

City of South St. Paul

Economic Development Authority Agenda

FLEMING FIELD AIRPORT
1725 HENRY AVE
SOUTH ST. PAUL, MN 55075

Monday, October 17, 2022
6:30 P.M.

1. CALL TO ORDER:

2. ROLL CALL:

3. AGENDA:

- A. Approval of Agenda*
- Action – Motion to Approve*
- Action – Motion to Approve as Amended*

4. CONSENT AGENDA:

All items listed on the Consent Agenda are items, which are considered to be routine by the Economic Development Authority and will be approved by one motion. There will be no separate discussion of these items unless a Commissioner or citizen so requests, in which event the item will be removed from the consent agenda and considered at the end of the Consent Agenda.

- A. EDA Meeting Minutes of September 6, 2022

5. GENERAL BUSINESS:

- A. Vaquero Tax Increment Finance District
 - i. Modifying the Tax Increment Financing Plan for Concord Street Tax Increment Financing District No. 2 to Eliminate Parcels from the District, Resolution 2022 -
 - ii. Modifying the Tax Increment Financing Plan for Grand Avenue Gateway Tax Increment Financing District to Eliminate Parcels from the District, Resolution 2022 -
 - iii. Adopting a Modification to the Redevelopment Plan for Concord Street Redevelopment Project Area and the proposed Establishment of Vaquero Tax Increment Financing District, a housing district, Resolution 2022 -
 - iv. Authorizing Interfund Loan for Advance of Certain Costs in Connection With Vaquero Tax Increment Financing District, Resolution 2022 -

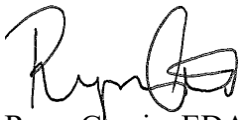
6. ITEMS FOR FUTURE FOLLOW-UP:

General communications of the President and Commissioners are provided and may be considered for inclusion on a future agenda. There will be no discussion or decisions made related to these items at this meeting.

7. ADJOURNMENT:

Respectfully Submitted,

This meeting is being taped by Town Square Television (NDC4).
Replays can be viewed on Government Channel 19.
Replay Times – Friday following Meeting at 1:00 p.m. & 7:00 p.m.
651-451-7834

A handwritten signature in black ink, appearing to read "Ryan Garcia". The signature is stylized with a large initial "R" and a cursive "G".

Ryan Garcia, EDA Executive Director

MINUTES OF
THE ECONOMIC DEVELOPMENT AUTHORITY
CITY OF SOUTH ST. PAUL
DAKOTA COUNTY, MINNESOTA

Regular Meeting
September 6, 2022
Fleming Field Airport, 1725 Henry Avenue, South St. Paul, MN 55075

1. CALL TO ORDER

The Regular Meeting of the South St. Paul Economic Development Authority was held on 9/6/2022 in the Conference Room at Fleming Field Airport. President Francis called the meeting to order at 7:33 PM.

2. ROLL CALL

Members Present: President Francis, Commissioners Bakken, Dewey, Hansen, Kaliszewski, Podgorski, and Seaberg.

Members Absent: None

Staff Present: EDA Executive Director Ryan Garcia, City Clerk Deanna Werner, and Legal Counsel Pete Mikhail.

3. AGENDA

Motion/Second: Commissioner Bakken moved and Commissioner Dewey seconded approval of the agenda.

Motion carried 7 ayes / 0 nays

4. CONSENT

- A. EDA Meeting Minutes of August 1, 2022
- B. Approval of Amendment #1 to Development Agreement with Watson Trading, LLC (500 Block Concord Exchange South)
- C. Approval of Amendment #1 to Lease Agreement with JBL Properties, LLC
- D. Approval of Satisfaction of Mortgage #1011 Resolution #2022-11

Motion/Second: Commissioner moved Seaberg and Commissioner Kaliszewski seconded approval of the consent agenda.

Motion carried 7 ayes / 0 nays

5. GENERAL BUSINESS:

A. Review and Approve 2023 EDA Property Tax Levy and Budget, Resolution 2022-9.

Motion/Second: Commissioner Hansen moved and Commissioner Kaliszewski seconded approval of Resolution 2022-9, 2023 EDA Property Tax Levy and Budget.

Motion carried 7 ayes / 0 nays

B. Review and Approve 2023 HRA Levy and Budget, Resolution 2022-10.

Motion/Second: Commissioner Seaberg moved and Commissioner Podgorski seconded approval of Resolution 2022-10, 2023 HRA Levy and Budget.

Motion carried 7 ayes / 0 nays

6. ADJOURNMENT

Motion/Second: Commissioner Kaliszewski moved and Commissioner Dewey seconded the motion to adjourn the meeting at 7:57 PM.

Motion carried 7 ayes / 0 nays

Approved:

Deanna Werner, City Clerk



EDA Agenda Item Report

Date: October 17, 2022

EDA Executive Director: _____

Rg

5-A

AGENDA ITEM: Vaquero Tax Increment Finance District

ACTION TO BE CONSIDERED:

Unless otherwise requested by the EDA, Staff is requesting that the board make a single motion to approve all of the following actions related to the Vaquero TIF:

- i. Removal of Real Property from the Concord Street Tax Increment Financing District No. 2, Resolution 2022-12
- ii. Removal of Real Property from the Grand Avenue Gateway Tax Increment Financing District, Resolution 2022-13
- iii. Approval of a Modification to the Redevelopment Plan for the Concord Street Redevelopment Project Area, Approval of a Tax Increment Financing Plan and the Establishment of the Vaquero Tax Increment Financing District, a Housing District, Resolution 2022-14
- iv. Approval of an Interfund Loan, Resolution 2022-15

OVERVIEW:

As the EDA is well-aware, staff has been engaged in serious discussions about developing the parking lots surrounding “The Drover” with that same development team (Master and Simek Realty) since 2018. After navigating the complexities of the redevelopment site on the south side of Grand Avenue and west of Concord Exchange, the development team and EDA are prepared to present numerous items for EDA and City Council consideration at the Monday, October 17 meetings and in November 2022. The EDA entered a preliminary development agreement with the developer in October 2020, and we’ve been working collaboratively since then to undertake due diligence on the site, secure site control, and prepare a formal development plan for this potentially transformative project. These efforts are nearing their conclusion, with an eye on breaking ground by the end of this calendar year on the project.

