Laws of Minnesota 2008, Chapter 366, Article 5, Section 37

Sec. 37. CITY OF MINNEAPOLIS; TAX INCREMENT FINANCING DISTRICT.

Subdivision 1. Authorization. Notwithstanding the provisions of any other law, the city of Minneapolis may establish a redevelopment tax increment financing district comprised of the properties included in the existing tax increment districts in the city that are exempt under Minnesota Statutes, section 469.179, subdivision 1, and were not decertified before July 1, 2008. The district created under this section may be certified after January 1, 2010, and terminates no later than December 31, 2020. The city may create the district under this section only if it enters into an agreement with Hennepin County to pay the county annually out of the increment from this district an amount equal to the tax that would have been payable to the county on the captured tax capacity of the district had the district not been created.

Subd. 2. Special rules. The requirements for qualifying a redevelopment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located within the district. Minnesota Statutes, section 469.176, subdivisions 4j and 4l, do not apply to the district. The original tax capacity of the district is $2,731,854.

Subd. 3. Authorized expenditures. Tax increment from the district may be expended only to pay principal and interest on bond obligations issued by the city of Minneapolis or the Minneapolis Community Development Agency for Target Center, including payment of principal and interest on any bonds issued to repay bonds or loans and for neighborhood revitalization purposes. All such expenditures are deemed to be activities within the district under Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4.

Subd. 4. Adjusted net tax capacity. The captured tax capacity of the district must be included in the adjusted net tax capacity of the city, county, and school district for the purposes of determining local government aid, education aid, and county program aid. The county auditor shall report to the commissioner of revenue the amount of the captured tax capacity for the district at the time the assessment abstracts are filed.

EFFECTIVE DATE. This section is effective upon compliance with Minnesota Statutes, section 645.021, subdivision 3.

Attachment 2

Minneapolis
City of Lakes

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TO: Jack Kryst, Development Finance Director
Pamela McKenna, Development Finance Specialist

FROM: Nikki M. Newman, Assistant City Attorney

DATE: July 24, 2008

SUBJECT: 2008 Special Law re: Target Center and Neighborhood Revitalization

INTEROFFICE MEMORANDUM

You have asked me to respond to three questions about special legislation authorizing the City of Minneapolis to create a redevelopment tax increment financing (TIF) district to fund Target Center debt and neighborhood revitalization. See 2008 Session Laws, chapter 366, article 5, section 37. All of your questions relate to statutory construction. Minnesota Statutes, section 645.16, gives the following rules regarding interpretation of laws:

> 645.16 Legislative Intent Controls.
> The object of all interpretation and construction of laws is to ascertain and effectuate the intention of the legislature. Every law shall be construed, if possible, to give effect to all of its provisions.
> When the words of a law in their application to an existing situation are clear and free from all ambiguity, the letter of the law shall not be disregarded under the pretext of pursuing the spirit.
> When the words of a law are not explicit, the intention of the legislature may be ascertained by considering, among other matters:
> (1) The occasion and necessity for the law;
> (2) The circumstances under which it was enacted;
> (3) The mischief to be remedied;
> (4) The object to be attained;
> (5) The former law, if any, including other laws upon the same or similar subject;
> (6) The consequences of a particular interpretation;
> (7) The contemporaneous legislative history; and
> (8) Legislative and administrative interpretations of the statute.

We must apply these principles to each of your questions. I understand the 2008 special law was developed in conference committee as part of an omnibus bill in the waning hours of the legislative session. There thus is little legislative history to guide us.

Question 1. The legislation restricts the authorized expenditures to debt service on Target Center bonds and neighborhood revitalization purposes. Can an assumption be made that administrative costs relating to these activities, including the administration of the district and administration of the neighborhood revitalization program be authorized expenditures?

The 2008 special law says "tax increment from the district may be expended only to pay principal and interest on bond obligations...for Target Center...and for neighborhood revitalization purposes." It does not provide any express authority to pay associated administrative expenses.

