Modification No. 2

to the

Grant Park

Tax Increment Finance Plan

June 22, 2006

Minneapolis
City of Lakes

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Introduction

The purpose of this modification is to update two sections of this TIF plan to reflect the most current information regarding the use of tax increment financing for paying public project costs and the maximum bonded indebtedness that the City may incur for the project. Only the modified sections are included in this document.

IV. Description of Financing

A. Public Project Costs ~ *Changed*

This following TIF budget identifies the maximum public assistance that may be provided to this project through the use of tax increment.

Grant Park TIF District Budget

	Through Construction	Over Time
Sources		
Par Amount of Notes/Bonds	$11,000,000	---
Tax Increment	400,000	$32,000,000
Capitalized Interest	---	2,300,000
Total Sources	$11,400,000	$34,300,000
Uses		
Land Acquisition	$2,000,000	---
Parking	5,300,000	---
Capitalized Interest	2,300,000	---
Debt Service Reserve	900,000	---
Note/Bond Discount	700,000	---
Note/Bond Costs of Issuance	200,000	---
Note/Bond Principal	---	$11,000,000
Note/Bond Interest	---	12,100,000
Affordable Housing	---	8,000,000
Administration	---	3,200,000
Total Uses	$11,400,000	$34,300,000

B. Bonded Indebtedness To Be Incurred ~ *Changed*

On August 15, 2002 the City issued $9,825,000 in taxable tax increment revenue notes for the Grant Park project. These TIF notes produced $7,300,000 in net proceeds which were used to reimburse the developer for land acquisition and parking construction costs. The remaining funds were used for capitalized interest and various issuance costs. The TIF notes mature on August 1, 2007 and are secured by a minimum assessment agreement on the property and a developer guarantee.

Now that construction of the project is complete and virtually all of the units have been sold, it is anticipated that the TIF notes will be refinanced with up to $11,000,000 in City issued long-term tax-exempt tax increment refunding bonds. The proceeds of the TIF bonds will be used to prepay the TIF notes, fund a debt service reserve, and pay for various issuance costs. Debt service on the TIF bonds will be payable solely from tax increment collected from the TIF district and the debt service reserve fund (if needed). The TIF bonds will not be general obligation debt of the City.