PROPOSED EDA ACTIONS:

At the October 17 meeting, the EDA is asked to consider a number of actions that would effectuate the creation of the Vaquero TIF District. Four distinct but related actions are proposed for approval in a single motion, as follows:

- i. Removal of Real Property from the Concord Street Tax Increment Financing District No. 2, Resolution 2022-12
- ii. Removal of Real Property from the Grand Avenue Gateway Tax Increment Financing District, Resolution 2022-13

- iii. Approval of a Modification to the Redevelopment Plan for the Concord Street Redevelopment Project Area, Approval of a Tax Increment Financing Plan and the Establishment of the Vaquero Tax Increment Financing District, Resolution 2022-14
- iv. Approval of an Interfund Loan, Resolution 2022-15



Resolution 2022-12 – Removal of Property from the Concord TIF

Currently, the Drover is located on an odd-shaped parcel (see left, current boundary outlined in red) which is within the Concord Street Tax Increment Finance District. There is an existing TIF Agreement between the EDA and DRS Investment VI LLC (owner of the Drover) which runs through 12/31/2024. A proposed replat of the publicly and privately owned property in this area will result in the “downsizing” of the Drover’s parcel, leaving a “remnant parcel” that will need to be decertified (removed) from the Concord Street TIF District. This property meets all statutory tests for the EDA to take this action by resolution, which staff recommends. The new “Drover” parcel will remain in the Concord Street TIF (which is set to Decertify 12/31/2024).

Resolution 2022-13 – Removal of Property from the Grand Avenue Gateway TIF

In addition, all of the EDA/City/HRA-owned property within the development site was included in the Grand Avenue Gateway Tax Increment Finance District in 2020, when that district was created. Instead of trying to “shoehorn” the Vaquero project into that district, Staff and our TIF consultants resolved that establishing a standalone TIF district around the Vaquero project benefits the City by potentially shortening the life of the Grand Ave Gateway district. All property that is proposed for removal from the Grand Avenue Gateway TIF meets all statutory tests for the EDA to take this action by resolution, which staff recommends.

Resolution 2022-14 – Creating the TIF District

Both the EDA and Council are required to approve the new TIF District, with the City Council holding a public hearing. The following bullet list summarizes key facts about the proposed TIF District:

- A boundary map of the District is provided as an attachment, and illustrates that the district tightly adheres to the proposed development site for Vaquero – essentially everything south of Grand, west of Concord exchange, and east/north of “the bluff” MINUS The Drover.

- This is a Housing TIF District. Housing TIF Districts are specifically defined by state law. Some of the key provisions to keep in mind in establishing a Housing TIF District:
 - A minimum proportion of residential units in the district are required to maintain rental rates that are priced to be attainable for residents at specified income levels, specifically EITHER:
 - 20% of the units must be occupied by individuals whose incomes are 50% or less of the Areawide Median Income (\$58,650 in 2022; these units would rent at no more than \$1,027 for an efficiency in 2022); OR
 - 40% of the units must be occupied by individuals whose incomes are 60% or less of the Areawide Median Income (\$70,380 in 2022; these units would rent at no more than \$1,232 in 2022).
 - Income limits are required to apply for the duration of the TIF District.
 - The District has a maximum life of 25 years. The District can be terminated early if certain conditions are met.
- The TIF Plan will specifically define eligible uses of Tax Increment Financing within the district, and assigns estimated costs to each activity. It should be noted, these activities and costs are subject to change/flexibility without amending the project plan. However, total costs (beyond those stated in the plan) cannot exceed the total amount budgeted. The Table below is excerpted from the plan.

USES	
Land/Building Acquisition	\$ 2,000,000
Site Improvements/Preparation	500,000
Affordable Housing	5,000,000
Utilities	500,000
Other Qualifying Improvements	614,069
Administrative Costs (up to 10%)	1,275,265
PROJECT COSTS TOTAL	\$ 9,889,334
Interest	4,138,569
PROJECT AND INTEREST COSTS TOTAL	\$ 14,027,903

- As a reminder, fundamentally how TIF works is to “freeze” Tax Capacities within the District at a “base” level (as of the time of District creation), and to divert any increase in those Tax Capacities (due to development that presumably increases value/tax capacity) into a specific EDA fund that is used to pay for the costs of housing development. The underlying taxing jurisdictions continue to receive property tax payments commensurate to the “frozen” tax capacity throughout the life of the District. TIF is not an abatement or direct forgiveness of property tax payments. TIF does not decrease the amount of tax that a taxing jurisdiction collects on a piece of property. **TIF is capturing value that would not exist “but for” the creation of the TIF District.**

- A quick rundown of key Financial Markers in the TIF Plan:
 - Base Market Value of \$501,855 and “base” tax capacity of \$6,723. This is what is “frozen” (see above point).
 - Assumes construction of 170 units, with an average (per unit) value of \$160,000.
 - Assumes annual inflation of 3% to provide “cushion” in the TIF budget and future flexibility to the EDA. The TIF Note to the developer – which will be considered by the EDA at a November meeting - *will not* be sized with inflation.
 - “As complete” Market Value of \$27,200,000 and tax capacity of \$302,600. This is 54x the current calculation

Resolution 2022-15 - Approval of an Interfund Loan

This Resolution is largely procedural at this point, in that it provides the EDA with the flexibility to borrow against future tax increment for eligible expenses the EDA may incur prior to receiving increment in the district. Land and certain infrastructure costs, soil cleanup and site prep, or TIF administrative costs are the most likely expenses to be incurred in the early phases of the project, although at this point there is no certainty that such expenses will be incurred.

FUNDING SOURCES AND OTHER FISCAL CONSIDERATIONS:

The proposed Vaquero Tax Increment Finance District is a Housing TIF District in full accordance with state law. Incremental increase in tax capacity above that amount “frozen” at the time of establishment of the District will be designated to a separate TIF fund to pay for qualified expenses as outlined in the TIF Plan. The City’s General Fund, Dakota County, and the Special School District will continue to receive property tax payments based on the “frozen” tax capacity at the time of district creation.

The interfund loan provides that the EDA’s general fund can borrow against future increment revenues in the Grand Avenue Gateway TIF for eligible redevelopment costs.

