
98 and drafting of this Amendment.

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(Remainder of this page intentionally left blank.)

104 **IN WITNESS WHEREOF**, the parties have caused this Amendment to be duly executed
105 as of the day and year first above written.

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**ROSEVILLE ECONOMIC DEVELOPMENT
AUTHORITY**

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this _____ day of _____, 2020, by Dan Roe, the President of the Roseville Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the authority.

Notary Public

STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this _____ day of _____, 2020, by Patrick Trudgeon, the Executive Director of the Roseville Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the authority.

Notary Public

Authority Signature Page to First Amendment to Contract for Private Redevelopment

EXHIBIT A

Property

Lot 1, Block 1, FAIRVIEW AVENUE ADDITION, according to the recorded plat thereof, Ramsey County, Minnesota.

EXHIBIT B
SCHEDULE D OF AGREEMENT

Schedule D-1

Schedule D - Public Redevelopment Costs	
Use	Amount
Underground Parking	\$2,900,000
TOTAL	\$2,900,000

Schedule D-2



		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
Income																	
Rental Income																	
	Inflator																
	2.0%	2,559,544	2,610,735	2,662,950	2,716,209	2,770,533	2,825,943	2,882,462	2,940,112	2,998,914	3,058,892	3,120,070	3,182,471	3,246,121	3,311,043	3,377,264	3,444,809
		(127,977)	(130,537)	(133,147)	(135,810)	(138,527)	(141,297)	(144,123)	(147,006)	(149,946)	(152,945)	(156,003)	(159,124)	(162,306)	(165,552)	(168,863)	(172,240)
		(583,000)															
		1,848,567	2,480,198	2,529,802	2,580,398	2,632,006	2,684,646	2,738,339	2,793,106	2,848,968	2,905,947	2,964,066	3,023,348	3,083,815	3,145,491	3,208,401	3,272,569
Other Residential Income																	
	Vacancy Rate																
	5.0%	158,700	161,874	165,111	168,414	171,782	175,218	178,722	182,296	185,942	189,661	193,454	197,324	201,270	205,295	209,401	213,589
		57,150	58,293	59,459	60,648	61,861	63,098	64,360	65,647	66,960	68,300	69,666	71,059	72,480	73,930	75,408	76,916
		(10,793)	(11,008)	(11,229)	(11,453)	(11,682)	(11,916)	(12,154)	(12,397)	(12,645)	(12,898)	(13,156)	(13,419)	(13,687)	(13,961)	(14,240)	(14,525)
		(81,619)															
		123,439	209,159	213,342	217,609	221,961	226,400	230,928	235,547	240,258	245,063	249,964	254,963	260,062	265,264	270,569	275,980
Effective Gross Income (EGI)		1,972,005	2,689,357	2,743,144	2,798,007	2,853,967	2,911,046	2,969,267	3,028,653	3,089,226	3,151,010	3,214,030	3,278,311	3,343,877	3,410,755	3,478,970	3,548,549
		(29,618)															
Expenses																	
Rental Unit Expenses																	
	Inflator																
	2.00%	355,917	362,319	369,566	376,957	384,496	392,186	400,030	408,030	416,191	424,515	433,005	441,665	450,499	459,508	468,699	478,073
		158,750	161,925	165,164	168,467	171,836	175,273	178,778	182,354	186,001	189,721	193,515	197,386	201,333	205,360	209,467	213,657
		25,000	380,978	380,978	380,978	380,978	380,978	380,978	380,978	380,978	380,978	380,978	380,978	380,978	380,978	380,978	380,978
		31,750	32,385	33,033	33,693	34,367	35,055	35,756	36,471	37,200	37,944	38,703	39,477	40,267	41,072	41,893	42,731
		(29,190)															
		937,607	937,607	948,740	960,095	971,677	983,491	995,541	1,007,833	1,020,370	1,033,158	1,046,201	1,059,506	1,073,076	1,086,918	1,101,037	1,115,438
Total Expenses		542,227	937,607	948,740	960,095	971,677	983,491	995,541	1,007,833	1,020,370	1,033,158	1,046,201	1,059,506	1,073,076	1,086,918	1,101,037	1,115,438
NET OPERATING INCOME		1,429,778	1,751,750	1,794,404	1,837,912	1,882,290	1,927,555	1,973,726	2,020,820	2,068,856	2,117,852	2,167,829	2,218,805	2,270,801	2,323,836	2,377,933	2,433,111
	Inflator:	0	306,928	306,928	306,928	306,928	306,928	306,928	306,928	306,928	306,928	306,928	306,928	306,928	306,928	306,928	306,928
ADJUSTED NET OPERATING INCOME		1,429,778	2,058,677	2,101,332	2,144,840	2,189,217	2,234,483	2,280,653	2,327,747	2,375,783	2,424,780	2,474,757	2,525,733	2,577,729	2,630,764	2,684,860	2,739,999
Debt Service																	
	Debt Terms																
Total Debt Service		957,000	957,000	1,314,223	1,314,223	1,314,223	1,314,223	1,314,223	1,314,223	1,314,223	1,314,223	1,314,223	1,314,223	1,314,223	1,314,223	1,314,223	1,314,223
NET CASH FLOW		472,778	1,101,677	787,109	830,616	874,994	920,260	966,430	1,013,524	1,061,560	1,110,557	1,160,534	1,211,510	1,263,505	1,316,541	1,370,637	1,425,688
Returns Analysis																	
Cash on Cost Annual Return		4.2%	6.0%	6.1%	6.2%	6.4%	6.5%	6.6%	6.8%	6.9%	7.1%	7.2%	7.3%	7.5%	7.7%	7.8%	7.1%
Cash on Cost Annual Return (w/o TIF assistance)		4.2%	5.1%	5.2%	5.3%	5.5%	5.6%	5.7%	5.9%	6.0%	6.2%	6.3%	6.5%	6.6%	6.8%	6.9%	7.1%

46 transaction and that are approved by the President and Executive Director,
47 provided that execution of the Amendment by such officials shall be
48 conclusive evidence of approval. The President and Executive Director
49 are hereby authorized to execute, on behalf of REDA, the Amendment.

50 2. REDA staff and officials are authorized to take all actions necessary to
51 perform REDA's obligations under the Amendment and under the
52 Agreement as a whole, all as described in the Amendment and Agreement.
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54
55 The motion for the adoption of the foregoing resolution was duly seconded by Member
56

57 , and upon a vote being taken thereon, the following voted in favor thereof:
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59 and the following voted against the same:
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61 WHEREUPON said resolution was declared duly passed and adopted.
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Certificate

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I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, Minnesota, hereby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the Board of Commissioners of said Authority at a duly called and regular meeting thereof on March 9, 2020.

I further certify that Commissioner _____ introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner _____, and that upon roll call vote being taken thereon, the following Commissioners voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this ___ day of March, 2020.

Patrick Trudgeon, Executive Director
Roseville Economic Development
Authority