


ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: Sept. 13, 2010
Item No.: 11 . b

Department Approval



City Manager Approval



Item Description: Approve a modification to the Development Program for Municipal Development District No. 1 and establish Tax Increment Financing District No. 19 (Applewood Pointe) within Development District No. 1

1 **BACKGROUND**

2 On June 10, 2010, United Properties, the developers of the Applewood Pointe senior cooperative
3 project at 3008 and 3010 Cleveland Avenue N, submitted a formal application to the City
4 requesting the creation of an economic development tax increment financing (TIF) district to
5 catalyze the development of their cooperative project. The purpose of this request is to create a
6 funding source to fill the projected financial gap of this project. As proposed, United Properties
7 would construct a new 94-unit cooperative building constructed over two phases with 50 units
8 built in Phase 1 and 44 units built in Phase 2. The developer would like to begin construction of
9 Phase 1 in fall 2010 with construction of Phase 2 commencing approximately two years later.
10 Attachment A is the cover letter from United Properties' application, which summarizes its
11 financial assistance request. Please note that this report focuses only on the applicant's request
12 regarding the creation of a TIF district and does not discuss the developer's request for reduced
13 park dedication fees.

14
15 In order to create a TIF district, the City must follow the process that is prescribed in Minnesota
16 Statute 469.175. The following is the list of required tasks and the date accomplished.

- 17 • Set Public Hearing Date: July 26, 2010 (Resolution No. 10829)
- 18 • Impact letter and draft TIF Plan to County and School District: August 12, 2010
- 19 • Public hearing notice: August 31, 2010 (published in *Roseville Review*)
- 20 • Public hearing: September 13, 2010
- 21 • Adopt TIF plan: September 13, 2010 (if approved)

22
23 On July 26, 2010, the City Council discussed setting the public hearing to allow for public
24 comment on the proposed TIF district. At that time, the Council discussed the potential public
25 purpose for creating the district and supported holding a public hearing to garner public input on
26 the proposal. Attachment B provides the meeting minutes from that discussion.

27
28 Springsted, the City's financial consultant, has reviewed the detailed project information
29 provided by the developer to determine if the project qualifies as an economic development TIF
30 district and developed a TIF plan for the proposed district, including the "but-for" test, financial

31 projections, and budget. (See Attachment C to review the TIF Plan.) Mikaela Huot, a financial
32 planner with Springsted, will make a brief presentation to the City Council on these findings.

33
34 A. Economic Development District Qualification: In spring 2010, the state legislature
35 approved temporary modifications to the laws governing economic development tax
36 increment financing districts. Between now and June 30, 2011, cities are allowed to
37 create economic development districts for any type of project with a demonstrated gap
38 that “creates or retains jobs in this state, including construction jobs, and that
39 construction of the project would not have commenced before July 1, 2011, without the
40 authority providing assistance.” Based on the developer’s application package, Phase 1 of
41 this project has a significant final gap and without TIF assistance this project would not
42 commence until after July 1, 2011.

43
44 B. But-For Test: Springsted has conducted the “but-for” analysis for this project and has
45 determined that it meets both statutory requirements. They concluded that the proposed
46 development would not reasonably be expected to occur solely through private
47 investment within the reasonably foreseeable future, and the increased market value of
48 the site that could reasonably be expected to occur without the use of tax increment
49 would be less than the increase in market value estimated to result from the proposed
50 development after subtracting the present value of the projected tax increments for the
51 maximum duration of the TIF District permitted by the TIF Plan.

52
53 C. Financial Projections: The 2010 assessed value for the proposed TIF district is \$1.5
54 million, which includes four parcels—2990, 2996, 3008, and 3010 Cleveland Avenue N.
55 Based on the construction of both phases of the 94-unit senior housing cooperative, the
56 93-unit assisted-living facility, and a 3% market value inflator, the estimated market
57 value of the district is approximately \$32.9 million. The \$31.4 million increase in market
58 value translates into approximately \$2.5 million of potential increment over the nine-year
59 life of the district.

60
61 D. Budget: As shown in Section K of the TIF Plan, the budget for the district includes
62 line items for TIF-eligible expenses totally \$2,450,551. This budget does reflect any type
63 of agreement between the City and the developer and merely identifies possible uses for
64 the projected increment. The City is under no obligation to provide the developer with
65 any of this increment until the City and the developer have entered into a development
66 agreement.

67
68 If the City Council approves TIF District No. 19, staff will work to negotiate a development
69 agreement with United Properties on the terms for use of the funds generated in the district and
70 bring it to the Council for approval. The Twin Lakes Financial Participation Framework will set
71 the general parameters by which to commence these negotiations. This policy advocates using
72 the pay-as-you-go method of financing, which means that the developer is responsible for
73 finding upfront financing for the project and that the City will reimburse the developer for
74 eligible costs as the increment is generated. This form of financing decreases the risk to the City
75 as it is not relying on projected future revenues to cover debt service on a City bond issuance.

76 **POLICY OBJECTIVE**

77 The City’s 2030 Comprehensive Plan advocates for redevelopment that helps to achieve the
78 City’s goals. Goal 1 in the Economic Development and Redevelopment Chapter of this plan
79 states: “Foster economic development and redevelopment in order to achieve Roseville’s vision,
80 create sustainable development, and anticipate long-term economic and social changes.” Further,
81 Policy 1.5 suggests creating public-private partnerships to achieve the City’s goals, when
82 appropriate. Roseville is an aging community and as the population ages the need for additional
83 senior living opportunities will increase. The City’s Housing and Redevelopment Authority
84 completed a multi-family housing market study in 2009, which identified a need for additional
85 senior units in Roseville. With this project, United Properties is working to fill this market need.
86 By creating a TIF district to assist this project, the City would be laying the groundwork for the
87 formation of a public-private financial partnership to bring this project to fruition.

88 **BUDGET IMPLICATIONS**

89 The creation of TIF District No. 19 does not impact the City’s budget. The City, as with all of
90 the other taxing jurisdictions, will continue to generate taxes from the same level of tax capacity
91 as it is today from these properties during life of this TIF district. The additional tax capacity
92 generated by these properties through the development of the senior housing cooperative and
93 assisted-living facility will be captured by the TIF district. After any financial obligations to the
94 developer are fulfilled by the City with revenue generated by the district, the tax capacity
95 captured by the district will go to the taxing jurisdictions.

96 **STAFF RECOMMENDATION**

97 Staff recommends that the City Council create TIF District No. 19 in order to provide financial
98 assistance for the development of Phase 1 of the Applewood Pointe senior housing cooperative.
99 The Applewood Pointe project helps to fulfill the following public purposes within the City:

100 Implementation of the Twin Lakes Master Plan: Over the last two decades, the City has
101 been working to facilitate redevelopment in the Twin Lakes redevelopment area. The
102 Twin Lakes Master Plan calls for multi-family housing to be developed in those parcels
103 adjacent to existing residential areas. Construction of this senior cooperative project will
104 advance the recommendations made in that plan.

105 Connection to Langton Lake Park: As part of the land use approvals for this project, the
106 City required that United Properties construct a road through its property connecting
107 Cleveland Avenue to Langton Lake Park. Currently this park’s only direct access point is
108 from Athur Street off of County Road D.

109 Although the creation of this TIF district does not obligate the City to provide assistance to this
110 project, staff recommends that the Council not create the district if it does not support, in
111 concept, some level of financial assistance for this project.

112 **REQUESTED COUNCIL ACTION**

113 By resolution, approve a modification to the Development Program for Municipal Development
114 District No. 1 and establish Tax Increment Financing District No. 19 (Applewood Pointe) within
115 Development District No. 1, and approve the Tax Increment Financing Plan therefore.

Prepared by: Jamie Radel, Economic Development Associate

Attachments: A: Letter from United Properties dated June 10, 2010
B: Extract of meeting minutes from the July 26, 2010 City Council Meeting
C: Draft Tax Increment Financing Plan for Tax Increment Financing District No. 19
D: Draft Development Program for Development District No. 1
E: Draft resolution



June 10, 2010

Jamie Radel
City of Roseville
Economic Development Associate
2660 Civic Center Drive
Roseville, MN 55113-1899

RE: Applewood Pointe of Roseville at Langton Lake TIF Application

Dear Jamie:

I have attached a completed Tax Increment Financing Application form as well as the completed Community Objectives and Criteria Scoring Summary which is part of the Twin Lakes Master Plan and Public Financial Participation Framework.

As demonstrated in the attached material, we feel very strongly that this project will greatly benefit the City of Roseville and its citizens. In addition, it will provide a crucial connection to Langton Lake Park which is currently only accessible through an industrial property with very little visibility. In addition to the many benefits highlighted, it will also be clearly evident that without Tax Increment Financing, the project cannot proceed as currently planned. Even after factoring in potential TIF and a \$1,000 per unit reduction in Park Dedication Fees, the remaining negative gap assuming both Phases I and II are completed and sold out is \$731,374. It would be our intent to address this gap through a variety of means including reducing construction costs and ultimately reducing our development revenue. It should be further noted that we are only able to achieve this gap once Phase II is completed. As indicated on the Phase I analysis, there will basically be no return on this initial Phase of the project even after assuming Tax Increment Financing. I am confident that the analysis will demonstrate the necessity of not only TIF, but also any other assistance the City can provide including a Park Dedication Fee compromise.

This project clearly is consistent and contributes to the overall use mix outlined in the Twin Lakes Master Plan. In addition, it provides value to the City of Roseville in excess of \$600,000 after considering the land dedicated to the City for the Park connection road, the cost of constructing this road, and the potential Park Dedication Fees associated with the 94 unit community. This does not even include increased tax revenue once the TIF payments end, or other fees associated with the construction of the project.

