

Housing and Redevelopment Authority of the City of Saint Paul, Minnesota

A Component Unit of the City of Saint Paul, Minnesota

Comprehensive Annual Financial Report For the Fiscal Year Ending December 31, 2016



Amy Brendmoen, Chairperson
Christopher B. Coleman, Mayor
Jonathan Sage-Martinson, Executive Director

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**HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL, MINNESOTA**

A Component Unit of the City of Saint Paul

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2016**

**Amy Brendmoen, Chairperson
Christopher B. Coleman, Mayor of the City of Saint Paul
Jonathan Sage-Martinson, Executive Director**

HRA Board of Commissioners:

**Daniel Bostrom
Amy Brendmoen
Rebecca Noecker
Jane Prince
Russell Stark
Dai Thao
Chris Tolbert**

**Prepared by:
City of Saint Paul -
Department of Planning & Economic Development**

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**HOUSING AND REDEVELOPMENT AUTHORITY OF
THE CITY OF SAINT PAUL, MINNESOTA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2016

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INTRODUCTORY SECTION



CITY OF SAINT PAUL
Christopher B. Coleman, Mayor

*25 West Fourth Street
Saint Paul, MN 55102*

*Telephone: 651-266-6655
Facsimile: 651-228-3261*

June 15, 2017

**TO: THE BOARD OF COMMISSIONERS OF THE HOUSING AND REDEVELOPMENT
AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA AND THE CITIZENS OF
SAINT PAUL:**

The Comprehensive Annual Financial Report of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA) for the fiscal year ended December 31, 2016, is hereby presented to the Board of Commissioners and the citizens of Saint Paul. This report has been prepared pursuant to, and demonstrates compliance with, Minnesota Statutes Section 469.013; and recognizes the HRA's past and current practices of financial disclosure.

This report was prepared by the City of Saint Paul's (City) Department of Planning and Economic Development. In accordance with an agreement between the HRA and the City, the responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures is with the City. We believe the data, as presented, are accurate in all material aspects; that they are presented in a manner designed to fairly set forth the financial position, changes in financial position, and cash flows of the HRA as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the HRA's financial affairs have been included. This report has been prepared in accordance with current accounting and financial reporting principles generally accepted in the United States of America and standards set by the Governmental Accounting Standards Board (GASB) and also follows the guidelines recommended by the Government Finance Officers Association of the United States and Canada.

State law also requires an annual audit of the books of account, financial records and transactions, and this financial report by the State Auditor's Office. This requirement has been met and the auditor's opinion has been included in this report. Auditing standards generally accepted in the United States of America and the standards set forth in the U.S. General Accounting Office's *Government Auditing Standards* were used by the State Auditor in conducting the engagement. The State Auditor is also issuing a management and compliance letter covering the review of the HRA's system of internal control over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The management and compliance letter will not modify or affect, in any way, this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Government Finance Officers Association reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors and creditors. We agree with this direction, and, in keeping with past practice, will send a copy of the report to the Board of Commissioners, HRA management, bond rating agencies, financial institutions, government agencies and other interested parties, who have expressed an interest in the HRA's financial affairs.

INTERNAL CONTROL

To provide a reasonable basis for making these representations, the Saint Paul Housing and Redevelopment Authority (which is a component unit of the City of Saint Paul and is, therefore, included in the City's Comprehensive Annual Financial Report) adheres to the internal control framework as established by the City of Saint Paul. The City of Saint Paul has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft or misuse and to compile sufficiently reliable information for the preparation of the City of Saint Paul's financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America as applied to governmental units. Because the cost of internal controls should not outweigh their benefits, the City of Saint Paul's comprehensive framework of internal controls has been designed to provide a reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. All internal control evaluations occur within this framework. To the best of our knowledge, this financial report is complete and reliable in all material respects.

PROFILE OF THE GOVERNMENT

The Saint Paul Housing and Redevelopment Authority was established by State Law in 1947, Chapter 487 (codified at Minn. Stat. Ch. 469). The HRA provides the full range of services as stipulated in Chapter 469: urban renewal, redevelopment, economic development, and rehabilitation. Through these services, the HRA strives to redevelop the residential, commercial and industrial areas of Saint Paul, provide adequate jobs, a sound fiscal base, and a variety of affordable housing for Saint Paul residents. The HRA is governed by a seven-member Board of Commissioners consisting of the members of the elected City Council.

