Minneapolis
City of Lakes

Modification No. 1 to the East River/Unocal Site Tax Increment Finance Plan

May 20, 2007

Prepared by:

Development Finance Division
Finance Department, City of Minneapolis
105 5th Avenue South, Minneapolis, Minnesota 55401

Modification No. 1 to the East River/Unocal Site
Tax Increment Finance Plan
May 20, 2007

I. Tax Increment District Boundary

II. Statement of Objectives

III. Development Program

- A. Description of Development Program
- B. Property That May Be Acquired
- C. Development Activity For Which Contracts Have Been Signed **- Changed**
- D. Other Development Activity

IV. Description of Financing

- A. Project Costs - **Changed**
- B. Bonded Indebtedness To Be Incurred - **Changed**
- C. Sources of Revenue
- D. Original Net Tax Capacity
- E. Estimated Captured Net Tax Capacity at Completion
- F. Duration of District
- G. Fiscal Disparities Election
- H. Original Tax Capacity Rate
- I. Permit Activity and Prior Planned Improvements
- J. Affordable Housing and Expenditures Outside TIF District

V. Type of Tax Increment Financing District

VI. Estimated Impact on Other Taxing Jurisdictions

VII. Basis for Finding that Development Would Not Occur Without Tax Increment Financing Assistance

VIII. Modifications to Tax Increment Financing Plans

Exhibits – No Change

1) Boundary/Acquisition Map
2) Project Area Report and Documentation of Blight
3) Site Plan

Modification No. 1 to the East River/Unocal Site
Tax Increment Finance Plan

May 20, 2007

Background

In 2002 the Minneapolis Community Development Agency (the "MCDA") issued $1,500,000 in Taxable Tax Increment Revenue Notes for the East River/Unocal Site project. Net note proceeds were used to fund various costs associated with land acquisition, environmental remediation and site improvements. The notes mature in full on August 1, 2007.

Pursuant to the redevelopment contract (as amended) between the MCDA/City and Brighton Development Corporation/East River Mews, LLC (the "Developer"), the revenue notes are to be refinanced with tax-exempt tax increment revenue bonds once various conditions have been satisfied by the Developer. The refinancing is scheduled to occur in mid-July 2007 at which time all such conditions will have been satisfied.

TAX INCREMENT FINANCE PLAN

I. Tax Increment District Boundary – No Change

II. Statement of Objectives – No Change

III. Development Program

A. Description of Development Program – No Change

B. Property That May Be Acquired – No Change

C. Development Activity for Which Contracts Have Been Signed and Other Specific Development Expected to Occur - Changed

In August 2002, the City entered into a development agreement with Brighton Development Corporation. In September 2002, the development agreement was assigned and assumed by East Rivers Mews LLC, a Minnesota limited liability corporation formed by the Brighton Development Corporation. Construction of the East River Mews project was completed in 2005, pursuant to this development agreement.

D. Other Development Activity – No Change

-

IV. Description of Financing

A. Project Costs – Changed

TIF District Budget

Sources	Up-Front	Over Time
Par Amount of Notes/Bonds	$ 1,800,000	
Tax Increment	---	$ 5,000,000
Capitalized Interest	---	305,000
Debt Service Reserve	---	155,000
Total Sources	$ 1,800,000	$ 5,460,000
Uses		
Land Acquisition	$ 500,000	---
Environmental Remediation	519,000	---
Site Improvements	147,000	---
Capitalized Interest	305,000	---
Debt Service Reserve	155,000	---
Note/Bond Underwriters Discount	100,000	---
Note/Bond Costs of Issuance	74,000	---
Note/Bond Principal	---	$ 1,800,000
Note/Bond Interest	---	2,000,000
Affordable Housing Outside TIF District	---	1,234,000
City Administration	---	426,000
Total Uses	$ 1,800,000	$ 5,460,000

B. Bonded Indebtedness to be Incurred – Changed

In 2002 the Minneapolis Community Development Agency (the "MCDA") issued $1,500,000 in Taxable Tax Increment Revenue Notes for the East River/Unocal Site project. Net note proceeds were used to fund various costs associated with land acquisition, environmental remediation and site improvements. The notes mature in full on August 1, 2007.

Pursuant to the redevelopment contract (as amended) between the MCDA/City and Brighton Development Corporation/East River Mews, LLC (the "Developer"), the revenue notes are to be refinanced with tax-exempt tax increment revenue bonds once various conditions have been satisfied by the Developer. The City reserves the right to issue such bonds in an amount not to exceed $1,800,000.

C. Sources of Revenue – No Change

-

D. Original Net Tax Capacity – No Change

E. Estimated Captured Net Tax Capacity at Completion – No Change

F. Duration of District – No Change

G. Fiscal Disparities Election – No Change

H. Original Tax Capacity Rate – No Change

I. Permit Activity and Prior Planned Improvements – No Change

J. Affordable Housing and Expenditures Outside TIF District – No Change

V. Type of Tax Increment Financing District – No Change

VI. Estimated Impact on Other Taxing Jurisdictions – No Change

VII. Basis for Finding that Development Would Not Occur Without Tax Increment Financing Assistance – No Change

VIII. Modifications to Tax Increment Finance Plans – No Change

-