In addition to the Tax Increment Financing Application form, we have completed the Objectives and Scoring Criteria used in evaluating requests for financial assistance. This was developed as part of the

Jamie Radel
June 10, 2010
Page 2

Twin Lakes Master Plan. In order for the City to consider financial assistance, the project must achieve one-third, or eight criteria within at least four of the objective categories. We feel that our Applewood Pointe Cooperative achieves eleven scoring criteria within five of the objective categories, exceeding this target.

Finally, it should be noted that this project, including the phased approach, has been approved by the City Council. We are very close to achieving the presale level set by HUD of 60%, and are optimistic that with several additional sales and obtaining financial assistance from the City of Roseville, we would be able to break ground on Phase I later this year. Should you have any questions regarding any of this material or need additional information, please feel free to contact me directly at 952-820-8725.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Hall', written in a cursive style.

Alex Hall
Vice President
Development

Attachments

C: Mikaela Huot, Springsted Incorporated
AH/bls

Extract of the July 26, 2010 Meeting of the Roseville City Council

Discuss Public Purpose of Creating an Economic Development Tax Increment Financing (TIF) District to Assist with the Development of Applewood Pointe at Langton Lake and Consider a Resolution to Set a Public Hearing for Proposed TIF District No. 19

Economic Development Associate Jamie Radel provided a background of this request by United Properties, the developers at Applewood Pointe senior cooperative project at 3008 and 3010 Cleveland Avenue as detailed in the RCA dated July 26, 2010; and their formal request received by City staff on June 10, 2010 for creation of an economic development TIF District to catalyze the development of the cooperative project to fill the funding gap for this project.

Ms. Radel addressed the proposed phasing for this development; and recent action by the State legislature approving temporary modification to TIF laws governing economic development TIF Districts with cities allowed to create those districts for any type of project with a demonstrated gap between now and June 30, 2010 that creates or retains jobs in the state.

Ms. Radel reviewed the criteria previously established by the City for public participation, and the narrative provided by the developer analyzing how they met those criteria and objectives.

Ms. Radel noted that the request before the City Council at this time was to determine if there was a public purpose to create such an economic development TIF District to assist with this development of Applewood Pointe at Langton Lake; and if so, to establish a public hearing date for September 13, 2010 to consider a proposed TIF District No. 19.

Councilmember Ihlan questioned what had changed with the financials for this project, since it had been approved several years ago by the City Council without any request for a public subsidy, without the project going forward.

Brian Carey, Representative from United Properties, the Developer

Mr. Carey noted that there had originally been no request for financial assistance, but that the financial challenges had been discussed at that time, and since then with the financial meltdown occurring, it had hit the housing market directly. Mr. Carey noted, therefore, the need to pre-sell 60%, rather than the original 50% threshold, or 30 of the proposed 50 units in the first phase of the project. Mr. Carey noted the challenges of the current housing market, in addition to the dedicated land and construction of the road into Langton Park, with the developer agreeing to approximately 2.5 acres of land at a market purchase price of approximately \$450,000 to the City, in addition to additional significant park dedication fees. Mr. Carey requested the City's support of the use of this TIF tool to bridge the gap to help this project proceed.

Councilmember Ihlan spoke in opposition of a road cutting through the secluded and wooded area of Langton Lake, changing the area's aesthetics; and suggested ways to scale the project down as opposed to seeking TIF funding; opining that it provided no future guarantee by putting public monies toward something that may not be ultimately successful.

Councilmember Roe clarified that if the project was not built, the City did not receive any money anyway, and was not giving up existing tax monies.

Discussion ensued among Councilmembers and Mr. Carey related to land dedication to access this building and the City park; financial viability of the project from the developer's standpoint and remaining challenges even with TIF; reduced profit margin proposed by the developer to help close financial gaps; clarification that reduced construction costs didn't indicated reduced quality from the concept designs provided earlier, but only that contractors and

subcontractors were bidding lower on projects; and the number of units sold to-date for Phase I (28 or 29 of the necessary 30 units sold at this time); and review by the developer of the initial reservation agreement showing interest by buyers; reservations versus signed subscription agreements with additional non-refundable moneys; and sale of a buyer's existing home not being a contingency of going forward with this project.

Mr. Carey advised that the developers met on a regular basis with prospective buyers; and when asked by Councilmember Pust why they had not included an affordable living component as part of this project, responded that the project's price range was extremely affordable to begin with, and that the buyers being served consisted of a group earning less than the area median; and clarifying that the 60% units sold rather than 50% was a HUD standard.

Councilmember Ihlan noted that one reason she had originally voted against this project was its scale relative to the neighborhood and her concern that it was too massive and tall against the adjacent residential neighborhood, as well as its encroachment on one of wooded areas of Langton Lake Park due to access requirement for enough turnaround room for emergency vehicles. Councilmember Ihlan advocated that the project be scaled back to mitigate those impacts that were an original stumbling block for her, and that would also allow the project to work financially without TIF assistance; and opined that she could then look favorably on the project if the developer made the gesture to solve those problems with the neighborhood and park.

Mr. Carey advised that it was not economically viable to scale the project back in a material manner without a material subsidy to do so. Mr. Carey advised that the developer was not proposing the road, and in their first proposal had suggested townhomes as a buffer between the single family homes to the north and the Coop building itself, but that that proposal had not been viewed favorably by staff or the City Council; and that both staff and the City Council had been adamant that a road to the park was vital, so the developer had moved in that direction.

Mayor Klausung refocused the discussion on whether there was a public purpose and to schedule a public hearing; to determine whether additional public comment was called for, and a more formal staff report needed.

Mr. Carey listed ways the project met a public purpose

- Provide permanent and improved access to public park at no city cost
- Permanent highly visible signage to public park
- Provide life cycle housing consistent with the City's recent housing study by Maxfield Research
- Many of our buyers will move from within Roseville, with those home recycled for younger families with children regenerating the City and School District
- Clean-up a highly blighted, visible area along Cleveland Avenue, with two blighted homes removed, and plans to eliminate another three homes to the south
- Phase I works as a catalyst to Phases II and III
- Plan review fees are substantial
- Increases tax base at the end of TIF District
- Improve quality of wetlands and Langton Lake
- Park dedication fees are substantial; with further discussion and possible negotiation requested by the developer
- Consistent with overall mixed use proposed for the Twin Lakes area

Mayor Klausung spoke in support of pursuing additional public comment at a public hearing; and was in support of the permanent connection for park access and meeting a specific housing need in the community; and the potential for the building to serve other purposes in the future.

Councilmember Roe noted that the proposed project met the basic criteria for public purpose of a TIF District, and while not entirely agreeable to the proposal, opined that additional public comment at a public hearing was worth hearing.

Mayor Klausing suggested that, in the developer's written narrative, Item No. 5, the developer give serious consideration to multi-modal transportation due to the project's proximity to the new Park and Ride facility and linking to bus transportation.

Councilmember Ihlan disagreed that there was a public purpose for use of TIF; as this was designed as market-rate project and a for-profit enterprise, and had been approved without TIF several years ago. Councilmember Ihlan opined that it would have negative impacts on the neighborhood as well as encroaching on park land; and disagreed that this was a blighted area, with the exception of one home, and served as wooded parkland now. Councilmember Ihlan noted that access road would pave over a significant portion of Langton Lake Park, currently secluded; and that it didn't justify public subsidy.

Klausing moved, Roe seconded, adoption of Resolution No. 10829 entitled, "Resolution Calling for a Public Hearing on the Proposed Establishment of Tax Increment Financing District No. 19 within Development District No. 1 and the Proposed Adoption of a Tax Increment Financing Plan Relating Thereto (Attachment E0)" scheduling a public hearing on September 13, 2010 to hear public comment.

Councilmember Pust advised that she was opposed to the use of TIF for this project, but couldn't deny, at this point, that there was a public purpose in connecting Langton Lake Park. Councilmember Pust noted that the development coming into the area provided an opportunity for a formal connection and access into Langton Lake Park, but that the road would also provide access to the site. Councilmember Pust supported additional public comment and discussion.

Councilmember Johnson spoke in support of public comment and further discussion, based on the proposed use of TIF meeting the City's criteria.

Roll Call

Ayes: Roe; Pust; Johnson; and Klausing.

Nays: Ihlan.

Motion carried.

City of Roseville, Minnesota

Tax Increment Financing Plan

for

Tax Increment Financing (Economic Development) District No. 19

Within

Development District No. 1

(Applewood Pointe Senior Cooperative Housing Project)

Dated: August 12, 2010 (DRAFT)

Approved:

Prepared by:

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Section A Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"City" means the City of Roseville, Minnesota; also referred to as a "Municipality".

"City Council" means the City Council of the City.

"County" means Ramsey, Minnesota.

"Development District" means Municipal Development District No. 1 in the City, which is described in the corresponding Development Program.

"Development Program" means the Development Program for the Development District.

"Project Area" means the geographic area of the Development District.

"School District" means Independent School District No. 621, Minnesota.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1799, both inclusive.

"TIF District" means Tax Increment Financing (Economic Development) District No. 19.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

Section B Statutory Authorization

See Section B of the Development Program for the Development District.

Section C Statement of Need and Public Purpose

See Section C of the Development Program for the Development District.

Section D Statement of Objectives

See Section D of the Development Program for the Development District.

**Section E Designation of Tax Increment Financing District as an
Economic Development District**

Economic development districts are a type of tax increment financing district which consist of any project, or portions of a project, which the City finds to be in the public interest because:

- (1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality;

- (2) it will result in increased employment in the state; or
- (3) it will result in preservation and enhancement of the tax base of the state.