The HRA was reorganized in 1978 and 1979. Under the reorganization, the HRA employees became employees of the City of Saint Paul. The HRA has no employees. The HRA and the City entered into an agreement, effective January 1, 1979, whereby the City agreed to perform administrative and accounting services for the HRA.

This report includes all of the funds, capital assets, and long-term debt of the HRA as described in the Management's Discussion and Analysis, which can be found immediately following the auditor's opinion. In addition, it has been determined that, for financial reporting purposes, the HRA is a component unit of the City of Saint Paul and is, therefore, included in the City's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016.

The HRA is empowered to levy a tax on both real and personal property in Saint Paul. This tax has been levied annually by the HRA. The HRA also receives property tax increments on designated Saint Paul

tax increment financing districts that were established for development purposes. Under State Law, the HRA is authorized to issue revenue bonds on which the principal and interest are payable from specific revenues. The HRA may pledge the general obligations of the City as additional security on these same revenue bonds. The HRA is not authorized to issue bonds which constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

FINANCIAL POLICIES

In 2009, the Authority adopted a land valuation policy which values any new land purchase at acquisition cost, less transaction costs and fees. That value will continue until disposal, unless the Authority formally changes the value. In 2011, the Authority confirmed the practice and policy of using accumulating conduit bond fees for Planning and Economic Development Administration costs. In 2014, the Authority established a property valuation policy which values lots or buildings offered for sale by the HRA based on a third-party appraisal or broker's opinion of market value with adjustments to market value made at the sole discretion of the HRA prior to posting of properties for sale.

ECONOMIC OUTLOOK

Saint Paul is an important part of the overall strong Twin Cities metro area economy. Metropolitan Council forecasts indicate that Saint Paul is expected to add 37,567 jobs by 2040 (21% growth from 2010). Total employee count in Saint Paul at the end of 2016 was estimated to be 151,714.¹

Saint Paul compares favorably when ranked among the 20 large northeast and midwest cities on economic and social factors.² Among these peer cities:

- Saint Paul had the 4th lowest annual unemployment rate in 2016 (3.5%).³
- Saint Paul ranked 4th highest in percent of population 25 years and over with a bachelor's degree or higher (39.3%).⁴
- Saint Paul ranks 5th highest in median household income (\$48,757), 5th highest in median family income (\$62,381) and 8th highest in per capita income (\$26,054).⁵
- The median value of owner-occupied houses in Saint Paul is 6th highest compared to peer cities (\$173,900).⁶

¹Minnesota Department of Employment and Economic Development's Quarterly Census Employment and Wages (QCEW) tool, available at <http://mn.gov/deed/data/data-tools/qcew/>

²The cities are Baltimore, Boston, Buffalo, Chicago, Cincinnati, Cleveland, Columbus, Detroit, Indianapolis, Kansas City, Milwaukee, Minneapolis, New York, Newark, Omaha, Philadelphia, Pittsburgh, Street Louis and Toledo.

³Bureau of Labor Statistics, Local Area Unemployment Statistics available at: <http://www.bls.gov/lau/lacilg14.htm>; Minnesota city unemployment rates available at: <http://mn.gov/deed/data/>

⁴2015 American Community Survey, through the American Fact Finder, available at: <http://www.census.gov>

⁵2015 American Community Survey, through the American Fact Finder, available at: <http://www.census.gov>

⁶2015 American Community Survey, through the American Fact Finder, available at: <http://www.census.gov>

Over the years, Saint Paul has consistently registered an unemployment rate equal to or lower than that of the U.S. as a whole. The City's unemployment rate for 2016 was 3.5% which is lower than both the Minnesota rate of 4.1% and the U.S. rate of 4.5%.⁷

Saint Paul's largest employment sector is Education and Health Services (60,832 jobs; 33.64% of total jobs). Other large employment sectors include Trades, Transportation, Utilities, and Construction (23,767 jobs; 13.1% of total jobs) and Public Administration (22,481 jobs; 12.4% of total jobs).⁸

LONG-TERM FINANCIAL PLANNING

The Housing and Redevelopment Authority had an unrestricted fund balance at year end in its General Fund that was greater than 15% of the annual budget spending for this fund. In addition, the Authority has a committed fund balance in its General Fund at year end per its adopted policy of committing the fund balance from conduit revenue bond fees for Planning and Economic Development administration costs. This committed fund balance at year end is greater than the annual support the Authority's General Fund provides for PED Administration costs.