The general rules regarding use of tax increment are found in Minnesota Statutes, section 469.176, subd. 4. These rules likewise do not specifically mention administrative expenses. But they authorize using tax increment to pay various types of project costs. You must look at the underlying development statutes to determine whether administrative expenses constitute a project cost.[1]

For example, Minnesota Statutes, section 469.176, subd. 4, authorizes tax increment to pay "public redevelopment costs." "Public redevelopment costs" are defined in Minnesota Statutes, section 469.033, subd. 1, as "the cost of a project...and debt charges." "Project" is defined in Minnesota Statutes, section 469.002, subd. 12, as a "redevelopment project," among other things. The definition of "redevelopment project" in Minnesota Statutes, section 469.002, subd. 14, includes "initiation, planning, survey and other administrative costs...." Tax increment, thus, may pay administrative costs as public redevelopment costs.[2]

The 2008 special law does not seem to contemplate any type of project being associated with the special law district. Without reference to an underlying development statute, however, we do not have a clear basis for payment of administrative costs under the general TIF rules.

Faced with a somewhat similar neighborhood revitalization program ("NRP") question, Arlin Waelti opined that, since the NRP statutes expressly authorize the use of NRP funds for housing

[1] Minn. Stat. §469.174, subd. 8, says "project means a project as described in section 469.142 [rural development authority projects]; an industrial development district as described in section 469.058, subdivision 1 [port authority projects]; an economic development district as described in section 469.101 [economic development authority projects]; a project as defined in section 469.002, subdivision 12 [housing and redevelopment authority projects]...." This definition is critical to the basic statutory concept that the TIF laws don't authorize new or different activities, but instead provide a mechanism to finance public activities already authorized by other development laws.

[2] See also Minn. Stat. § 469.176, subd. 3 (providing TIF expenditure limitation for administrative expenses); Minn. Stat. § 469.174, subd. 14 (catch-all definition of "administrative expenses" as all expenditures of an authority other than the project-type expenses, i.e., acquisition, construction, relocation, and finance costs, enumerated in the statutory definition).

construction and rehabilitation, they impliedly authorize NRP funds to pay legal, financial and administrative costs required to carry out such housing activities. See Mackall, Crounse & Moore Letter dated January 25, 1993. See also Mackall, Crounse & Moore Letter dated October 20, 1994 (concluding NRP funds are not subject to TIF administrative expense limitations). [3]

But use of the word "only" in the 2008 special law may preclude such an implication. It suggests an intentional prohibition of expenditures not specifically enumerated in the statute. By comparison, Minnesota Statutes, section 469.176, subds. 4b, 4d and 4e, authorize TIF for certain costs in soils conditions districts, housing districts and hazardous substances subdistricts. In each of these cases, the legislation approves "only" or "solely" the identified uses and specifically lists administrative expenses as an authorized use.[4] Administrative expenses are not a listed use in the 2008 special law.

Question 2. The last sentence of Subd. 3 of the legislation indicates that expenditures are activities within the district for purposes of MN Stat. 469.1763, subd. 2, 3 and 4. How does this impact the five-year rule and use of revenue for decertification? We have been looking at the potential of using revenue to fund an annuity for future neighborhood revitalization activities, and want to be sure that we would not be precluded from this because of TIF provisions.

You have indicated that by "fund an annuity" you mean the City would reserve and invest some of the tax increment generated over the 10-year life of the district for expenditure on neighborhood revitalization in future years (e.g., years 11-20). Minnesota Statutes, section 469.1763, subd. 2, limits the percentage of TIF that may be expended on activities outside the district (but within the project area). Subdivision 3 of section 469.1763 sets forth rules for classifying activities/expenditures as in-district. This is the so-called "five-year rule." Subdivision 4 of section 469.1763 spells out what happens if the limitations in subdivisions 2 and 3 are exceeded.

The 2008 special law seems to vitiate the section 469.1763 pooling restrictions by deeming all expenditures authorized by the special law, i.e., Target Center debt service and neighborhood revitalization, to be in-district activities. Therefore, I don't think the five-year and decertification rules per se would interfere with the annuity concept.