The TIF District qualifies as an economic development district in that the proposed development described in this TIF Plan (see Section I) meets the criteria listed above. It is anticipated that the proposed development will also result in increased employment and enhancement of the tax base in both the City and the State.

Language added in the 2010 session provided that notwithstanding the requirements of M.S. Section 469.176, subdivision 4c, paragraph (a) and the finding requirements of M.S. Section 469.174, subdivision 12, tax increments from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if all the following conditions are met:

- (1) the municipality finds that the project will create or retain jobs in this state, including construction jobs, and that construction of the project would not have commenced before July 1, 2011, without the authority providing assistance under the provisions of this paragraph;
- (2) construction of the project begins no later than July 1, 2011; and
- (3) the request for certification of the district is made no later than June 30, 2011.

Section F Duration of the TIF District

Economic development districts may remain in existence 8 years from the date of receipt by the City of the first tax increment. The City anticipates that the TIF District will remain in existence the maximum duration allowed by law (projected to be through the year 2020, due to anticipated receipt of partial increment in 2012 the last year of the district will be 2020). However the City will decertify the TIF District earlier upon fulfillment of all District obligations.

Section G Property to be Included in the TIF District

The TIF District is an approximate 7.67 acre area of land located within the Project Area. A map showing the location of the TIF District is shown in Exhibit I. The boundaries and area encompassed by the TIF District are described below:

<u>Parcel ID Number</u>	<u>Legal Description</u>
04.29.23.22.0104	Ex N 1265 Ft; The E 652.68 Ft Of W 902.68 Ft Of Nw 1/4 Of Nw 1/4 & The S 123 Ft Of W 250 Ft Of Sd Nw 1/4 Of Nw 1/4 Subj To Rd Of Sec 4 Tn 29 Rn 23
04.29.23.22.0105	Ex S 123 Ft; & Ex N 1265 Ft; The W 250 Ft Of Nw 1/4 Of Nw 1/4 (subj To Rd) Of Sec 4 Tn 29 Rn 23
04.29.23.23.0019	W 250.15 Ft Of N 3 Acres Of Sw 1/4 Of Nw 1/4 (subj To Rd) In Sec 4 Tn 29 Rn 23
04.29.23.23.0020	W 250.15 Ft Of S 5 Acres Of N 8 Acres Of Sw 1/4 Of Nw 1/4 (subj To Rd) In Sec 04 Tn 29 Rn 23

The area encompassed by the TIF District shall also include all street or utility right-of-ways located upon or adjacent to the property described above.

Section H Property to be Acquired in the TIF District

The City may acquire and sell any or all of the property located within the TIF District; however the City does not anticipate acquiring property at this time.

Section I Specific Development Expected to Occur Within the TIF District

The proposed project will be a multi-phase development comprised of a senior cooperative building and assisted living facility. The approximate 94-unit senior cooperative will be located at the intersection of Cleveland Avenue and Brenner Avenue. The developer anticipates commencing construction on a portion of the senior cooperative building as the first phase. Phase 1 of the project would be on the east half of the site and include approximately 50 senior coop units. Phase 2 of the project would be on the west end and consist of the remaining 44 units. The assisted living facility will be located on the southern portion of the site with construction anticipated to commence in 2012. There are currently no plans to provide assistance to the assisted living facility.

The construction of the project is anticipated to provide housing opportunities for seniors. The city has found that the project will create jobs in the state, including construction jobs, and that the project would not have commenced prior to July 1, 2011 without the use of tax increment. It is anticipated that tax increment will be used to finance a portion of the costs to the developer associated with acquisition and construction of the project. In addition, the city may use tax increment for related administrative expenses, and any other eligible expenditures associated with development of the site.

Phase 1 of the project (approximately 50 senior coop units) is expected to be fully constructed in 2011 and be 100% assessed and on the tax rolls as of January 2, 2012 for taxes payable in 2013.

Phase 2 of the project (approximately 44 senior coop units) is expected to be fully constructed in 2013 and be 100% assessed and on the tax rolls as of January 2, 2014 for taxes payable in 2015.

The assisted living facility (approximately 93 units) is expected to be fully constructed in 2013 and be 100% assessed and on the tax rolls as of January 2, 2014 for taxes payable in 2015.

At the time this document was prepared there were no signed construction contracts with regards to the above described development.

Section J Findings and Need for Tax Increment Financing

In establishing the TIF District, the City makes the following findings:

- (1) The TIF District qualifies as an economic development district;

See Section E of this document for the reasons and facts supporting this finding.

- (2) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the TIF Plan.

The proposed development consists of approximately 94 senior cooperative housing units and 93 assisted living units that will be constructed in the City. United Properties, the developer of the site, has submitted an application for assistance, along with supplemental information, to the City demonstrating that the development of the phase one senior cooperative building would not occur

prior to July 1, 2011 without the assistance provided in this TIF Plan. The City has reviewed a proforma submitted by the developer showing that the project as proposed will generate below-market returns and assistance is necessary for the developer to move forward with construction of the project. The developer has indicated it will commence only with 50 units in phase one due to market uncertainty.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: Without the improvements the City has no reason to expect that significant redevelopment would occur without assistance similar to that provided in this plan. To summarize the basis for the City's findings regarding alternative market value, in accordance with Minnesota Statutes, Section 469.175, Subd. 3(d), the City makes the following determinations:

a. The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is \$0 (for the reasons described above), except some unknown amount of appreciation.

b. If the proposed development to be assisted with tax increment occurs in the District, the total increase in market value would be approximately \$31,354,415, including the value of the building (See Exhibit II).

c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$1,735,051 (See Exhibit V)

d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$29,619,364 (the amount in clause b less the amount in clause c) without tax increment assistance.

- (3) The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole; and

The reasons and facts supporting this finding are that the TIF District is properly zoned, and the TIF Plan has been approved by the City Planning Commission and will generally complement and serve to implement policies adopted in the City's comprehensive plan.

- (4) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Project Area by private enterprise.

The reasons and facts supporting this finding are that the development activities are necessary so that development and redevelopment by private enterprise can occur within the Project Area.

Section K Estimated Public Costs

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Soils Correction & Site Preparation	585,962
Acquisition	500,000
Installation of public utilities	250,000
Streets and sidewalks	500,000
Loan principal payments	0
Loan interest payments	124,477
Administrative Expenses	245,056
Pooling	245,056
Other	<u>0</u>
Total	<u>2,450,551</u>

The City reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost is not increased.

Section L Estimated Sources of Revenue

Tax increment revenue	2,450,551
Interest on invested funds	0
Bond proceeds	0
Loan proceeds	0
Real estate sales	0
Special assessments	0
Rent/lease revenue	0
Grants	0
Other	<u>0</u>
Total	<u>2,450,551</u>

The City anticipates providing financial assistance to the proposed development through the use of a pay-as-you-go technique. As tax increments are collected from the TIF District in future years, a portion of these taxes will be distributed to the developer/owner as reimbursement for public costs incurred (see Section K).

The City reserves the right to finance any or all public costs of the TIF District using pay-as-you-go assistance, internal funding, general obligation or revenue debt, or any other financing mechanism authorized by law. The City also reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such costs including, but not limited to, special assessments, utility revenues, federal or state funds, and investment income.

Section M Estimated Amount of Bonded Indebtedness

The City does not anticipate issuing tax increment bonds to finance the estimated public costs of the TIF District, but reserves the right to issue such bonds in an amount not to exceed 330,000 (Estimated total principal project costs of 300,000 + 10% contingency).

Section N Original Net Tax Capacity

The County Auditor shall certify the original net tax capacity of the TIF District. This value will be equal to the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all property within the TIF District as of January 2, 2010, for taxes payable in 2011, is \$1,537,200. Upon establishment of the TIF District, it is estimated that the original net tax capacity of the TIF District will be \$16,446. This assumes classification of the properties as residential homestead and rental.

Each year the County Auditor shall certify the amount that the original net tax capacity has increased or decreased as a result of:

- (1) changes in the tax-exempt status of property;
- (2) reductions or enlargements of the geographic area of the TIF District;
- (3) changes due to stipulation agreements or abatements; or
- (4) changes in property classification rates.

Section O Original Tax Capacity Rate

The County Auditor shall also certify the original tax capacity rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original tax capacity rate of the TIF District.

At the time this document was prepared, the sum of all local tax rates that apply to property in the TIF District, for taxes levied in 2010 and payable in 2011, was not yet available. When this total becomes available, the County Auditor shall certify this amount as the original tax capacity rate of the TIF District. For purposes of estimating the tax increment generated by the TIF District, the sum of the preliminary local tax rates for taxes levied in 2009 and payable in 2010, is 110.862% as shown below.

<u>Taxing Jurisdiction</u>	<u>2009/2010 Local Tax Rate</u>
City of Roseville	27.369%
Ramsey County	50.248%
ISD 621	24.560%
Other	<u>8.685%</u>
Total	110.862%

Section P Projected Retained Captured Net Tax Capacity and Projected Tax Increment

The City anticipates that the building construction for all of the development will be completed by December 31, 2013, creating a total tax capacity for TIF District No. 19 of \$330,003 as of January 2, 2014. The captured tax capacity as

of that date is estimated to be \$313,557 and the first full year of tax increment is estimated to be \$347,615 payable in 2015. A complete schedule of estimated tax increment from the TIF District is shown in Exhibit III.

The estimates shown in this TIF Plan assume that residential homestead class rates remain at 1.00% of the estimated market value and rental class rates remain at 1.25% of the estimated market value; and assume 3% annual increase in market values.

Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District.