ATTACHMENTS:

- Proposed Vaquero TIF District Map/ Orientation Map
- TIF Plan
- Resolution 2022 – 12
- Resolution 2022 – 13
- Resolution 2022 – 14
- Resolution 2022 – 15

Orientation / TIF Boundary Map



Vaquero Redevelopment Site

SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2022-12

A RESOLUTION MODIFYING THE TAX INCREMENT FINANCING PLAN FOR CONCORD STREET TAX INCREMENT FINANCING DISTRICT NO. 2 TO ELIMINATE PARCELS FROM THE DISTRICT

BE IT RESOLVED By the South St. Paul Economic Development Authority as follows:

Section 1. Recitals.

1.01. In 2009, the South St. Paul Housing and Redevelopment Authority and the City of South St. Paul (the “City”) established the Concord Street Redevelopment Project Area (the “Redevelopment Project”) and adopted a Redevelopment Plan (the “Redevelopment Plan”) related thereto and the Concord Street Tax Increment Financing District No. 2 (“TIF District No. 2”) and adopted a tax increment financing plan (the “TIF Plan”) for the TIF District.

1.02. On March 15, 2015, the City adopted Resolution No. 2015-27 establishing the South St. Paul Economic Development Authority (the “EDA”).

1.03. On December 21, 2015, the City transferred authority over the Redevelopment Project and the TIF District from the HRA to the EDA and the EDA accepted all obligations and responsibilities related thereto.

1.04. In response to a redevelopment proposal, the EDA has determined to modify the Redevelopment Plan and to establish Vaquero Tax Increment Financing District (the “TIF District”), which includes some of the land currently in TIF District No. 2.

1.05. In order to establish the TIF District, it is necessary to eliminate the parcels to be included in that district from TIF District No. 2.

1.06. Minnesota Statutes, section 469.175, subd. 4(e) allows the EDA to eliminate parcels from TIF District No. 2 without the need for the formal modification to the TIF Plan otherwise required under Minnesota Statutes, section 469.175, subd. 4(b) under specified conditions related to the net tax capacity of the eliminated parcels.

1.07. This modification of the TIF Plan qualifies for the exception under section 469.175, subd. 4(e) because the current net tax capacity of the parcels eliminated from TIF District No. 2 equals or exceeds the net tax capacity of those parcels in TIF District No. 2’s original net tax capacity.

Section 2. Elimination of Parcels

2.01. The parcels listed on Exhibit A attached hereto are hereby eliminated from TIF District No. 2.

Section 3. Further Action

3.01. The EDA Executive Director is authorized and directed to notify the Dakota County auditor of this action and to take any and all additional actions necessary or convenient to fulfill the EDA's intent and purpose in eliminating the specified parcels from TIF District No. 2

Dated: October 17, 2022

James P. Francis, President

ATTEST:

Ryan Garcia, Executive Director

EXHIBIT A

Parcels to be eliminated from Concord Street Tax Increment Financing District, Dakota County, Minnesota.

36-72850-06-143

The portion of 36-72850-06-080 to be replatted as Lot 2, Block 1, Emerson Emelia Place Addition which will include all of vacated right-of-way of Pitt Street except the portion noted below

The western $\frac{1}{2}$ of vacated right-of-way of Pitt Street from Grand Avenue south a distance 129.84 feet

SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2022-13

A RESOLUTION MODIFYING THE TAX INCREMENT FINANCING PLAN FOR GRAND AVENUE GATEWAY TAX INCREMENT FINANCING DISTRICT TO ELIMINATE PARCELS FROM THE DISTRICT

BE IT RESOLVED By the South St. Paul Economic Development Authority as follows:

Section 1. Recitals.

1.01. In 2009, the South St. Paul Housing and Redevelopment Authority and the City of South St. Paul (the “City”) established the Concord Street Redevelopment Project Area (the “Redevelopment Project”) and adopted a Redevelopment Plan (the “Redevelopment Plan”) related thereto.

1.02. On March 15, 2015, the City adopted Resolution No. 2015-27 establishing the South St. Paul Economic Development Authority (the “EDA”).

1.03. On December 21, 2015, the City transferred authority over the Redevelopment Project from the HRA to the EDA and the EDA accepted all obligations and responsibilities related thereto.

1.04. On December 21, 2020, the EDA and the City established the Grand Avenue Tax Increment Financing District (the “Grand Avenue Gateway TIF District”) and adopted a tax increment financing plan (the “TIF Plan”) for the Grand Avenue Gateway TIF District.

1.05. In response to a redevelopment proposal, the EDA has determined to modify the Redevelopment Plan and to establish Vaquero Tax Increment Financing District (the “TIF District”), which includes some of the land currently in the Grand Avenue TIF District.

1.06. In order to establish the TIF District, it is necessary to eliminate some parcels to be included in that district from the Grand Avenue Gateway TIF District.

1.07. Minnesota Statutes, section 469.175, subd. 4(e) allows the EDA to eliminate parcels from the Grand Avenue Gateway TIF District without the need for the formal modification to the TIF Plan otherwise required under Minnesota Statutes, section 469.175, subd. 4(b) under specified conditions related to the net tax capacity of the eliminated parcels.

1.08. This modification of the Grand Avenue Gateway TIF Plan qualifies for the exception under section 469.175, subd. 4(e) because the current net tax capacity of the parcels eliminated from TIF Grand Avenue Gateway equals or exceeds the net tax capacity of those parcels in Grand Avenue Gateway TIF District’s original net tax capacity.

Section 2. Elimination of Parcels

2.01. The parcels listed on Exhibit A attached hereto are hereby eliminated from the Grand Avenue Gateway TIF District.

Section 3. Further Action

3.01. The EDA Executive Director is authorized and directed to notify the Dakota County auditor of this action and to take any and all additional actions necessary or convenient to fulfill the EDA's intent and purpose in eliminating the specified parcels from the Grand Avenue Gateway TIF District.