But there may be an authority issue. The 2008 special law arguably contemplates a 10-year program. Since adoption of the pooling restrictions, there isn't much precedent for expending TIF on costs incurred beyond the fifth year after certification of a district.[5] Although the 2008 special law

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[3] See also Minneapolis City Attorney's Opinion dated October 22, 2003 (Under "Dillon's Rule", municipalities have only such powers as are expressly granted by statute or charter or are implied as necessary to the exercise of the powers so granted.)
[4] See also Minn. Stat. §469.1791, subd. 3 (TIF from special taxing district "may only be used to pay pre-existing obligations and reasonable administrative expenses of the authority for the tax increment financing district").
[5] Minn. Stat. §469.176, subd. 4, says TIF can be used "to pay the principal of and interest on bonds issued to finance a project...[and] to finance or otherwise pay premiums for insurance or other security guaranteeing the payment ...on the bonds ...or to accumulate and maintain a reserve...." Minn. Stat. §469.174, subd. 3, defines

eliminates the five-year limitation, it's not clear that the legislature intended to extend the authority significantly beyond the 10-year life of the district.

Question 3. How is "neighborhood revitalization" defined? Under the current special law, when the TIF is expended from Fund CNR, it is no longer tax increment. In addition the current special law cites neighborhood revitalization purposes under the NRP statute. This has allowed the TIF revenue to be used for activities that are not allowed under the TIF Act. (i.e., public safety officers and various social service programs, as examples). Under the new legislation, would the neighborhood revitalization purposes be limited to activities that are historically authorized TIF expenditures (i.e., bricks & mortar)? If there is authority under Ch 469, can we fund, for example, a single family housing improvement revolving loan program? Would loan repayments be considered to be TI?

The 2008 special law does not define neighborhood revitalization directly or by reference to any other statutes. Can one assume that the legislators had knowledge of the City's neighborhood revitalization program and consciously chose not to reference it? Did they intend a narrower definition, e.g., only TIF-eligible activities? Or perhaps they wanted a broader definition, e.g., activities outside the action-planning process? Or did they think neighborhood revitalization and NRP were synonymous? The intent of the legislature is unclear from the face of the statute.

The rules of construction suggest looking at other laws upon the subject, among other things, to determine legislative intent. The three statutes that currently provide authority to expend tax increment for the NRP are:

> Minnesota Statutes, section 469.1781(b)—"...city must expend for a neighborhood revitalization program as established under section 469.1831 an amount of revenue derived from tax increments...."
>
> Minnesota Statutes, 469.1831—"a neighborhood revitalization program may provide for the expenditure of program money ...program money means the money derived from tax increments...under section 469.1781, paragraph (b) ...."
>
> Laws 1990, chapter 604—"city...shall reserve...tax increment...to be expended in neighborhood revitalization...."

As you've noted, the NRP statutes allow radically different types of things to be funded with TIF. And Minnesota Statutes, section 469.1831, subd. 4(d) contains language that specifically "launders" or removes the tax increment strictures from funds used for NRP:

"bonds" as "any bonds, including refunding bonds, notes, interim certificates, debentures or other obligations issued by an authority under section 469.178...." Minn. Stat. §469.1763, subd. 3(a)(2) requires that bonds be sold within 5 years after certification, but proceeds don't need to be spent within that period to qualify as an in-district expenditure. Minn. Stat. §469.1763, subd. 5 allows TIF to pay debt service on "credit enhanced bonds" (which are defined in Minn. Stat. §469.174, subd. 21) issued to finance activities outside of the district from which the revenues are derived, regardless of when the district was created.

"Notwithstanding any other provision of law to the contrary, ...program money and money described in Laws 1990, chapter 604...may be expended anywhere within the city by the authority for a purpose permitted by this section for any political subdivision without compliance with section 469.175, subdivision 4, and such money shall be deemed to be expended for a purpose that is a permitted project under section 469.176 and for a purpose that is permitted under section 469.176 for the district from which the increment was received."[6]

In a letter dated July 2, 1999, Arlin Waelti opined that "tax increment ceases to be tax increment revenue when revenues have been allocated to NRP neighborhoods, action plans have been approved and tax increments have been conveyed from the NRP Reserve for implementation of the neighborhood program."

We have no comparable authority in the 2008 special law. We thus have no clear basis to avoid any TIF requirements not specifically exempted in the 2008 special law.

But this result seems rather absurd for at least a couple of reasons. First, many if not most of the parcels in the special law district will be downtown. With a few exceptions, TIF must be used in the geographical area of a district (or project). It is unlikely that the legislature would have intended to fund revitalization in only a few downtown neighborhoods.