The County Auditor shall certify to the City the amount of captured net tax capacity each year. The City may choose to retain any or all of this amount. It is the City's intention to retain 100% of the captured net tax capacity of the TIF District. Such amount shall be known as the retained captured net tax capacity of the TIF District.

Exhibit II gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit III which shows the projected tax increment generated over the anticipated life of the TIF District.

Section Q Use of Tax Increment

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's General Fund. Such amounts will be appropriated to the State Auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit III shows the projected deduction for this purpose over the anticipated life of the TIF District.

The City has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

- (1) pay for the estimated public costs of the TIF District (see Section K) and County administrative costs associated with the TIF District (see Section T);
- (2) pay principal and interest on tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (4) pay all or a portion of the county road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
- (5) return excess tax increments to the County Auditor for redistribution to the City, County and School District.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless both county boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations applicable to the City.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or federal government, or for a commons area used as a public park, or a facility used for social, recreational, or conference purposes. This prohibition does not apply to the construction or renovation of a parking structure or of a privately owned facility for conference purposes.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sale of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section R Excess Tax Increment

In any year in which the tax increments from the TIF District exceed the amount necessary to pay the estimated public costs authorized by the TIF Plan, the City shall use the excess tax increments to:

- (1) prepay any outstanding tax increment bonds;
- (2) discharge the pledge of tax increments thereof;
- (3) pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4) return excess tax increments to the County Auditor for redistribution to the City, County and School District. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Section S Tax Increment Pooling and the Five Year Rule

At least 80% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District (see Section E for additional restrictions). No more than 20% of the tax increments may be spent on costs outside of the TIF District but within the boundaries of the Project Area, except to pay debt service on credit enhanced bonds. All administrative expenses are considered to have been spent outside of the TIF District. Tax increments are considered to have been spent within the TIF District if such amounts are:

- (1) actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- (2) used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- (3) used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
- (4) used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

Beginning with the sixth year following certification of the TIF District, at least 80% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

Currently, the City anticipates that tax increments will be spent outside of the TIF District (including allowable administrative expenses) up to the maximum allowable percentage amounts.

Section T Limitation on Administrative Expenses

Administrative expenses are defined as all costs of the City other than:

- (1) amounts paid for the purchase of land;
- (2) amounts paid for materials and services, including architectural and engineering services directly connected with the physical development of the real property in the project;
- (3) relocation benefits paid to, or services provided for, persons residing or businesses located in the project;
- (4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178; or
- (5) amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clause (1) to (3).

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increments received by the TIF District.

Section U Limitation on Property Not Subject to Improvements - Four Year Rule

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

Section V Estimated Impact on Other Taxing Jurisdictions

Exhibit IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The fiscal and economic implications of the proposed tax increment financing district, as pursuant to Minnesota Statutes, Section 469.175, Subdivision 2, are listed below.

1. The total amount of tax increment that will be generated over the life of the district is estimated to be \$2,459,404.

2. To the extent the proposed project in TIF District 19 generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the district, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the District. The City does not anticipate issuing general obligation tax increment bonds attributable to the District.
3. The amount of tax increments over the life of the district that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$544,848.
4. The amount of tax increments over the life of the district that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same is estimated to be \$1,114,720.
5. No additional information has been requested by the county or school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

Section W Prior Planned Improvements

The City shall accompany its request for certification to the County Auditor (or notice of district enlargement), with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District.

Section X Development Agreements

If within a project containing an economic development district, more than 10% of the acreage of the property to be acquired by the City is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, the City must enter into an agreement for the development of the property. Such agreement must provide recourse for the City should the development not be completed.

The City anticipates entering into an agreement for development, but does not anticipate acquiring any property located within the TIF District.

Section Y Assessment Agreements

The City may, upon entering into a development agreement, also enter into an assessment agreement with the developer, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be an accurate estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, County and School District.

The City does not anticipate entering into an assessment agreement.

Section Z Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; determination to capitalize interest on the debt if it was not part of original plan; increase in that portion of the captured net tax capacity to be retained by the City; increase in the total estimated public costs; or designation of additional property to be acquired by the City shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

- (1) the only modification is elimination of parcels from the TIF District; and
- (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

Section AA Administration of the Tax Increment Financing Plan

Upon adoption of the TIF Plan, the City shall submit a copy of such plan to the Minnesota Department of Revenue and the Office of the State Auditor. The City shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The City shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District, and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the City the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the retained captured net tax capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

- (1) prior to July 1, the City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.
- (2) if the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.
- (3) each year the County Auditor shall certify the amount of the original net tax capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
 - (a) the value of property that changes from tax-exempt to taxable shall be added to the original net tax capacity of the TIF District. The reverse shall also apply;
 - (b) the original net tax capacity may be modified by any approved enlargement or reduction of the TIF District;

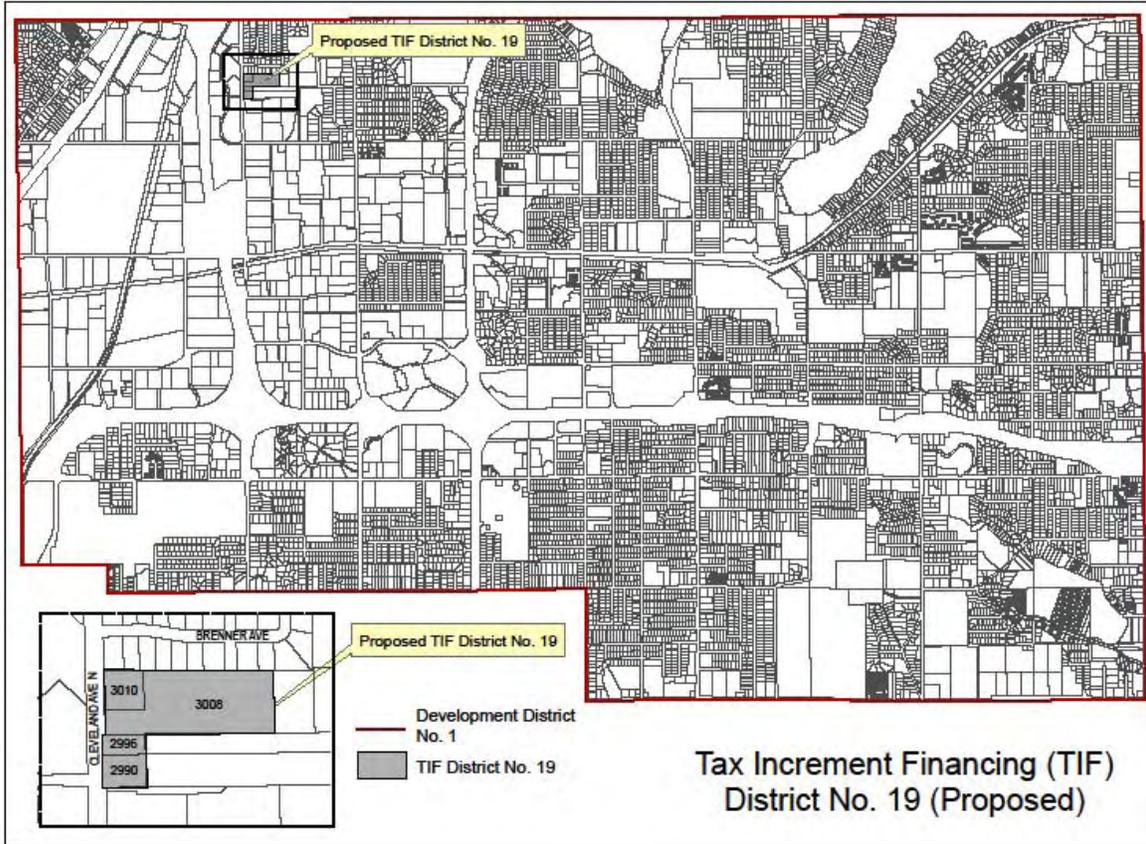
- (c) if the TIF District is classified as an economic development district, then the original net tax capacity shall be increased by the amount of the annual adjustment factor; and
- (d) if laws governing the classification of real property cause changes to the percentage of estimated market value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured net tax capacity of the TIF District.

The County Auditor shall notify the City of all changes made to the original net tax capacity of the TIF District.

Section AB Filing TIF Plan, Financial Reporting and Disclosure Requirements

The City will comply with all reporting requirements for the TIF District under Minnesota Statutes, Section 469.175, subdivisions 5 and 6.

Map of proposed
Tax Increment Financing (Economic Development) District No. 19
Within Development District No. 1



Assumptions Report

City of Roseville, Minnesota
Tax Increment Financing (Economic Development) District No. 19
Proposed Langton Lake TIF Cooperative Project
Senior Coop (94 units) and Assisted Living (93 units):
Incremental EMV \$26.5M with 3% MV Inflator

Type of Tax Increment Financing District	Economic Development
Maximum Duration of TIF District	8 years from 1st increment
Projected Certification Request Date	09/30/10
Decertification Date	12/31/20 (9 Years of Increment)

	<u>2010/2011</u>
Base Estimated Market Value	\$1,537,200
Original Net Tax Capacity	\$16,446

	Assessment/Collection Year									
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Base Estimated Market Value	\$1,537,200	\$1,537,200	\$1,537,200	\$1,537,200	\$1,537,200	\$1,537,200	\$1,537,200	\$1,537,200	\$1,537,200	\$1,537,200
Estimated Increase in Value - New Construction	0	1,250,000	5,037,500	11,665,625	27,046,594	27,857,992	28,693,731	29,554,543	30,441,180	31,354,415
Total Estimated Market Value	1,537,200	2,787,200	6,574,700	13,202,825	28,583,793	29,395,191	30,230,931	31,091,743	31,978,379	32,891,614
Total Net Tax Capacity	\$16,446	\$28,946	\$66,821	\$143,795	\$330,003	\$339,409	\$349,098	\$359,078	\$369,357	\$379,944

City of Roseville	27.369%
Ramsey County	50.248%
ISD #621	24.560%
Other	8.685%
Local Tax Capacity Rate	110.862% 2009/2010

Fiscal Disparities Contribution From TIF District	NA
Administrative Retainage Percent (maximum = 10%)	10.00%
Pooling Percent	10.00%

Note (Pay-As-You-Go)

Note Dated	01/01/11
Note Rate	6.00%
Note Amount	\$300,000
Present Value Date & Rate	09/30/10 6.00% PV Amount \$1,293,837

Notes

Calculation assumes no changes to future tax rates, class rates, or market values.
 Construction schedule: Phase 1 Senior Coop 25% constructed by Dec. 31, 2010 and 100% by Dec. 31, 2011.
 Phase 2 Senior Coop 40% constructed by Dec. 31, 2012 and 100% by Dec. 31, 2013.
 Assisted Living assumed to be constructed in 2012 (25%) and 100% complete by December 31, 2013.
 Payable 2010 Tax Rates and Class Rates were provided by Ramsey County.
 Total project value of \$26.5.4M as estimated based on comparable developments.
 Base value of \$1.5M for taxes payable 2011 - expected to be frozen for life of district.
 includes a 3% market value inflator.