Dated: October 17, 2022

James P. Francis, President

ATTEST:

Ryan Garcia, Executive Director

EXHIBIT A

Parcels to be eliminated from Grand Avenue Gateway TIF District, Dakota County, Minnesota

36-72850-06-145

36-72850-03-233

36-72850-08-022

SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2022-14

A RESOLUTION ADOPTING MODIFICATION TO THE REDEVELOPMENT PLAN FOR THE CONCORD STREET REDEVELOPMENT PROJECT AREA AND TAX INCREMENT FINANCING PLAN FOR VAQUERO TAX INCREMENT FINANCING DISTRICT

BE IT RESOLVED by the South St. Paul Economic Development Authority as follows:

Section 1. Recitals.

1.01. In 2009, the South St. Paul Housing and Redevelopment Authority (the “HRA”) and the City of South St. Paul (the “City”) established the Concord Street Redevelopment Project Area (the “Redevelopment Project”) and adopted a Redevelopment Plan (the “Redevelopment Plan”) related thereto.

1.02. In 2015, the City created the South St. Paul Economic Development Authority (the “EDA”). The EDA is the successor to the HRA and now has authority over the Redevelopment Project.

1.03. The EDA’s goals include recognizing the practical impediments to development and redevelopment within the Redevelopment Project and offering public assistance for projects which advance its goals.

1.04. In response to a redevelopment proposal, the EDA authorized the preparation of a modification of the Redevelopment Plan and a tax increment financing plan (the “TIF Plan”) for the Vaquero Tax Increment Financing District (the “TIF District”), which are contained in a document entitled “Modification to the Redevelopment Plan, Concord Street Redevelopment Project Area and Tax Increment Financing Plan, Vaquero Tax Increment Financing District”, dated October 17, 2022 and on file with the EDA.

Section 2. Authority Approval.

2.01. Copies of the modified Redevelopment Plan and the TIF Plan were transmitted to the board of Special School District No. 6 and the board of commissioners of Dakota County for review and comment and said public bodies were notified of the public hearing to be held on the modified Redevelopment Plan and TIF Plan by the City on October 17, 2022.

2.02. The EDA finds that its objectives of encouraging development and redevelopment within the Redevelopment Project Area will be advanced by adoption of the modified Redevelopment Plan and the TIF Plan.

2.03. The EDA also finds that the modified Redevelopment Plan and the TIF Plan are consistent with the City’s comprehensive plan.

2.04. The modified Redevelopment Plan and the TIF Plan are hereby adopted.

Section 3. Further Proceedings.

3.01. The EDA requests that the City hold a public hearing on the modified Redevelopment Plan and the TIF Plan pursuant to Minnesota Statutes, section 469.175 and recommends that the modified Redevelopment Plan and TIF Plan be approved by the City.

3.02. Upon approval of the modified Redevelopment Plan and the TIF Plan by the City, the EDA's Executive Director is authorized and directed to request that the original tax capacity of the parcels within the TIF District be certified to the EDA by Dakota County, following elimination of certain parcels from the EDA's Concord Street Tax Increment Financing District No. 2 and its Grand Avenue Gateway Tax Increment Financing District.

Dated: October 17, 2022

James P. Francis, President

ATTEST:

Ryan Garcia, Executive Director

SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION 2022-15

**RESOLUTION AUTHORIZING INTERFUND LOAN FOR
ADVANCE OF CERTAIN COSTS IN CONNECTION WITH
VAQUERO TAX INCREMENT FINANCING DISTRICT**

BE IT RESOLVED by the Board of Commissioners of the South St. Paul Economic Development Authority (the “EDA”) as follows:

Section 1. Background.

1.01. The EDA has established Vaquero Tax Increment Financing District (the “TIF District”) pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”).

1.02. The EDA has or will incur certain costs (the “Preliminary Costs”) related to the TIF District prior to such time as tax increment will be available to pay for such costs.

1.03. Pursuant to Section 469.178, subdivision 7 of the TIF Act, the EDA is authorized to advance or loan money from its general fund or any other fund from which such advances may be legally authorized in order to finance the Preliminary Costs.

1.04. The EDA will loan funds from its general fund (the “General Fund”) or any other fund designated by the EDA to finance the Preliminary Costs (the “Interfund Loan”) in accordance with the terms of this resolution.

Section 2. Interfund Loan Authorized.

2.01. The EDA hereby authorizes the advance of up to \$250,000 from the General Fund or other funds or so much thereof as may be required to pay the Preliminary Costs. The EDA shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 and Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 4.0 percent and will not fluctuate.

2.02. Principal and interest (the “Payments”) on the Interfund Loan shall be paid semiannually on each February 1 and August 1 (each a “Payment Date”), commencing on the first Payment Date on which the EDA has Available Tax Increment (defined below), or on any other dates determined by the EDA’s Executive Director, through the date of last receipt of tax increment from the TIF District.

2.03. Payments on the Interfund Loan are payable solely from Available Tax Increment, which shall mean, on each Payment Date, tax increment available after other obligations of the

TIF District have been paid, or as determined by the EDA's Executive Director, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the EDA by Dakota County, Minnesota, all in accordance with the TIF Act. Payments shall be applied first to accrued interest, and then to unpaid principal. Payments on the Interfund Loan may be subordinated to any outstanding or future bonds or notes issued by the EDA and secured in whole or in part with tax increment from the TIF District.

2.04. The principal sum and all accrued interest payable under the Interfund Loan are prepayable in whole or in part at any time by the EDA without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under the Interfund Loan.

2.05. The Interfund Loan is evidence of an internal borrowing by the EDA in accordance with Section 469.178, subdivision 7 of the TIF Act, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the EDA or the city of South St. Paul. Neither the State of Minnesota nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The EDA shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.

2.06. The EDA may at any time make a determination to forgive the outstanding principal amount and accrued interest on the Interfund Loan to the extent permissible under law.

2.07. The EDA may from time to time amend the terms of this resolution to the extent permitted by law, including without limitation amendment to the payment schedule and the interest rate; provided, however, that the interest rate may not be increased above the maximum specified in Section 469.178, subdivision 7 of the TIF Act.

2.08. The EDA officials and consultants are hereby authorized and directed to execute any documents or take any actions necessary or convenient to carry out the intent of this resolution.

Section 3. Effective Date. This resolution is effective upon approval.

Adopted by the Board of Commissioners of the South St. Paul Economic Development Authority this 17th day of October, 2022.