Second, it seems equally implausible that the legislature would have intended to authorize only traditional TIF-eligible neighborhood revitalization activities. The City has a nearly 20-year history of expenditures for neighborhood revitalization under NRP. The neighborhood revitalization purposes identified in the NRP laws (Minnesota Statutes, section 469.1831) go well beyond the "bricks and mortar" activities that typically can be funded with TIF.

One could argue that the phrase "neighborhood revitalization purposes" in the 2008 special law was intended to incorporate the NRP statutes by reference.[7] But this argument may go too far, because it would incorporate the programmatic/process requirements of section 469.1831 as well as the purpose elements. One also could argue that by declaring neighborhood revitalization to be in-district activities under Minnesota Statutes, section 469.1763, subd. 2, the legislature meant to allow city-wide uses. But we have no answer to the harder question of whether the legislature wanted the activities to otherwise conform to traditional TIF-eligibility rules.

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[6] In an opinion dated October 20, 1994, Arlin Waelti concluded that "the special law requirement that the reserved funds generated from the Common Project must be expended for the purposes permitted by Section 469.1831 and the fact that the purposes are tied to program requirements means that all subdivisions of Section 469.1831 are applicable."

[7] Note, however, that "neighborhood revitalization" is defined or referenced in other statutes as well. See e.g., Minn. Stat. §§469.203-469.207 (Targeted Neighborhood Revitalization Programs); Minn. Stat. §§299A.63 (Weed and Seed Grant Program).

Conclusions.

1. There is no express authority to pay administrative expenses with TIF from the special law redevelopment district and it is difficult to imply such authority.
2. Since the 2008 special law deems expenditures for authorized activities to be "in-district," the five-year rule is not a concern. But it's questionable whether the legislature intended to authorize a program of indefinite duration.
3. Many TIF limitations apply to the neighborhood revitalization activities that may be funded from the special law redevelopment district.

The 2008 special law presents a significant number of ambiguities, particularly in its application to neighborhood revitalization. The TIF laws contain relatively serious penalties for violations. Under Minnesota Statutes, section 469.1771, the state auditor audits TIF districts and reports violations to the development authority, the municipality, the county attorney and the attorney general. The county attorney may bring an enforcement action. If not and the violation is substantial, the attorney general shall petition the tax court to suspend the development authority's and municipality's TIF powers up to five years. In addition, the development authority must repay the county auditor any amounts expended in violation of the TIF laws. Further, a taxpayer may bring suit and recover attorney's fees if he or she prevails. It thus would be advisable to seek clarification from the legislature.

City of Minneapolis, Minnesota
2008 Special TIF Legislation

Summary Report

Projected Pay 2011 Net Tax Increment
From Potential New TIF District Established in 2010

Scenario	% of Total Value of Eligible Parcels Included in New TIF District (a)	Projected Pay 2011 Net Tax Increment (b)
A	100%	$24,146,280
B	75%	$17,704,083
C	50%	$11,261,887
D	25%	$4,819,689

(a) All of the parcels that are in the pre-79 TIF districts (as of 7/1/08) are eligible for inclusion in the new TIF district.

(b) Assumes that the City makes the fiscal disparity Option B election (pursuant to M.S. Section 469.177, Subd. 3) so that the required fiscal disparity contribution is made from inside the TIF district, which eliminates any negative impact to the City's local tax base.

See the accompanying Detail Reports for other assumptions used in projecting pay 2011 net tax increment.

Projected Pay 2011 Net Tax Increment Detail Report

Scenario A

100% of Valuation From Pre-79 TIF Parcels Included in New TIF District
Fiscal Disparity Contribution From Inside New TIF District (Option B)