Projected Tax Increment Report

**City of Roseville, Minnesota
 Tax Increment Financing (Economic Development) District No. 19
 Proposed Langton Lake TIF Cooperative Project
 Senior Coop (94 units) and Assisted Living (93 units):
 Incremental EMV \$26.5M with 3% MV Inflation**

Annual Period Ending (1)	Total Market Value (2)	Total Net Tax Capacity (3)	Less: Original Net Tax Capacity (4)	Less: Fiscal Disp. @ 0.0000% (5)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Subtotal Gross Tax Increment (9)	Less: Adm./Pooling Retainage 20.00% (10)	Annual Net Revenue (11)
12/31/10		16,446	16,446	0	0	110.862%	0	0	0	0	0
12/31/11	1,537,200	16,446	16,446	0	0	110.862%	0	0	0	0	0
12/31/12	2,787,200	28,946	16,446	0	12,500	110.862%	13,858	50	13,808	2,762	11,046
12/31/13	6,574,700	66,821	16,446	0	50,375	110.862%	55,847	201	55,646	11,129	44,517
12/31/14	13,202,825	143,795	16,446	0	127,349	110.862%	141,181	508	140,673	28,135	112,538
12/31/15	28,583,794	330,003	16,446	0	313,557	110.862%	347,615	1,251	346,364	69,273	277,091
12/31/16	29,395,192	339,409	16,446	0	322,963	110.862%	358,044	1,289	356,755	71,351	285,404
12/31/17	30,230,931	349,098	16,446	0	332,652	110.862%	368,785	1,328	367,457	73,491	293,966
12/31/18	31,091,743	359,078	16,446	0	342,632	110.862%	379,849	1,367	378,482	75,696	302,786
12/31/19	31,978,380	369,357	16,446	0	352,911	110.862%	391,244	1,408	389,836	77,967	311,869
12/31/20	32,891,615	379,944	16,446	0	363,498	110.862%	402,981	1,451	401,530	80,306	321,224
							\$2,459,404	\$8,853	\$2,450,551	\$490,110	\$1,960,441

Estimated Impact on Other Taxing Jurisdictions Report

**City of Roseville, Minnesota
Tax Increment Financing (Economic Development) District No. 19
Proposed Langton Lake TIF Cooperative Project
Senior Coop (94 units) and Assisted Living (93 units):
Incremental EMV \$26.5M with 3% MV Inflation**

Taxing Jurisdiction	Without Project or TIF District		With Project and TIF District					
	2009/2010 Taxable Net Tax Capacity (1)	2009/2010 Local Tax Rate	2009/2010 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity +	New Taxable Net Tax Capacity =	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of Roseville	45,270,855	27.369%	45,270,855	\$363,498	45,634,353	27.151%	0.218%	98,693
Ramsey County	452,661,866	50.248%	452,661,866	363,498	453,025,364	50.208%	0.040%	182,504
ISD #621	82,109,131	24.560%	82,109,131	363,498	82,472,629	24.452%	0.108%	88,882
Other (2)	---	8.685%	---	363,498	---	8.685%	---	---
Totals		110.862%				110.495%	0.367%	

*** Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 0.367% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

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

(1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.
 (2) The impact on these taxing jurisdictions is negligible since they represent only 7.83% of the total tax rate.

Market Value Analysis Report

**City of Roseville, Minnesota
 Tax Increment Financing (Economic Development) District No. 19
 Proposed Langton Lake TIF Cooperative Project
 Senior Coop (94 units) and Assisted Living (93 units):
 Incremental EMV \$26.5M with 3% MV Inflation**

<u>Assumptions</u>				
Present Value Date		09/30/10		
P.V. Rate - Gross T.I.		5.00%		
Increase in EMV With TIF District		\$31,354,415		
Less: P.V of Gross Tax Increment		<u>1,735,051</u>		
Subtotal		\$29,619,364		
Less: Increase in EMV Without TIF		<u>0</u>		
Difference		\$29,619,364		
	Year	Annual Gross Tax Increment	Present Value @ 5.00%	
1	2012	13,858	12,568	
2	2013	55,847	48,236	
3	2014	141,181	116,134	
4	2015	347,615	272,329	
5	2016	358,044	267,142	
6	2017	368,785	262,053	
7	2018	379,849	257,062	
8	2019	391,244	252,165	
9	2020	402,981	247,362	
10	2021	0	0	
11	2022	0	0	
12	2023	0	0	
13	2024	0	0	
14	2025	0	0	
15	2026	0	0	
16	2027	0	0	
17	2028	0	0	
18	2029	0	0	
19	2030	0	0	
20	2031	0	0	
21	2032	0	0	
22	2033	0	0	
23	2034	0	0	
24	2035	0	0	
25	2036	0	0	
26	2037	0	0	
		\$2,459,404	\$1,735,051	

City of Roseville, Minnesota

Development Program

for

Development District No. 1

Dated: August 20, 2010

Prepared by:

SPRINGSTED INCORPORATED
380 Jackson Street, Suite 300
St. Paul, MN 55101-2887
(651) 223-3000
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SECTION I

DEVELOPMENT PROGRAM FOR
DEVELOPMENT DISTRICT NO. 1
AS OF JULY 13, 2009

The City of Roseville adopted a Development Program and created Development District No. 1 on October 13, 1982. At that time, Tax Increment Financing Districts No. 1 and No. 2 were also created within Development District No. 1 and Tax Increment Financing Plans were adopted. Subsequent to the initial tax increment financing activity in 1982 and continuing through 2005, Tax Increment Financing Districts Nos. 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, Hazardous Substance Subdistrict No. 11A, and Hazardous Substance Subdistrict No. 17A were created within Development District No. 1 and the appropriate Tax Increment Financing Plans were adopted and added to the Development Program. Additional tax increment financing activity within Development District No. 1 from 1995 through 2010 included the decertification of Tax Increment Financing Districts Nos. 2, 3, 4, 5, 6, 7, 8, 9, 14, and 15 and various modifications to the Development Program and the Tax Increment Financing Plans for the remaining Tax Increment Financing Districts Nos. 1, 10, 11, 12, 13, 16, 17 and 18. All previous modifications and amendments to the Development Program and Tax Increment Financing Plans are hereby incorporated into this Development Program.

This September 13, 2010 modification to the Development Program includes:

- (1) the creation of Tax Increment Financing District No. 19 within Development District No. 1 and the adoption and addition of its Tax Increment Financing Plan to the Development Program;

Attached to this Development Program is Exhibit I-B, "Municipal Action Taken", which summarizes the City's tax increment activities within Development District No. 1 and its various Tax Increment Financing Districts. Also included is the following definitional section for reference and convenience. Please note that these terms shall, for purposes of this Development Program, have the meanings herein specified, unless the context otherwise specifically requires:

"City" means the City of Roseville, Minnesota, a municipal corporation and political subdivision of the State of Minnesota.

"Comprehensive Plan" means the City's comprehensive plan which contains the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation for all lands and water within the City.

"Council" means the City Council of the City.

"County" means the County of Ramsey, Minnesota.

"Development District Act" or "City Development Districts Act" or "Act" means the statutory provisions of Minnesota Statutes, Sections 469.124 to 469.134, inclusive, as amended and supplemented from time to time.

"Development District No. 1" or "Development District" means the geographic area that was designated and created on October 13, 1982 pursuant to the Development District Act.

"Development Program" means the Development Program adopted on October 13, 1982 including all amendments and modifications adopted through September 13, 2010.

"Land Use Regulations" means all federal, state and local laws, rules, regulations, ordinances and plans relating to or governing the use or development of land in the County, including but not limited to environmental, zoning and building code laws and regulations.

"Port Authority Act" means the statutory provisions of Minnesota Statutes, Sections 469.48 to 469.068, inclusive, as amended and supplemented from time to time.

"Program" means the Development Program for the Project Area.

"Project Area" means the real property located within the geographic boundaries of Development District No. 1.

"Development Program" means this Program, which incorporates the Development Program as previously modified and as restated herein, for the Project Area and as it shall be modified or restated, from time to time hereafter, as defined in Minnesota Statutes, Section 469.125, subdivision 3.

"School District" means Independent School District No. 621 or Independent School District No. 623.

"State" means the State of Minnesota.

"Tax Increment Act" means the statutory provisions of Minnesota Statutes, sections 469.174 to 469.1799, inclusive, as amended and supplemented from time to time.