James P. Francis, President

ATTEST:

Ryan Garcia, Executive Director

Adoption Date: October 17, 2022

South St. Paul Economic Development Authority

**City of South St. Paul, Dakota County,
Minnesota**

MODIFICATION TO THE REDEVELOPMENT PLAN

Concord Street Redevelopment Project Area
&

Tax Increment Financing (TIF) Plan

Establishment of Vaquero Tax Increment
Financing District
(a housing district)



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

TABLE OF CONTENTS

Modification to the Redevelopment Plan for Concord Street Redevelopment Project Area	1
FOREWORD	1
Tax Increment Financing Plan for the Vaquero Tax Increment Financing District	2
FOREWORD	2
STATUTORY AUTHORITY	2
STATEMENT OF OBJECTIVES	2
REDEVELOPMENT PLAN OVERVIEW	3
DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED	3
DISTRICT CLASSIFICATION	4
DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT	5
ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS	5
SOURCES OF REVENUE/BONDS TO BE ISSUED	7
USES OF FUNDS	7
FISCAL DISPARITIES ELECTION	8
ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS	8
SUPPORTING DOCUMENTATION	11
DISTRICT ADMINISTRATION	11
Appendix A: Map of Concord Street Redevelopment Project Area and the TIF District	
Appendix B: Estimated Cash Flow for the District	
Appendix C: Findings Including But/For Qualifications	

Modification to the Redevelopment Plan for Concord Street Redevelopment Project Area

FOREWORD

The following text represents a Modification to the Redevelopment Plan for Concord Street Redevelopment Project Area. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for Concord Street Redevelopment Project Area. Generally, the substantive changes include the establishment of the Vaquero Tax Increment Financing District.

For further information, a review of the Redevelopment Plan for Concord Street Redevelopment Project Area, is recommended. It is available from the Executive Director at the City of South St. Paul. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Concord Street Redevelopment Project Area.

Tax Increment Financing Plan for the Vaquero Tax Increment Financing District

FOREWORD

The South St. Paul Economic Development Authority (the "EDA"), the City of South St. Paul (the "City"), staff and consultants have prepared the following information to expedite the Establishment of the Vaquero Tax Increment Financing District (the "District"), a housing tax increment financing district, located in Concord Street Redevelopment Project Area.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the EDA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections* , inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Redevelopment Plan for Concord Street Redevelopment Project Area.

STATEMENT OF OBJECTIVES

The District currently consists of five (5) parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the construction of a 170-unit mixed income residential apartment building in the City. The EDA intends to enter into an agreement with Simek Realty or a development entity or joint venture to be established by Simek Realty. Development is anticipated to begin in the spring of 2023. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for Concord Street Redevelopment Project Area.

The activities contemplated in the Modification to the Redevelopment Plan and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Concord Street Redevelopment Project Area and the District.

REDEVELOPMENT PLAN OVERVIEW

Pursuant to the Redevelopment Plan and authorizing state statutes, the EDA or City is authorized to undertake the following activities in the District:

1. Property to be Acquired - The EDA or City currently owns four (4) parcels of property and adjacent roads and internal rights-of-way within the District. The remaining property located within the District may be acquired by the EDA or City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer’s plan relating to the project and completion of the necessary legal requirements, the EDA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The EDA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses a portion of parcel numbers 36-72850-06-080 and 36-72850-09-145, as well as all of the remaining property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
36-72850-06-080	161 Concord Exchange N	DRS Investments
36-72850-03-233	Unassigned	SSP EDA
36-72850-06-145	Unassigned	SSP HRA
36-72850-06-143	Unassigned	City of SSP
36-72850-08-022	Unassigned	City of SSP
Right-of-Way	Unassigned	City of SSP

Note: Parcel numbers 36-72850-03-233, 36-72850-06-145, 36-72850-08-022 to be included in the District will be removed from the Grand Avenue Gateway Tax Increment Financing District, and 36-72850-06-143 and a portion of parcel number 36-72850-06-080 to be included in the District will be removed from the Concord Street No. 2 Tax Increment Financing District prior to establishment of the District.

Please also see the map in Appendix A for further information on the location of the District. Prior to certification of the District, the developer intends to replat the aforementioned parcels into one parcel.

The EDA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the EDA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The EDA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

The EDA or City currently owns four (4) parcels of the property to be included in the District.

DISTRICT CLASSIFICATION

The EDA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, find that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761*.

- The District consists of five (5) parcels
- The development will consist of 170 units of multi-family rental housing
- 20% of the units will be occupied by person with incomes less than 50% of area median income
- No more that 20% of the square footage of the building that is receiving assistance from tax increment consists of commercial, retail or other non-residential uses.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 26 years after receipt of the first increment by the EDA or City (a total of 26 years of tax increment). The EDA or City elects to receive the first tax increment in 2025, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2050, or when the TIF Plan is satisfied. The EDA or City reserves the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2022 for taxes payable 2023.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2025) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the District;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the EDA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2023, assuming the request for certification is made before June 30, 2023. The rates for 2023 were not available at the time the District was established. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4* and *M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Concord Street Redevelopment Project Area, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The EDA and City request 100 percent of the available increase in tax capacity be used for repayment of the obligations of the EDA or City and current expenditures, beginning in the tax year payable 2025. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity	
Project estimated Tax Capacity upon completion	597,207
Original estimated Net Tax Capacity	6,273
Estimated Captured Tax Capacity	590,934
Original Local Tax Rate	<u>121.2350%</u> Pay 2022
Estimated Annual Tax Increment	\$716,419
Percent Retained by the City	100%

Note: Tax capacity includes a 3% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 26. The tax capacity of the District in year one is estimated to be \$75,650.

Pursuant to *M.S., Section 469.177, Subd. 4*, the EDA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City is reviewing the area to be included in the District to determine if any building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

SOURCES OF REVENUE/BONDS TO BE ISSUED

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	\$12,752,639
Interest	1,275,264
TOTAL	\$14,027,903

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA or City reserves the right to issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan. This provision does not obligate the EDA or City to incur debt. The EDA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The EDA or City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$9,889,334. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate the construction of a 170-unit mixed income residential apartment building. The EDA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

The EDA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	\$ 2,000,000
Site Improvements/Preparation	500,000
Affordable Housing	5,000,000
Utilities	500,000
Other Qualifying Improvements	614,069
Administrative Costs (up to 10%)	1,275,265
PROJECT COSTS TOTAL	\$ 9,889,334
Interest	4,138,569
PROJECT AND INTEREST COSTS TOTAL	\$14,027,903

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to the TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The EDA may expend funds for qualified housing activities outside of the District boundaries.