				Pay 2008 Net Tax Capacity (NTC)		
#	Fund	TIF District Name	TIF #	C.I.U.	Non C.I.U.	Total
1	CBA	West Broadway	7	$614,531	$233,400	$847,931
2	CBB	St. Anthony West	1	260,777	1,497,381	1,758,158
			11	62,570	224,357	286,927
			18	52,930	538,406	591,336
3	CBC	Grant	3	306,940	150,951	457,891
			19	169,262	0	169,262
4	CBF	North Loop	6	3,092,243	3,115,897	6,208,140
			22	1,290,018	121,378	1,411,396
5	CBG	Industry Square	9	2,594,649	723,610	3,318,259
			13	7,750	0	7,750
6	CBH	Seward South	4	623,138	3,784	626,922
			10	856,342	3,126	859,468
			17	429,628	80,275	509,903
7	CBJ	Cedar - Riverside	2	1,389,896	1,771,841	3,161,737
8	CBM	Hennepin-Lake	23	1,085,366	35,046	1,120,412
9	CBN	Broadway - 35W	14	1,200,309	0	1,200,309
10	CBT	Loring Park	51	1,121,755	3,028,438	4,150,193
11	CBX	City Center	56	3,332,500	0	3,332,500
12	CPA	North WIP	8	2,443,479	174,928	2,618,407
			16	116,810	0	116,810
13	CPB	Holmes	5	547,686	1,042,630	1,590,316
			15	257,920	382,200	640,120
			26	73,246	0	73,246
14	CPC	Nicollet Island - East Bank	24	329,372	1,551,802	1,881,174
			35	21,750	10,313	32,063
15	CPG	Nicollet - Lake	52	591,502	183,324	774,826
Pay 2008 Total NTC				$22,872,369	$14,873,087	$37,745,456
				61%	39%	100%

Pay 2009 Total NTC with annual inflation @	1.50%	$23,215,455	$15,096,183	$38,311,638	
Pay 2010 Total NTC with annual inflation @	1.50%	$23,563,687	$15,322,626	$38,886,313	
Pay 2011 Total NTC with annual inflation @	1.50%	$23,917,142	$15,552,465	$39,469,607	
% of Total NTC Included in New TIF District		100%	100%	100%	
Pay 2011 NTC in New TIF District		$23,917,142	$15,552,465	$39,469,607	
Less: Original Net Tax Capacity (ONTC)		2,328,214	403,640	2,731,854	
Gross Captured NTC		$21,588,928	$15,148,825	$36,737,753	100%
Less: Fiscal Disparity Contribution @	30.0%	6,476,678	n/a	6,476,678	18%
Net Captured NTC		$15,112,250	$15,148,825	$30,261,075	82%

	Tax Rate	%	Amount
Projected Gross Tax Increment			
City Portion	52.0%	46.0%	$15,735,759
County Portion	32.8%	29.0%	9,925,633
School Portion	21.5%	19.0%	6,506,131
Other Jurisdictions Portion	6.7%	6.0%	2,027,492
Total	113.0%	100.0%	$34,195,015
Less: OSA Fee (.36%)			123,102
Gross TIF Distributed to City			$34,071,913
Less: TIF Reimbursement to County			9,925,633
Projected Pay 2011 Net Tax Increment			**$24,146,280**

Projected Pay 2011 Net Tax Increment Detail Report

Scenario B

75% of Valuation From Pre-79 TIF Parcels Included in New TIF District
Fiscal Disparity Contribution From Inside New TIF District (Option B)

#	Fund	TIF District Name	TIF #	Pay 2008 Net Tax Capacity (NTC) C.I.U.	Non C.I.U.	Total
1	CBA	West Broadway	7	$614,531	$233,400	$847,931
2	CBB	St. Anthony West	1	260,777	1,497,381	1,758,158
			11	62,570	224,357	286,927
			18	52,930	538,406	591,336
3	CBC	Grant	3	306,940	150,951	457,891
			19	169,262	0	169,262
4	CBF	North Loop	6	3,092,243	3,115,897	6,208,140
			22	1,290,018	121,378	1,411,396
5	CBG	Industry Square	9	2,594,649	723,610	3,318,259
			13	7,750	0	7,750
6	CBH	Seward South	4	623,138	3,784	626,922
			10	856,342	3,126	859,468
			17	429,628	80,275	509,903
7	CBJ	Cedar - Riverside	2	1,389,896	1,771,841	3,161,737
8	CBM	Hennepin-Lake	23	1,085,366	35,046	1,120,412
9	CBN	Broadway - 35W	14	1,200,309	0	1,200,309
10	CBT	Loring Park	51	1,121,755	3,028,438	4,150,193
11	CBX	City Center	56	3,332,500	0	3,332,500
12	CPA	North WIP	8	2,443,479	174,928	2,618,407
			16	116,810	0	116,810
13	CPB	Holmes	5	547,686	1,042,630	1,590,316
			15	257,920	382,200	640,120
			26	73,246	0	73,246
14	CPC	Nicollet Island - East Bank	24	329,372	1,551,802	1,881,174
			35	21,750	10,313	32,063
15	CPG	Nicollet - Lake	52	591,502	183,324	774,826
Pay 2008 Total NTC				$22,872,369	$14,873,087	$37,745,456
				61%	39%	100%