MAJOR INITIATIVES

City Strategic Plan

A strategic vision for the City was developed by the Mayor's administration in consultation with other stakeholders. To support a vision of Saint Paul as the most livable city in America, it identifies four strategic goals:

Education Initiative: Mayor Coleman believes that educating our children is the key to the future success and vitality of Saint Paul. A majority of jobs in the future will require some postsecondary degree or training, even manufacturing jobs. High quality education starts at home with parents talking and reading to their young children and goes right on through the child's life. Many sources are necessary to educate a child for a lifetime. City resources, from libraries to parks and police, help families help their children learn and grow. The City provides many programs year round for children and their families in libraries and recreation centers. The City is also a close partner with Saint Paul Public Schools and other forms of schools in the City. By working together, we can help prepare our children for successful futures through education and learning.

Sustainable Saint Paul: Mayor Chris Coleman and the Saint Paul City Council are committed to making Saint Paul "The Most Livable City in America" and a leader in sustainable urban living. The City is taking proactive steps to protect the City's air, water, and urban landscape by focusing on Carbon Dioxide (CO₂) reduction activities in the areas of energy efficiency and conservation, clean energy supply, alternative fuels and transportation options, recycling and waste reduction, urban reforestation and natural resources management, and water resources management.

⁷ Minnesota Department of Employment and Economic Development, Minnesota Unemployment Statistics available at: <http://mn.gov/deed/data/>

⁸ Minnesota Department of Employment and Economic Development's Quarterly Census Employment and Wages available at <http://mn.gov/deed/data/>

Economic Development: To maintain economic growth, the City will continue to develop and implement strategic plans to encourage private investment in housing and economic development projects in Saint Paul, including the 2016 – 2018 Economic Development strategy, aiming for an increase of 3,000 jobs over three years. The City of Saint Paul is involved in an initiative to position the Minneapolis-Saint Paul region as the world’s premier business location and strengthen our diverse economy to compete in the global marketplace. A Minneapolis-Saint Paul Metropolitan Business Plan is guiding our efforts to coordinate a regional approach to economic development.

Racial Equity: We believe a prosperous Saint Paul must address racial disparities in our City. Diversity is a strength of our workforce and enables employees to more effectively and authentically provide services to Saint Paul residents, businesses, and visitors. We believe inclusion, engagement, transparency, and continuous learning from each other are keys to creating racial equity in city government and our community.

MAJOR DEVELOPMENTS

I. Downtown Saint Paul

Custom House

The former post office tower overlooking the Mississippi River has undergone a \$125 million renovation. In April 2016, residential tenants began moving into Custom House, the Exeter Group’s 17-story, 202-unit apartment complex at 180 E. Kellogg Boulevard. The 149-room Hyatt Place, the City’s first entirely new hotel since the 1980s, opened September 15, 2016. Funding included \$5.8 million in tax increment financing from the City, as well as grants from the Metropolitan Council and the Minnesota Department of Employment and Economic Development.

333 on the Park

Timberland Partners began construction in February 2016 on the historic office building at 333 N. Sibley Street into “333 on the Park” which includes 134 market-rate apartments, 10 two-story penthouses, and underground parking and retail space. The \$41 million project received federal and state historic tax credits and a HUD-insured mortgage loan and opened in March 2017.

Ramsey County West Building

In 2016, Ramsey County continued deconstruction of the six-building former West Publishing complex and the former adult detention center on Kellogg Boulevard. The \$17 million demolition and bluff stabilization are expected to be complete in 2017.

First National Bank Building

In October 2015, Jim Crockarell/Madison Equities bought the First National Bank building at 332 Minnesota Street for \$37 million. Plans include \$6 million in tenant space improvements and \$12 million in energy retrofits supported by PACE clean energy financing through the Saint Paul Port Authority, part of which included re-illuminating the iconic sign atop the building in November 2016. Major tenants include the Social Security Administration, the law firm of Sweeney & Masterson, the public health consulting and contract group Maximus, and marketing firm The Concept Group.

Central Station

The Metropolitan Council and the HRA own the land east of the Green Line's Central Station at Fifth and Cedar Streets. The two entities began working together in 2016 to position the land as a prime redevelopment site. Metropolitan Council plans to begin marketing the property in 2017. Throughout 2017, the Musicant Group will be working to activate the skyway and public realm adjacent to the property to bring more positive activity and energy to the site.