FISCAL DISPARITIES ELECTION

Pursuant to *M.S., Section 469.177, Subd. 3*, the EDA or City may elect one of two methods to calculate fiscal disparities.

The EDA will choose to calculate fiscal disparities by clause b (inside).

ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the EDA or City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2021/Pay 2022 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Dakota County	592,845,544	590,934	0.0997%
City of South St. Paul	17,812,118	590,934	3.3176%
School District No. 6 (South St. Paul Public Schools)	17,680,884	590,934	3.3422%

Impact on Tax Rates				
Entity	Pay 2022 Extension Rate	Percent of Total	CTC	Potential Taxes
Dakota County	19.5460%	16.12%	590,934	\$115,504
City of South St. Paul	64.4110%	53.13%	590,934	380,627
School District No. 6 (South St. Paul Public Schools)	29.1160%	24.02%	590,934	172,056
Other	8.1620%	6.73%	590,934	48,232
	121.2350%	100.00%		\$716,419

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2022 rate. The total net capacity for the entities listed above are based on Pay 2022 figures. The District will be certified under the Pay 2023 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S., Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$12,752,639;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that 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 \$3,062,695;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that 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 \$2,056,032;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

SUPPORTING DOCUMENTATION

Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7* this TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S., Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the Developer to such effects, (2) review of the Developer’s proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the District and Appendix C.

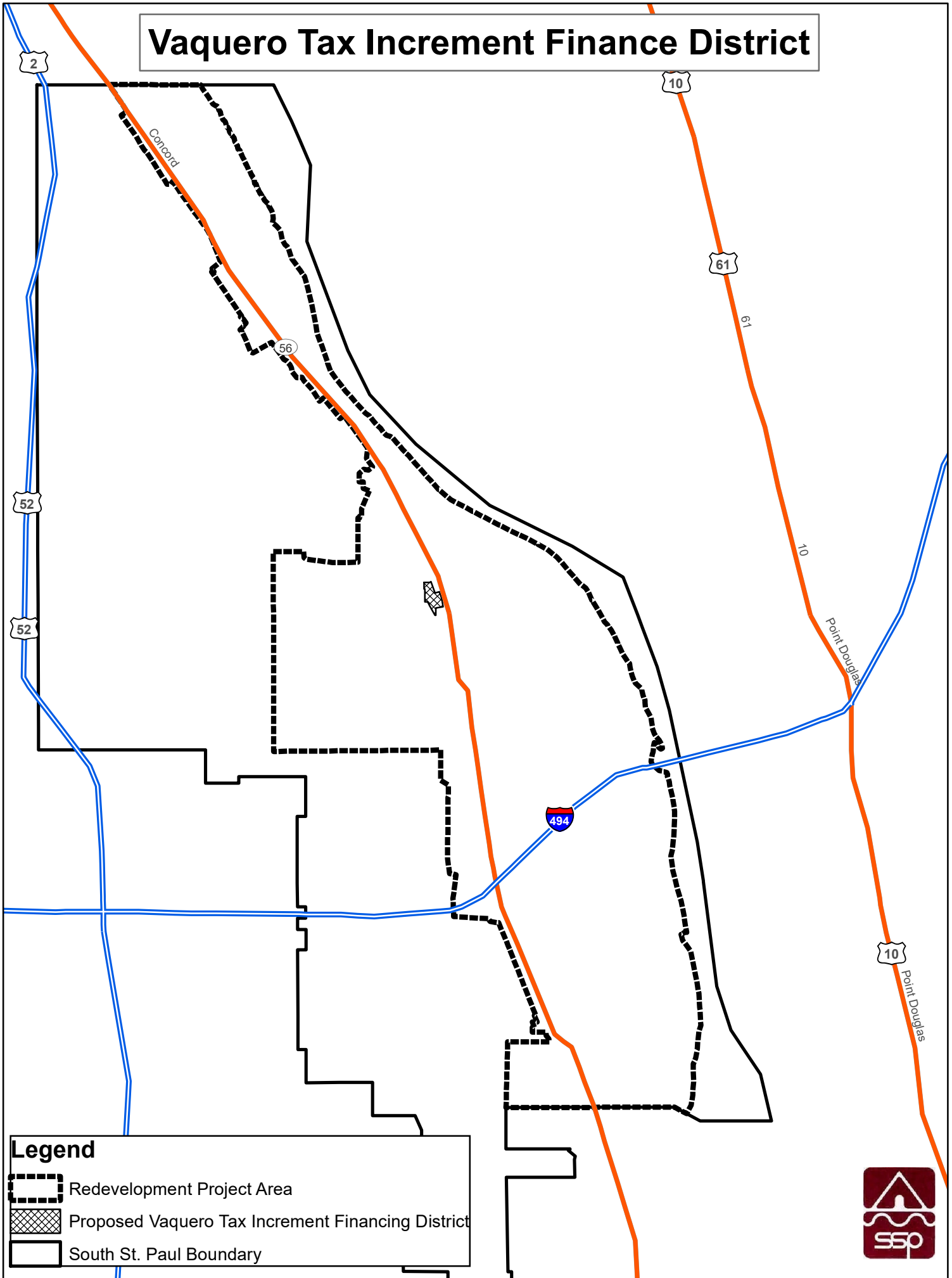
- (ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

DISTRICT ADMINISTRATION




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

Appendix A: Map of Concord Street Redevelopment Project Area and the TIF District

Vaquero Tax Increment Finance District



Legend

-  Redevelopment Project Area
-  Proposed Vaquero Tax Increment Financing District
-  South St. Paul Boundary