		C.I.U.	Non C.I.U.	Total	
Pay 2009 Total NTC with annual inflation @	1.50%	$23,215,455	$15,096,183	$38,311,638	
Pay 2010 Total NTC with annual inflation @	1.50%	$23,563,687	$15,322,626	$38,886,313	
Pay 2011 Total NTC with annual inflation @	1.50%	$23,917,142	$15,552,465	$39,469,607	
% of Total NTC Included in New TIF District		75%	75%	75%	
Pay 2011 NTC in New TIF District		$17,937,857	$11,664,349	$29,602,206	
Less: Original Net Tax Capacity (ONTC)		2,328,214	403,640	2,731,854	
Gross Captured NTC		$15,609,643	$11,260,709	$26,870,352	100%
Less: Fiscal Disparity Contribution @	30.0%	4,682,893	n/a	4,682,893	17%
Net Captured NTC		$10,926,750	$11,260,709	$22,187,459	83%

	Tax Rate	%	Amount
Projected Gross Tax Increment			
City Portion	52.0%	46.0%	$11,537,479
County Portion	32.8%	29.0%	7,277,487
School Portion	21.5%	19.0%	4,770,304
Other Jurisdictions Portion	6.7%	6.0%	1,486,559
Total	113.0%	100.0%	$25,071,829
Less: OSA Fee (.36%)			90,259
Gross TIF Distributed to City			$24,981,570
Less: TIF Reimbursement to County			7,277,487
Projected Pay 2011 Net Tax Increment			**$17,704,083**

Projected Pay 2011 Net Tax Increment Detail Report

Scenario C

50% of Valuation From Pre-79 TIF Parcels Included in New TIF District

Fiscal Disparity Contribution From Inside New TIF District (Option B)

#	Fund	TIF District Name	TIF #	Pay 2008 Net Tax Capacity (NTC) C.I.U.	Non C.I.U.	Total
1	CBA	West Broadway	7	$614,531	$233,400	$847,931
2	CBB	St. Anthony West	1	260,777	1,497,381	1,758,158
			11	62,570	224,357	286,927
			18	52,930	538,406	591,336
3	CBC	Grant	3	306,940	150,951	457,891
			19	169,262	0	169,262
4	CBF	North Loop	6	3,092,243	3,115,897	6,208,140
			22	1,290,018	121,378	1,411,396
5	CBG	Industry Square	9	2,594,649	723,610	3,318,259
			13	7,750	0	7,750
6	CBH	Seward South	4	623,138	3,784	626,922
			10	856,342	3,126	859,468
			17	429,628	80,275	509,903
7	CBJ	Cedar - Riverside	2	1,389,896	1,771,841	3,161,737
8	CBM	Hennepin-Lake	23	1,085,366	35,046	1,120,412
9	CBN	Broadway - 35W	14	1,200,309	0	1,200,309
10	CBT	Loring Park	51	1,121,755	3,028,438	4,150,193
11	CBX	City Center	56	3,332,500	0	3,332,500
12	CPA	North WIP	8	2,443,479	174,928	2,618,407
			16	116,810	0	116,810
13	CPB	Holmes	5	547,686	1,042,630	1,590,316
			15	257,920	382,200	640,120
			26	73,246	0	73,246
14	CPC	Nicollet Island - East Bank	24	329,372	1,551,802	1,881,174
			35	21,750	10,313	32,063
15	CPG	Nicollet - Lake	52	591,502	183,324	774,826
Pay 2008 Total NTC				$22,872,369	$14,873,087	$37,745,456
				61%	39%	100%