Treasure Island Center/Former Macy's

The Saint Paul Port Authority acquired the Macy's Department Store at 411 Cedar Street for \$3 million in 2014, and partnered in 2016 on a \$60 million joint venture with Hempel Cos. Plans include some conversion to office space, new retailers, more parking, and a rooftop ice rink which will be a practice facility for the Minnesota Wild. The center is planned to be open to the public by September 2017.

Palace Theatre

December 2016 marked the near completion of construction on the long-vacant, 100-year-old Palace Theatre performance venue. Beginning in March 2017, music acts enlivened the 1916 vaudeville theater that has been mostly shuttered since 1977. The HRA purchased the Palace Theatre at 17 West Seventh Place and revived the venue into a 2,800-person concert hall. The \$15.7 million renovation is funded in part by \$5.0 million grant from the state and a \$9.7 million city loan from the Mayor's 8-80 Vitality fund. The venue is being jointly operated by locally-based First Avenue and Jam Productions out of Chicago.

Children's Museum

Minnesota Children's Museum broke ground in December 2015 on a \$30 million expansion and renovation at 10 West Seventh Street. The museum, which remains open during most of construction, is creating all-new exhibits, including a four-story climbing structure and an expanded gallery for air and water play. The project is planned to be completed in June 2017.

Ecolab

Ecolab paid \$47 million in the summer of 2015 for the Travelers Co. 17-story, pyramid-topped North Tower at 385 Washington Street, which will be converted by the end of 2018 into Ecolab global headquarters. Travelers is consolidating in the South Tower. The former site of Ecolab is being marketed for future tenants.

Seven Corners Hardware/OXBO/Hampton Inn and Suites

In 2016, the Minnetonka-based Opus Group constructed OXBO, a six-story, 191-unit luxury apartment complex at the former Seven Corners Hardware site, 216 West Seventh Street at Chestnut Street. Next door at 200 West Seventh Street, Vista Host built a 160-unit Hampton Inn and Suites which opened in November 2016.

United/Children's Mother Baby Center

In October 2015, United Hospital, Allina Health, and Children's Hospitals and Clinics of Minnesota opened a \$32.5 million birthing center at 345 North Smith Avenue. The first phase included a remodel of Children's neonatal intensive-care unit and build-out of 30,000 square feet of new space, including a

new entrance, family waiting area, triage, labor, operating and post-operative rooms. A second phase, completed in 2016, included 30 renovated postpartum rooms and nine renovated antepartum rooms. In addition, improvements have been made to facilities for providers and staff.

Gillette

In 2016, Gillette Children's Specialty Healthcare renovated more than 40,000 square feet of space on the fourth floor of Region's Hospital at 200 East University Avenue. The project included renovating all inpatient rehab rooms into private rooms; updating nursing stations; remodeling the entry and registration spaces, waiting areas and restrooms; and adding new advanced imaging equipment. Gillette also converted office space to clinic space at 435 Phalen Boulevard. In addition to the philanthropic contributions and internal capital funds, the HRA issued \$20 million in conduit revenue bonds for the project.

Regions Hospital

Regions Hospital at 640 Jackson Street began construction in 2016 on a \$4 million ambulance arrival center. The six new parking bays will offer higher clearance and improved sight lines for ambulances. Project completion is expected for June 2017.

Dorothy Day Center/Higher Ground Saint Paul

Catholic Charities began opening portions of Higher Ground Saint Paul, a five-level emergency shelter and 193-unit housing facility at 411 Main Street in December 2016. A second phase to begin in the spring of 2017 will replace the existing Dorothy Day shelter at 183 Old Sixth Street with a six-story Opportunity Center that includes job referrals, social services, a health clinic and 171 units of single-room permanent housing. The second phase is expected to be completed by the end of 2018. Total cost of the project is \$100 million.

Capitol/Minnesota State Senate Building

The Capitol is undergoing a \$309.5 million renovation that will continue into the fall of 2017. An \$89.5 million Senate office building and 264-stall underground parking garage opened in January 2016.