"Tax Increment Bonds" means the general obligation or revenue tax increment bonds issued and to be issued by the City to finance the public costs associated with the Project Area as stated in the Program and in the Tax Increment Plans for each of the Tax Increment Districts within the Project Area. The term "Tax Increment Bonds" shall also include any obligations issued to refund the Tax Increment Bonds.

"Tax Increment District" means any tax increment financing district presently established or to be established in the future within the Project Area.

"Tax Increment Plan" means the respective Tax Increment Financing Plan for each Tax Increment District located within the Project Area.

Section A Statement and Finding of Public Purpose

The Council of the City has determined that there was, and hereby reaffirms that there continues to be, a need for the City to take certain actions designed to encourage and facilitate the private sector to (1) recreate and reinforce a sense of residential place and security to create neighborhood cohesiveness through investment in neighborhood infrastructure and public improvements; (2) rehabilitate the existing housing stock and preserve existing residential neighborhoods wherever possible; (3) revitalize property to create a safe, attractive, comfortable, convenient and efficient area for residential use; (4) develop and redevelop underutilized, blighted, contaminated and unused land located within its corporate limits; (5) improve the tax base of the City, the County and the School District, thereby enabling them to better utilize existing public facilities and provide needed public services; (6) improve the general economy of the City, the County and the State; and, (7) provide additional employment opportunities for residents of the City and the surrounding area. Specifically, the City has determined and reaffirms that there is property within the City that is unused due to a variety of factors, including fragmented ownership, contamination or blighted improvements, which have resulted in a lack of private investment. Further, it was found and is reaffirmed that there are certain underutilized parcels of property within the City which are potentially more useful, productive and valuable than are being realized under existing conditions. As a result, the property is not providing adequate employment opportunities or living environments and is not contributing to the tax base and general economy of the City, the County, the School District and the State to its full potential.

Therefore, the Council has determined and hereby reaffirms that it is necessary to exercise its authority to develop, implement and finance a Program for improving the Project Area to (1) recreate and reinforce a sense of residential place and security to create neighborhood cohesiveness through investment in neighborhood infrastructure and public improvements; (2) rehabilitate the existing housing stock and preserve existing residential neighborhoods wherever possible; (3) revitalize property to create a safe, attractive, comfortable, convenient and efficient area for residential use; (4) facilitate clean up of contaminated properties; (5) improve and maintain the natural environment; (6) provide an impetus for private development and redevelopment; (7) maintain and increase employment; (8) utilize, enhance and supplement existing potential; and, (9) facilitate other activities as outlined in Section I, Subsection F.1. of the Program.

The Council has also determined and hereby reaffirms (1) that the proposed development or redevelopment would not occur solely through private investment in the foreseeable future; (2) that the Tax Increment Plans proposed herein are consistent with the Program; (3) that the Tax Increment Plans would afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Project Area by private enterprise; and (4) that the Program conforms to the Comprehensive Plan of the City.

The Council has further determined and hereby reaffirms that the welfare of the City, School District, County and State requires active promotion, attraction, encouragement and development of economically sound housing, industry and commerce to carry out its stated public purpose objectives.

Section B Statutory Authority

The Council has determined and hereby reaffirms that it continues to be desirable and in the public interest to designate a specific area within the corporate limits of the City as the Project Area and to establish, develop and implement a Program pursuant to the provisions of the Development District Act and the Port Authority Act (collectively, the "Acts"), as amended and supplemented from time to time.

Funding of the necessary activities and improvements in the Project Area shall be accomplished, in part, with any funds the Council has or may have available from any source, including funds made available by the City and through tax increment financing pursuant to the Tax Increment Act.

The Tax Increment Act authorizes the establishment of tax increment districts within the Project Area pursuant to the requirements set forth in Section 469.174. The Tax Increment Act also designates the types of tax increment districts and establishes the limitations and requirements that apply to activities and public improvements which can be financed for each type of tax increment district.

It is the intention of the City, notwithstanding the enumeration of specific goals and objectives in the Program, that the City shall have and enjoy with respect to the Project Area the full range of powers and duties conferred upon the City pursuant to the Acts, the Tax Increment Act, and such other legal authority as the City may have or enjoy from time to time.

Section C Property Description

The boundaries of the Project Area are coterminous with the corporate boundaries of the City and are illustrated on Exhibit I-A.

Section D Rehabilitation

For some projects, property owners within the Project Area will be encouraged to rehabilitate their properties to conform with the applicable State and local codes and ordinances, as well as any design standards. Potential owners who may purchase property within the Project Area from the City may be required to rehabilitate their properties as a condition of sale of land. The City will provide such rehabilitation assistance as may be available from federal, State, County, or local sources.

Section E Relocation

The City accepts its responsibility for providing for relocation, if and when applicable, pursuant to Minnesota Statutes and federal law.

Section F Development Program

1. Statement of Objectives. The Council originally determined, and its determinations are hereby reaffirmed, that the establishment of the Project Area and the adoption of the Program will provide the City with the ability to achieve certain public purpose goals not otherwise obtainable in the foreseeable future without City intervention in the normal development or redevelopment process. These public purpose goals include: (1) restoration and improvement of the tax base and tax revenue generating capacity of the Project Area; (2) increased employment opportunities; (3) realization of comprehensive planning goals; (4) removal of blighted conditions and environmental contamination; (5) preservation and enhancement of the natural environment of the community and implementation of the Natural Resource Management Plan dated June, 2002; and, (6) revitalization of the property within the Project Area to create an attractive, comfortable, convenient and efficient area for housing, industrial, commercial, and related uses.

The Program objectives for the Project Area include the following:

- a. Revitalize property to create a safe, attractive, comfortable, convenient and efficient area for residential use.
- b. Create and reinforce a sense of residential place and security which creates neighborhood cohesiveness through City investment in neighborhood infrastructure and public improvements, including landscaping, park improvements, local street modifications to reduce traffic impacts, street construction or repaving, curb and gutter construction or replacement and streetlight installation or updating.
- c. Encourage infill development and redevelopment that is compatible in use and scale with surrounding neighborhoods.
- d. Rehabilitate existing housing stock and preserve existing residential neighborhoods wherever possible.
- e. Demolish and reconstruct, where necessary, aging residential buildings to preserve neighborhoods.
- f. Provide a link between seniors moving out of existing single family homes and young families seeking first time purchase options.
- g. Develop and promote housing programs that encourage the retention and attraction of young families with children.
- h. Provide alternate housing for seniors to enable them to remain a vital part of the community.

- i. Develop new housing in partnership with federal, state and regional agencies, non profit community groups and private sector development partners.
- j. Develop and promote programs that provide choice and diversity in housing stock to include a variety of affordable housing options.
- k. Provide information regarding the importance of quality and diverse housing opportunities and close-knit neighborhoods to foster a sense of community.
- l. Promote and secure the prompt development or redevelopment of certain property in the Project Area, which property is not now in productive use or in its highest and best use, in a manner consistent with the City's Comprehensive Plan, which will where practicable, mitigate existing adverse environmental conditions and cause a minimum adverse impact on the environment and thereby promote and secure the development or redevelopment of other land in the City.
- m. Promote and secure additional employment opportunities within the Project Area and the City for residents of the City and the surrounding area, thereby improving living standards, reducing unemployment and the loss of skilled and unskilled labor and other human resources in the City.
- n. Secure the increased valuation of property subject to taxation by the City, the School District, the County and other taxing jurisdictions in order to better enable such entities to pay for governmental services and programs required to be provided by them.
- o. Provide for the financing and construction of public improvements in the Project Area necessary for the orderly and beneficial development or redevelopment of the Project Area.
- p. Promote the concentration of new desirable residential, commercial, office, and other appropriate development or redevelopment in the Project Area so as to develop and maintain the area in a manner compatible with its accessibility and prominence in the City.
- q. Encourage local business expansion, improvement, development and redevelopment whenever possible.
- r. Encourage the renovation and expansion of historical structures.
- s. Eliminate physical deterrents to the development or redevelopment of the land.
- t. Create a desirable and unique character within the Project Area through quality land use alternatives and design quality in new and remodeled buildings.
- u. Encourage and provide maximum opportunity for private development or redevelopment of existing areas and structures which are compatible with the Program.

v. Create viable environments which will facilitate and enable the construction, upgrading and maintaining of housing stock, maintaining housing health and safety quality standards, and maintaining and strengthening individual neighborhoods.

w. Stimulate private activity and investment to stabilize, enhance and balance the City's housing supply.

x. Eliminate code violations, remediate environmental contamination and eliminate nuisance and other negative conditions that adversely affect neighborhoods or are obstacles to the objectives of the Program.

y. Remove substandard structures.

2. Revitalization Project Proposals and Public Facilities. Revitalization within the Project Area must be financially feasible, marketable and compatible with longer range City development plans. The following activities represent the development activities that may occur within the Project Area.

- a. clearance and redevelopment
- b. rehabilitation of remaining buildings
- c. relocation of buildings and inhabitants of buildings
- d. vacation of rights-of-way
- e. dedication of new rights-of-way and pedestrian walkways
- f. construction and expansion of commercial and industrial buildings
- g. land acquisition
- h. soil improvement and site preparation
- i. installation or replacement of public improvements
- j. environmental cleanup
- k. water retention measures including ponds, infiltration systems and rain gardens

3. Open Space to be Created. Open space may be created for the purpose of enhancing housing developments through the development of open space and pedestrian walkways, the installation of special landscaping on residential and public properties, and the creation of recreational facilities, including parks and walkways, to improve the quality of life, transportation and physical facilities.