		C.I.U.	Non C.I.U.	Total	
Pay 2009 Total NTC with annual inflation @	1.50%	$23,215,455	$15,096,183	$38,311,638	
Pay 2010 Total NTC with annual inflation @	1.50%	$23,563,687	$15,322,626	$38,886,313	
Pay 2011 Total NTC with annual inflation @	1.50%	$23,917,142	$15,552,465	$39,469,607	
% of Total NTC Included in New TIF District		50%	50%	50%	
Pay 2011 NTC in New TIF District		$11,958,571	$7,776,233	$19,734,804	
Less: Original Net Tax Capacity (ONTC)		2,328,214	403,640	2,731,854	
Gross Captured NTC		$9,630,357	$7,372,593	$17,002,950	100%
Less: Fiscal Disparity Contribution @ 30.0%		2,889,107	n/a	2,889,107	17%
Net Captured NTC		$6,741,250	$7,372,593	$14,113,843	83%

	Tax Rate	%	Amount
Projected Gross Tax Increment			
City Portion	52.0%	46.0%	$7,339,198
County Portion	32.8%	29.0%	4,629,341
School Portion	21.5%	19.0%	3,034,476
Other Jurisdictions Portion	6.7%	6.0%	945,628
Total	113.0%	100.0%	$15,948,643
Less: OSA Fee (.36%)			57,415
Gross TIF Distributed to City			$15,891,228
Less: TIF Reimbursement to County			4,629,341
Projected Pay 2011 Net Tax Increment			**$11,261,887**

Projected Pay 2011 Net Tax Increment Detail Report

Scenario D

25% of Valuation From Pre-79 TIF Parcels Included in New TIF District

Fiscal Disparity Contribution From Inside New TIF District (Option B)

#	Fund	TIF District Name	TIF #	Pay 2008 Net Tax Capacity (NTC) C.I.U.	Non C.I.U.	Total
1	CBA	West Broadway	7	$614,531	$233,400	$847,931
2	CBB	St. Anthony West	1	260,777	1,497,381	1,758,158
			11	62,570	224,357	286,927
			18	52,930	538,406	591,336
3	CBC	Grant	3	306,940	150,951	457,891
			19	169,262	0	169,262
4	CBF	North Loop	6	3,092,243	3,115,897	6,208,140
			22	1,290,018	121,378	1,411,396
5	CBG	Industry Square	9	2,594,649	723,610	3,318,259
			13	7,750	0	7,750
6	CBH	Seward South	4	623,138	3,784	626,922
			10	856,342	3,126	859,468
			17	429,628	80,275	509,903
7	CBJ	Cedar - Riverside	2	1,389,896	1,771,841	3,161,737
8	CBM	Hennepin-Lake	23	1,085,366	35,046	1,120,412
9	CBN	Broadway - 35W	14	1,200,309	0	1,200,309
10	CBT	Loring Park	51	1,121,755	3,028,438	4,150,193
11	CBX	City Center	56	3,332,500	0	3,332,500
12	CPA	North WIP	8	2,443,479	174,928	2,618,407
			16	116,810	0	116,810
13	CPB	Holmes	5	547,686	1,042,630	1,590,316
			15	257,920	382,200	640,120
			26	73,246	0	73,246
14	CPC	Nicollet Island - East Bank	24	329,372	1,551,802	1,881,174
			35	21,750	10,313	32,063
15	CPG	Nicollet - Lake	52	591,502	183,324	774,826
Pay 2008 Total NTC				$22,872,369	$14,873,087	$37,745,456
				61%	39%	100%

		C.I.U.	Non C.I.U.	Total	
Pay 2009 Total NTC with annual inflation @	1.50%	$23,215,455	$15,096,183	$38,311,638	
Pay 2010 Total NTC with annual inflation @	1.50%	$23,563,687	$15,322,626	$38,886,313	
Pay 2011 Total NTC with annual inflation @	1.50%	$23,917,142	$15,552,465	$39,469,607	
% of Total NTC Included in New TIF District		25%	25%	25%	
Pay 2011 NTC in New TIF District		$5,979,286	$3,888,116	$9,867,402	
Less: Original Net Tax Capacity (ONTC)		2,328,214	403,640	2,731,854	
Gross Captured NTC		$3,651,072	$3,484,476	$7,135,548	100%
Less: Fiscal Disparity Contribution @	30.0%	1,095,322	n/a	1,095,322	15%
Net Captured NTC		$2,555,750	$3,484,476	$6,040,226	85%