Appendix B: Estimated Cash Flow for the District

Vaquero Tax Increment Financing District

City of South St. Paul, MN
170-Unit Mixed Income Apartment



ASSUMPTIONS AND RATES

District Type:	Housing	
District Name/Number:	Vaquero TIF District	
County District #:		
First Year Construction or Inflation on Value	2023	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	3.00%	
Interest Rate:	3.00%	
Present Value Date:	1-Aug-24	
First Period Ending	1-Feb-25	
Tax Year District was Certified:	Pay 2023	
Cashflow Assumes First Tax Increment For Development:	2025	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2050	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)	
Incremental or Total Fiscal Disparities	Incremental	
Fiscal Disparities Contribution Ratio	29.2573%	Pay 2022
Fiscal Disparities Metro-Wide Tax Rate	132.5960%	Pay 2022
Maximum/Frozen Local Tax Rate:	121.235%	Pay 2022
Current Local Tax Rate: (Use lesser of Current or Max.)	121.235%	Pay 2022
State-wide Tax Rate (Comm./Ind. only used for total taxes)	36.2890%	Pay 2022
Market Value Tax Rate (Used for total taxes)	0.17989%	Pay 2022

Tax Rates		
Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First \$150,000		1.50%
Over \$150,000		2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First \$100,000		0.75%
Over \$100,000		0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First \$500,000		1.00%
Over \$500,000		1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	BASE VALUE INFORMATION (Original Tax Capacity)				Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
				Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District							
1	36-72850-06-080	DRS Investments	161 Concord Exchange N	422,100	0	422,100	55%	232,155	Pay 2023	Rental	2,902	Rental	2,902	
2	36-72850-03-233	SSP EDA	Unassigned	112,600	10,700	123,300	100%	123,300	Pay 2023	Exempt	-	Rental	1,541	
3	36-72850-06-145	SSP HRA	Unassigned	123,300	20,700	144,000	65%	93,600	Pay 2023	Exempt	-	Rental	1,170	
4	36-72850-06-143	City of SSP	Unassigned	3,100	0	3,100	100%	3,100	Pay 2023	Exempt	-	Rental	39	
5	36-72850-08-022	City of SSP	Unassigned	700	0	700	100%	700	Pay 2023	Exempt	-	Rental	9	
6	Right-of-Way	City of SSP	Unassigned	49,000	0	49,000	100%	49,000	Pay 2023	Exempt	-	Rental	613	
				710,800	31,400	742,200		501,855			2,902		6,273	

Note:

1. Base values are for pay 2023 based upon review of County website on 5-12-22.
2. Located in SD # 006 and Lower Mississippi WS

Vaquero Tax Increment Financing District
 City of South St. Paul, MN
 170-Unit Mixed Income Apartment



PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2023	Percentage Completed 2024	Percentage Completed 2025	Percentage Completed 2026	First Year Full Taxes Payable
1	Apartments	160,000	160,000	136	21,760,000	Rental	272,000	2,000	25%	75%	100%	100%	2027
1	Aff. Apartments	160,000	160,000	34	5,440,000	Aff. Rental	30,600	900	25%	75%	100%	100%	2027
TOTAL					27,200,000		302,600						
Subtotal Residential				170	27,200,000		302,600						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon estimates received from the County Assessor's office on 5-19-22.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	272,000	0	272,000	329,759	0	0	39,144	368,903	2,712.52
Aff. Apartments	30,600	0	30,600	37,098	0	0	5,505	42,603	1,253.02
TOTAL	302,600	0	302,600	366,857	0	0	44,649	411,506	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	411,506
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(44,649)
less Base Value Taxes	(7,605)
Annual Gross TIF	369,252

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	501,855
New Market Value - Est.	27,200,000
Difference	26,698,145
Present Value of Tax Increment	8,183,691
Difference	18,514,454
Value likely to occur without Tax Increment is less than:	18,514,454