4. Environmental Controls. To the extent proposed development or redevelopment raises environmental concerns, all municipal actions, public improvements and private development or redevelopment shall be carried out in a manner consistent with applicable environmental standards or approvals.

5. Private Development and Reuse of Property. The Program goals and objectives are to be achieved in a cost efficient and timely manner by assisting and encouraging the private sector whenever reasonably possible. Generally, the City will proceed by contracting with the private sector (developer, builder, user, owner and so forth) for the reuse of land or building that is part of the Project Area. The City may acquire any property, real or personal, that is necessary or

convenient for the implementation of the Program. The City will acquire property if it believes there is a likelihood that the property can be reused in the foreseeable future and if the City can identify sources of revenue to pay for such property. Generally, the City will enter into a contract with the private sector for the reuse of the property. However, there may be parcels that are so important to a proposed redevelopment or reuse that the City may find it difficult or impractical to enter into any contract without first owning or having control of the parcel, either through negotiation or by use of eminent domain. The City may also acquire, from willing sellers or by use of eminent domain, parcels as part of a long-term redevelopment effort. In such instances, the acquisition should meet a stated Program goal or objective, revenues should have been identified to pay for them and the parcels should be held only until sufficient parcels have been acquired to allow Program goals and objectives to be implemented.

Section G Administration

The City Manager shall serve as Administrator of the Project Area pursuant to the provisions of the Development District Act, provided however that such powers may only be exercised at the direction of the Council. No action taken by the Administrator shall be effective without Council authorization.

A developer or redeveloper may be any person, business, corporation (for-profit or non-profit) or government unit, including the City. A developer or redeveloper may initiate a plan and participate with the City in the development or redevelopment thereof.

Section H Parcels to be Acquired

The City may acquire any of the parcels illustrated on Exhibit I-A by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of the Program.

Section I Public Improvement Costs

The estimated public improvement costs and the amount of bonded indebtedness, including interest thereon, to be incurred within the Project Area for the benefit of the Project Area and its Tax Increment Districts are set forth in the individual Tax Increment Financing Plans.

Section J Sources of Revenue

Anticipated revenue sources to assist in the financing of the public improvement costs located within the Tax Increment Districts and the Project Area include (1) general obligation and/or revenue tax increment obligations with interest; (2) the direct use of tax increments; (3) the borrowing of available funds, including without limitation interest-bearing City short-term or long-term loans; (4) interfund loans or advances; (5) interfund transfers, both in and out; (6) land sale or lease proceeds; (7) levies; (8) grants from any public or private source; (9) developer payments; (10) loan repayments or other advances originally made with tax increments as permitted by Minnesota Statutes; and (11) any other revenue source derived from the City's activities within the Project Area as required to finance the costs as set forth in each of the Tax Increment Financing Plans. All revenues are available for all tax increment eligible expenses within the Project Area as allowed by Minnesota Statutes.

MAP OF DEVELOPMENT DISTRICT NO. 1

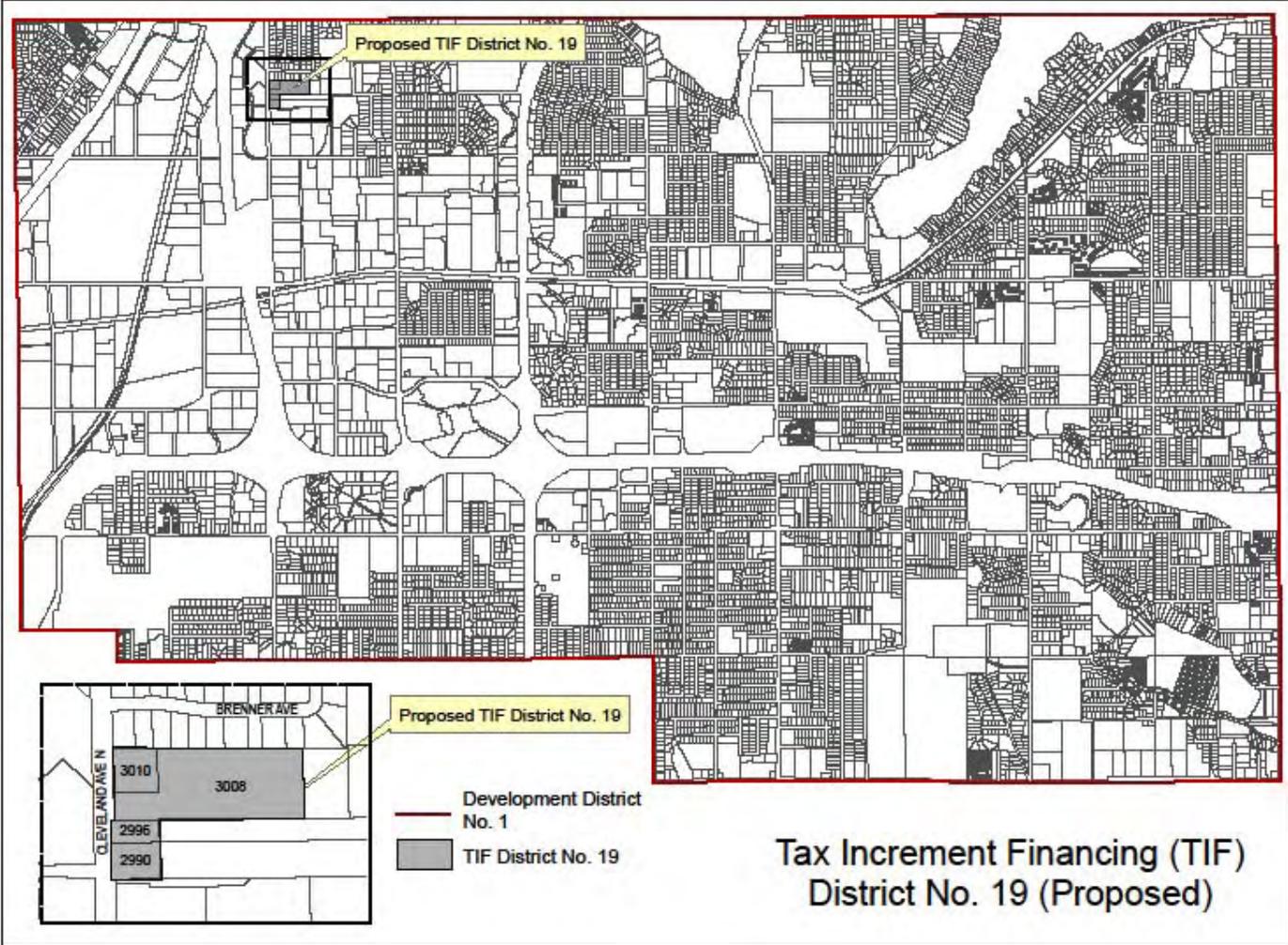


EXHIBIT I-B

MUNICIPAL ACTION TAKEN

The following municipal actions were taken in connection with the tax increment financing activities of the City of Roseville pursuant to Minnesota Statutes, Sections 469.001 to 469.047, 469.048 to 469.068, 469.124 to 469.134, and 469.174 to 469.1799, inclusive, as amended and supplemented from time to time:

October 13, 1982: Creation of Development District No. 1 and adoption of a Development Program; creation of Redevelopment District No. 1 as a redevelopment tax increment district and adoption of a Tax Increment Financing Plan; creation of Redevelopment District No. 2 as a redevelopment tax increment district and adoption of a Tax Increment Financing Plan.

May 9, 1983: Modification of the Development Program Development District No. 1 and Tax Increment Financing Plans for Redevelopment Districts No. 1 and No. 2 to reflect increased project expenses.

September 24, 1984: Creation of [Municipal] Development District No. 3 and adoption of a Development Program; creation of Tax Increment Financing District No. 3 as a redevelopment district and adoption of a Tax Increment Financing Plan.

December 16, 1985: Modification of the Development Program Development District No. 1 to include the area of Development District No. 3/Tax Increment Financing District No. 3; modification of the Tax Increment Financing Plan for Tax Increment Financing District No. 1 (previously referred to as Redevelopment District No. 1) to reflect the addition of forty two parcels, increased project expenses and the deletion of ten parcels; modification of the Tax Increment Financing Plan for Tax Increment Financing District No. 2 (previously referred to as Redevelopment District No. 2) to reflect the addition of three parcels and the deletion of twelve parcels; creation of Tax Increment Financing District No. 4 as a redevelopment district and adoption of a Tax Increment Financing Plan.

July 14, 1986: Modification of the Development Program for Development District No. 1; creation of Tax Increment Financing District No. 5 as a redevelopment district and adoption of a Tax Increment Financing Plan.

January 12, 1987: Modification of the Development Program for Development District No. 1; creation of Tax Increment Financing District No. 6 as a housing district and adoption of a Tax Increment Financing Plan; creation of Tax Increment Financing District No. 7 as a redevelopment district and adoption of a Tax Increment Financing Plan; creation of Tax Increment Financing District No. 8 as an economic development district and adoption of a Tax Increment Financing Plan.

July 13, 1987: Modification of the Development Program for Development District No. 1; creation of Tax Increment Financing District No. 9 as a redevelopment district and adoption of a Tax Increment Financing Plan.

October 1988: Creation of Tax Increment Financing District No. 10 as a redevelopment district and adoption of a Tax Increment Financing Plan.

October 23, 1989: Modification of the Development Program for Development District No. 1 and Tax Increment Financing Plans for Tax Increment Financing Districts No. 1 through No. 10.

March 26, 1990: Modification of the Development Program for Development District No. 1 and Tax Increment Financing Plans for Tax Increment Financing Districts No. 1 through No. 10; creation of Tax Increment Financing District No. 11 as a redevelopment district and adoption of a Tax Increment Financing Plan;

creation of Tax Increment Financing District No. 12 as a redevelopment district and adoption of a Tax Increment Financing Plan.