	Tax Rate	%	Amount
Projected Gross Tax Increment			
City Portion	52.0%	46.0%	$3,140,918
County Portion	32.8%	29.0%	1,981,194
School Portion	21.5%	19.0%	1,298,649
Other Jurisdictions Portion	6.7%	6.0%	404,694
Total	113.0%	100.0%	$6,825,455
Less: OSA Fee (.36%)			24,572
Gross TIF Distributed to City			$6,800,883
Less: TIF Reimbursement to County			1,981,194
Projected Pay 2011 Net Tax Increment			**$4,819,689**

Attachment 4

DRAFT

Target Center Finance Plan - Current Sources of Revenue

(as of January 1, 2009)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Year Ending	**Property Tax**	**Arena Tax Increment**	**Entertain-ment Tax**	**Event Parking**	**MASC**	**Common Project Tax Increment**	**Total Revenue**	**Total Tax Increment Revenue**	**Total Non-Tax Increment Revenue**
2009	72,169	998,096	1,118,000	2,408,483	749,990	1,826,300	7,173,038	2,824,396	4,348,642
2010	72,169	1,018,057	1,118,000	2,580,738	-	5,000,000	9,788,965	6,018,057	3,770,907
2011	72,169	1,038,419	1,118,000	2,758,160	-	4,900,000	9,886,748	5,938,419	3,948,329
2012	72,169	1,059,187	1,118,000	2,940,905	-	4,750,000	9,940,261	5,809,187	4,131,074
2013	541,500	0	1,118,000	3,129,132	-	3,400,000	8,188,632	3,400,000	4,788,632
2014	541,500	0	1,118,000	3,323,006	-	0	4,982,506	0	4,982,506
2015	541,500	0	1,118,000	3,522,696	-	0	5,182,196	0	5,182,196
2016	541,500	0	1,118,000	3,728,377	-	0	5,387,877	0	5,387,877
2017	541,500	0	1,118,000	3,940,228	-	0	5,599,728	0	5,599,728
2018	541,500	0	1,118,000	4,158,435	-	0	5,817,935	0	5,817,935
2019	541,500	0	1,118,000	4,383,188	-	0	6,042,688	0	6,042,688
2020	541,500	0	1,118,000	4,614,684	-	0	6,274,184	0	6,274,184
2021	541,500	0	1,118,000	4,853,124	-	0	6,512,624	0	6,512,624
2022	541,500	0	1,118,000	5,098,718	-	0	6,758,218	0	6,758,218
2023	541,500	0	1,118,000	5,351,679	-	0	7,011,179	0	7,011,179
2024	541,500	0	1,118,000	5,612,230	-	0	7,271,730	0	7,271,730
	6,786,677	4,113,758	17,888,000	62,403,783	749,990	19,876,300	111,818,509	23,990,058	87,828,450

Column 2 This represents the City's portion of the property tax generated from the base value within the Arena TIF District. In 2013 this amount is adjusted to reflect the decertification of the Arena TIF District, and is estimated based on a tax capacity of $945,000 and a City tax rate of 57.

Column 3 This is the estimated TI generated from the Arena TIF District. This district decertifies in 2012.

Column 4 This represents the estimated Entertainment Tax generated from activities in the Arena, based on 2007 actual revenues.

Column 5 This represents the parking revenues to be contributed to the Finance Plan and is consistent with the amounts from 2003.

Column 6 This represents the MASC Payments expected to be received from the State.

Column 7 This represents the Common Project tax increment contribution to the Finance Plan. In the prior plan, the amount was based on 34.68% of the annual debt service requirement for the prior G.O. Bonds. The amount represented now reflects the tax increment from the Common Project that may be used only to pay capital improvements at the Arena. 2009 amount is based on current plan.

Column 8 This represents all pledged revenues in the Finance Plan.

Column 9 This represents all tax increment revenues of the Finance Plan. This revenues are restricted to debt service, certain administrative costs and capital costs

Column 10 This represents all non-tax increment revenues in the Finance Plan. This revenues are unrestricted in their use and to the extent available, may be used for all Arena activities, from debt service to an operating subsidy reserve.