Vaquero Tax Increment Financing District

City of South St. Paul, MN

170-Unit Mixed Income Apartment

TAX INCREMENT CASH FLOW															
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date	
100%	75,650	(6,273)	-	69,377	121.235%	84,109	42,054	(151)	(4,190)	37,713	36,606	0.5	2025	08/01/25	
100%	226,950	(6,273)	-	220,677	121.235%	267,538	42,054	(151)	(4,190)	37,713	72,672	1	2025	02/01/26	
100%	302,600	(6,273)	-	296,327	121.235%	359,252	133,769	(482)	(13,329)	119,958	185,695	1.5	2026	08/01/26	
100%	311,678	(6,273)	-	305,405	121.235%	370,258	133,769	(482)	(13,329)	119,958	297,047	2	2026	02/01/27	
100%	321,028	(6,273)	-	314,755	121.235%	381,593	179,626	(647)	(17,898)	161,081	444,363	2.5	2027	08/01/27	
100%	330,659	(6,273)	-	324,386	121.235%	393,269	179,626	(647)	(17,898)	161,081	589,502	3	2027	02/01/28	
100%	340,579	(6,273)	-	334,306	121.235%	405,296	185,129	(666)	(18,446)	166,016	736,876	3.5	2028	08/01/28	
100%	350,796	(6,273)	-	344,523	121.235%	417,683	185,129	(666)	(18,446)	166,016	882,072	4	2028	02/01/29	
100%	361,320	(6,273)	-	355,047	121.235%	430,441	190,797	(687)	(19,011)	171,099	1,029,503	4.5	2029	08/01/29	
100%	372,160	(6,273)	-	365,887	121.235%	443,583	190,797	(687)	(19,011)	171,099	1,174,754	5	2029	02/01/30	
100%	383,325	(6,273)	-	377,051	121.235%	457,118	196,635	(708)	(19,593)	176,334	1,322,238	5.5	2030	08/01/30	
100%	394,824	(6,273)	-	388,551	121.235%	471,060	196,635	(708)	(19,593)	176,334	1,467,542	6	2030	02/01/31	
100%	406,669	(6,273)	-	400,396	121.235%	485,420	202,648	(730)	(20,192)	181,726	1,615,076	6.5	2031	08/01/31	
100%	418,869	(6,273)	-	412,596	121.235%	500,211	202,648	(730)	(20,192)	181,726	1,760,431	7	2031	02/01/32	
100%	431,435	(6,273)	-	425,162	121.235%	515,445	208,841	(752)	(20,809)	187,281	1,908,013	7.5	2032	08/01/32	
100%	444,378	(6,273)	-	438,105	121.235%	531,137	208,841	(752)	(20,809)	187,281	2,053,415	8	2032	02/01/33	
100%	457,710	(6,273)	-	451,436	121.235%	547,299	215,221	(775)	(21,445)	193,001	2,201,044	8.5	2033	08/01/33	
100%	471,441	(6,273)	-	465,168	121.235%	563,946	215,221	(775)	(21,445)	193,001	2,346,491	9	2033	02/01/34	
100%	485,584	(6,273)	-	479,311	121.235%	581,093	221,791	(798)	(22,099)	198,894	2,494,164	9.5	2034	08/01/34	
100%	500,152	(6,273)	-	493,879	121.235%	598,754	221,791	(798)	(22,099)	198,894	2,639,654	10	2034	02/01/35	
100%	515,156	(6,273)	-	508,883	121.235%	616,944	228,559	(823)	(22,774)	204,963	2,787,368	10.5	2035	08/01/35	
100%	530,611	(6,273)	-	524,338	121.235%	635,681	228,559	(823)	(22,774)	204,963	2,932,899	11	2035	02/01/36	
100%	546,529	(6,273)	-	540,256	121.235%	654,979	235,530	(848)	(23,468)	211,214	3,080,653	11.5	2036	08/01/36	
100%	562,925	(6,273)	-	556,652	121.235%	674,857	235,530	(848)	(23,468)	211,214	3,226,223	12	2036	02/01/37	
100%	579,813	(6,273)	-	573,540	121.235%	695,331	242,710	(874)	(24,184)	217,653	3,374,013	12.5	2037	08/01/37	
100%	597,207	(6,273)	-	590,934	121.235%	716,419	242,710	(874)	(24,184)	217,653	3,519,620	13	2037	02/01/38	
100%							250,105	(900)	(24,920)	224,284	3,667,445	13.5	2038	08/01/38	
100%							250,105	(900)	(24,920)	224,284	3,813,087	14	2038	02/01/39	
100%							257,723	(928)	(25,679)	231,115	3,960,946	14.5	2039	08/01/39	
100%							257,723	(928)	(25,679)	231,115	4,106,619	15	2039	02/01/40	
100%							265,568	(956)	(26,461)	238,151	4,254,509	15.5	2040	08/01/40	
100%							265,568	(956)	(26,461)	238,151	4,400,214	16	2040	02/01/41	
100%							273,649	(985)	(27,266)	245,398	4,548,134	16.5	2041	08/01/41	
100%							273,649	(985)	(27,266)	245,398	4,693,867	17	2041	02/01/42	
100%							281,973	(1,015)	(28,096)	252,862	4,841,814	17.5	2042	08/01/42	
100%							281,973	(1,015)	(28,096)	252,862	4,987,575	18	2042	02/01/43	
100%							290,546	(1,046)	(28,950)	260,550	5,135,548	18.5	2043	08/01/43	
100%							290,546	(1,046)	(28,950)	260,550	5,281,334	19	2043	02/01/44	
100%							299,377	(1,078)	(29,830)	268,469	5,429,331	19.5	2044	08/01/44	
100%							299,377	(1,078)	(29,830)	268,469	5,575,140	20	2044	02/01/45	
100%							308,472	(1,110)	(30,736)	276,626	5,723,160	20.5	2045	08/01/45	
100%							308,472	(1,110)	(30,736)	276,626	5,868,992	21	2045	02/01/46	
100%							317,840	(1,144)	(31,670)	285,027	6,017,032	21.5	2046	08/01/46	
100%							317,840	(1,144)	(31,670)	285,027	6,162,884	22	2046	02/01/47	
100%							327,490	(1,179)	(32,631)	293,680	6,310,943	22.5	2047	08/01/47	
100%							327,490	(1,179)	(32,631)	293,680	6,456,815	23	2047	02/01/48	
100%							337,428	(1,215)	(33,621)	302,592	6,604,892	23.5	2048	08/01/48	
100%							337,428	(1,215)	(33,621)	302,592	6,750,781	24	2048	02/01/49	
100%							347,665	(1,252)	(34,641)	311,772	6,898,874	24.5	2049	08/01/49	
100%							347,665	(1,252)	(34,641)	311,772	7,044,779	25	2049	02/01/50	
100%							358,209	(1,290)	(35,692)	321,228	7,192,887	25.5	2050	08/01/50	
100%							358,209	(1,290)	(35,692)	321,228	7,338,806	26	2050	02/01/51	
Total							12,798,715	(46,075)	(1,275,264)	11,477,375					
							8,183,691	(29,461)	(815,423)	7,338,806					
			Present Value From 08/01/2024	Present Value Rate	3.00%										

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Vaquero Tax Increment Financing District, as required pursuant to *Minnesota Statutes, (M.S.) Section 469.175, Subdivision 3* are as follows:

1. *Finding that Vaquero Tax Increment Financing District is a housing district as defined in M.S., Section 469.174, Subd. 11.*

Vaquero Tax Increment Financing District consists of five (5) parcels. The development will consist of the construction of a 170-unit mixed income residential apartment building, all or a portion of which will receive tax increment assistance and will meet income restrictions described in *M.S. Section 469.1761*. At least 20% of the units receiving assistance will be occupied by individuals and families whose incomes are at or below 50% of area median income.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

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: This finding is supported by the fact that the development proposed in the TIF Plan is a housing district that meets the City's objectives for development and redevelopment. The cost of land acquisition, site and public improvements and utilities makes this housing development infeasible without City assistance. Due to decreased rental income from affordable units, there is insufficient cash flow to provide a sufficient rate of return, pay operating expenses, and service the debt. This leaves a gap in the funding for the project and makes this housing development feasible only through assistance, in part, from tax increment financing. The Developer was asked for and provided a letter and a proforma as justification that the Developer would not have gone forward without tax increment assistance.

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 District permitted by the TIF Plan: This finding is justified on the grounds that the cost of land acquisition, site and public improvements, utilities and construction of affordable housing add to the total development cost. Historically, the costs of site and public improvements as well as reduced rents required for affordable workforce housing in the City have made development infeasible without tax increment assistance. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

3. *Finding that the TIF Plan for Vaquero Tax Increment Financing District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Vaquero Tax Increment Financing District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Concord Street Redevelopment Project Area by private enterprise.*

Through the implementation of the TIF Plan, the City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City. The TIF Plan also helps the EDA or City meet their goal of providing more affordable housing options in the City.