September 10, 1990: Modification of the Tax Increment Financing Plans for Tax Increment Financing districts No. 1 through No. 12.

December 10, 1990: Creation of a Redevelopment Project Area and adoption of a Redevelopment Plan to exercise housing and redevelopment authority powers; creation of Industrial Development District No. 1 and adoption of an Industrial Development Plan to exercise port authority powers.

December 17, 1990: Modification of the Tax Increment Financing Plans for Tax Increment Financing Districts No. 1 through No. 12 to reflect increased project costs within Development District No. 1.

July 8, 1992: Modification of the Tax Increment Financing Plans for Tax Increment Financing Districts No. 1 through No. 12.

September 23, 1991: Modification of the Development Program for Development District No. 1; the Redevelopment Plan for the Redevelopment Project Area and the Industrial Development District No. 1 Plan for Industrial Development District No. 1 to reflect increased geographic areas.

April 26, 1993: Modification of the Development Program for Development District No. 1; creation of Tax Increment Financing District No. 13 as a redevelopment district and adoption of a Tax Increment Financing Plan.

February 28, 1994: Modification of the Development Program for Development District No. 1; creation of Tax Increment Financing District No. 14 as a redevelopment district and adoption of a Tax Increment Financing Plan.

April 11, 1994: Modification of the Tax Increment Financing Plans for Tax Increment Financing Districts No. 1 through No. 13 to reflect increased project costs.

September 26, 1994: Creation of Tax Increment Financing District No. 11A as a hazardous substance subdistrict and adoption of a Tax Increment Financing Plan.

June 12, 1995: Modification of the Development Program for Development District No. 1; creation of Tax Increment Financing District No. 16 as a redevelopment district and adoption of a Tax Increment Financing Plan.

December 31, 1997: Decertification of Tax Increment Financing District No. 8.

December 16, 1996: Modification of the Development Program for Development District No. 1 and the Tax Increment Financing Plans for Tax Increment Financing Districts No. 1 through No. 14 and No. 16 to reassert the powers of Minnesota Statutes, Sections 469.124 through 469.134.

March 24, 1997: Modification of the Development Program for Development District No. 1; creation of Tax Increment Financing District No. 15 as a redevelopment district and adoption of a Tax Increment Financing Plan.

November 27, 2000: Modification of the Tax Increment Financing Plan for Tax Increment Financing District No. 2 to reflect the elimination of eight parcels; modification of the Tax Increment Financing Plan for Tax Increment Financing District No. 10 to reflect the elimination of six parcels; decertification of Tax Increment Financing Districts No. 5, No. 6, No. 7 and No. 9; modification of the Tax Increment Financing Plans for Tax Increment Financing Districts No. 1 through No. 7 and No. 9 through No. 11 to reflect increased project costs.

December 17, 2001: Decertification of Tax Increment Financing Districts No. 2, No. 3, No. 4, No. 14 and No. 15.

December 8, 2003: Modification of the Tax Increment Financing Plan for Tax Increment Financing District No. 12 to reflect increased project expenses, increased bonded indebtedness and increased sources of revenues.

June 20, 2005: Modification of the Tax Increment Financing Plan for Tax Increment Financing District No. 11 to reflect the elimination of twenty-one parcels; modification of the Tax Increment Financing Plan for Hazardous Substance Subdistrict No. 11A to reflect the elimination of twenty-one parcels; creation of Tax Increment Financing District No. 17 as a redevelopment district and adoption of a Tax Increment Financing Plan; creation of Hazardous Substance Subdistrict No. 17A and adoption of a Tax Increment Financing Plan; restatement of the Development Program for Development District No. 1 and modification of the Tax Increment Financing Plans for Tax Increment Financing Districts No. 1, 10, 11, 12, 13, and 16.

July 13, 2009: Modification of the Development Program for Development District No. 1; creation of Tax Increment Financing District No. 18 as a housing district and adoption of a Tax Increment Financing Plan.

September 13, 2010: Modification of the Development Program for Development District No. 1; creation of Tax Increment Financing District No. 19 as an economic development district and adoption of a Tax Increment Financing Plan.

42 NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City
43 of Roseville as follows:

44 1. Development District No. 1. There has heretofore been established in the
45 City a municipal Development District No. 1, the initial boundaries of which are fixed
46 and determined as described in the Development Program.

47 2. Development Program. The Development Program, as modified, for
48 Development District No. 1, a copy of which is on file in the office of the City Manager,
49 is adopted as the development program for Development District No. 1.

50 3. TIF District No. 19. There is hereby established in the City within
51 Development District No. 1 a Tax Increment Financing District, the initial boundaries of
52 which are fixed and determined as described in the TIF Plan.

53 4. Tax Increment Financing Plan. The TIF Plan is adopted as the tax
54 increment financing plan for TIF District No. 19, and the City Council makes the
55 following findings:

56 (a) (TIF District No. 19 is an economic development district as
57 defined in Minnesota Statutes, Section 469.174, Subd. 12, the specific basis for such
58 determination being that the construction and equipping of an approximately 94-unit
59 senior cooperative located in the City to be constructed in two Phases, Phase 1 would be
60 on the east half of the site and include approximately 50 senior coop units and Phase 2
61 would be on the west end of the site and include the remaining 44 senior coop units, (the
62 "Project") will increase employment in the State, help prevent the emergence of blight
63 and result in the preservation and enhancement of the tax base of the State. The
64 construction of the Project would not commence prior to July 1, 2011 without the tax
65 increment financing to be provided.

66 (b) The proposed development in the opinion of the City Council,
67 would not occur solely through private investment within the reasonably foreseeable
68 future. The reasons supporting this finding are that:

69 (i) Private investment will not finance these development activities
70 because of prohibitive costs and modest rate of return. It is
71 necessary to finance these development activities through the use
72 of tax increment financing so that development by private
73 enterprise will occur within Development District No. 1.

74 (ii) A comparative analysis of estimated market values both with and
75 without establishment of TIF District No. 19 and the use of tax
76 increments has been performed as described above. Such analysis
77 is found in Exhibit V of the TIF Plan, and indicates that the
78 increase in estimated market value of the proposed development
79 (less the indicated subtractions) exceeds the estimated market
80 value of the site absent the establishment of TIF District No. 19
81 and the use of tax increments.

82 (c) In the opinion of the City Council, the increased market value of
83 the site that could reasonably be expected to occur without the use of tax increment
84 financing would be less than the increase in the market value estimated to result from the
85 proposed development after subtracting the present value of the projected tax increments
86 for the maximum duration of TIF District No. 19 permitted by the TIF Plan. The reasons
87 supporting this finding are that:

88 (i) The estimated amount by which the market value of the site will
89 increase without the use of tax increment financing is \$0, except
90 for a small amount attributable to appreciation in land value;

91 (ii) The estimated increase in the market value that will result from the
92 development to be assisted with tax increment financing is
93 \$31,354,414 (from \$1,537,200 to \$32,891,614); and

94 (iii) The present value of the projected tax increments for the maximum
95 duration of the TIF District permitted by the TIF Plan is
96 \$1,735,051.

97 (d) The TIF Plan for TIF District No. 19 conforms to the general plan
98 for development or redevelopment of the City of Roseville as a whole. The reasons for
99 supporting this finding are that:

100 (i) TIF District No. 19 is properly zoned;

101 (ii) The City has determined that the proposed TIF Plan conforms to
102 the general plan for the development or redevelopment of the City
103 as a whole; and

104 (iii) The TIF Plan will generally complement and serve to implement
105 policies adopted by the City.

106 (e) The TIF Plan will afford maximum opportunity, consistent with
107 the sound needs of the City of Roseville as a whole, for the development or
108 redevelopment of Development District No. 1 by private enterprise. The reasons
109 supporting this finding are that:

110 The development activities are necessary so that development and
111 redevelopment by private enterprise can occur within Development
112 District No. 1.

113 5. Public Purpose. The adoption of the Tax Increment Financing Plan for
114 Tax Increment Financing (Economic Development) District No. 19 (Applewood Pointe
115 Senior Cooperative Housing Project) within Development District No. 1 conforms in all
116 respects to the requirements of the Act and will help fulfill a need to develop an area of
117 the State which is already built up to provide employment opportunities, to improve the
118 tax base and to improve the general economy of the State and thereby serves a public
119 purpose.

120 6. Certification. The Auditor of Ramsey County is requested to certify the
121 original net tax capacity of TIF District No. 19 as described in TIF Plan, and to certify in
122 each year thereafter the amount by which the original net tax capacity has increased or
123 decreased in accordance with the Act; and the City Manager is authorized and directed to
124 forthwith transmit this request to the County Auditor in such form and content as the
125 Auditor may specify, together with a list of all properties within TIF District No. 19 for
126 which building permits have been issued during the 18 months immediately preceding the
127 adoption of this Resolution.

128 7. Filing. The City Manager is further authorized and directed to file a copy
129 of the Modification and the TIF Plan for TIF District No. 19 with the Commissioner of
130 Revenue and the Office of the State Auditor.

131 8. Administration. The administration of Development District No. 1 is
132 assigned to the City Manager who shall from time to time be granted such powers and
133 duties pursuant to Minnesota Statutes, Sections 469.130 and 469.131 as the City Council
134 may deem appropriate.

135
136 The motion for the adoption of the foregoing resolution was duly seconded by Member

137
138 , and upon a vote being taken thereon, the following voted in favor thereof:

139
140 and the following voted against the same: none.

141
142 WHEREUPON said resolution was declared duly passed and adopted.