II. Along the Green Line

Snelling-Midway

A groundbreaking ceremony was held in December 2016 for a \$150 million Major League Soccer stadium overlooking Interstate 94 between Pascal and Snelling Avenues. The stadium will be home to Minnesota United. The City committed \$18.4 million to new roads, sewers, green space and other infrastructure near the stadium, and the stadium will be privately financed. The team owners are seeking property tax relief from the Minnesota State Legislature. Construction is expected to begin in the spring of 2017. Hand in hand with the soccer stadium, New York-based strip mall owner RK Midway has teamed with Minnesota United owner Bill McGuire and other major investors to redevelop the adjacent Midway Shopping Center. A master plan approved by the City Council in August 2016 allows for a mix of uses and higher density on the nearly 35-acre transit-oriented redevelopment site.

Brownstone

Having broken ground in June 2016, the four-story, \$14.8 million Model Cities Brownstone building at

839-849 West University Avenue will include 35 units of affordable rental housing, 20,400 feet of commercial space, and a reading room dedicated to the history of the Pullman railroad workers. Funding includes up to \$5.0 million in Saint Paul housing conduit revenue bonds, a \$2.0 million loan from the Saint Paul Foundation, and \$1.7 million in city tax increment financing.

Little Mekong Plaza

A former meat shop at 402 West University Avenue was demolished in April 2016 to make room for a privately-owned community plaza next to the Green Line. Overseen by Hmong American Partnership, the open-air plaza hosted special events in 2016 including the Little Mekong Night Market on July 23rd and 24th. The City dedicated \$300,000 to this project from its 8-80 Vitality Fund. The Plaza officially opened in September 2016 with a community celebration and dedication event.

Midway YMCA

The Saint Paul Midway YMCA reopened in January 2016 after a \$16.4 million redesign that includes an aquatics center, rooftop patio, a demonstration kitchen, a play maze, and multiple fitness studios at 1761 West University Avenue.

Prior Crossing

In November 2016, Beacon Interfaith Housing Collaborative opened an \$11.3 million, 44-unit studio housing development for homeless youth at 1949 West University Avenue. Funding includes \$8.8 million from the Minnesota Housing Finance Agency, \$1.1 million from the HRA, \$0.9 million from the Metropolitan Council, and rental subsidies from Saint Paul Public Housing.

Silgan Can

Orton Development has invested \$3 million into renovating the 9-acre Silgan Can factory at 755 Prior Avenue. Tenants in the 300,000-square-foot building include BlackStack Brewery and Can Can Wonderland mini-golf center. Can Can Wonderland held a soft opening in December 2016. BlackStack Brewing opened March 2017.

2700 University

In December 2016, Indianapolis-based Flaherty and Collins opened a five-level, 248-unit luxury housing development at 2700 West University Avenue, complete with heated saltwater pool. With financing help from the Local Initiatives Support Corporation, 50 units will be affordable housing. The \$54.7 million project includes 3,000 square feet of retail space, \$8.3 million in City tax-increment financing, \$1.0 million in HOME funds, \$9.0 million in housing revenue conduit bonds and a \$2.0 million transit-oriented development grant from the Metropolitan Council.

Sunrise Banks

Sunrise Banks broke ground in June 2016 on a three-story, 57,000-square-foot headquarters at 2515-2525 Wabash Avenue near Emerald Street.

III. Neighborhoods

Ford Site

Throughout 2016, planning processes have continued at the former Ford plant site in the Highland neighborhood of Saint Paul. The City presented the preliminary draft of proposed zoning and public realm plan for the site in November 2016. There has been substantial community involvement to help shape the vision for the site, which will continue on through finalization of the proposed zoning and public realm plan which will go to the Planning Commission and City Council in 2017. Studies completed in 2016 include a market study, energy study, and jobs study/strategy. All buildings on the site have been demolished and the site has undergone most environmental testing, which is now being remediated by Ford Land overseen by the Minnesota Pollution Control Agency.

Cambric Apartments

In 2016, Dominion completed the \$27 million Cambric project, 113 units of affordable rental housing for seniors. A grand opening celebration was held in November 2016.

Metropolitan State University

Metropolitan State University renovated its Dayton's Bluff campus with a \$20 million, 760-stall parking ramp at 400 Maria Avenue, a \$12 million student center off East Seventh Street, and a \$39 million, three-story science center at Sixth Street and Mounds Boulevard. The ramp and student center opened in 2015 and the Science Education Center held a grand opening and ribbon cutting in April 2016.

Village on Rivoli Bluffs

Having broken ground in May 2016, Dayton's Bluff Neighborhood Housing Services began construction of the first seven of up to 38 houses at Minnehaha Avenue and Rivoli Street in Railroad Island. Funding sources include the Minnesota Housing Finance Agency, City Sales Tax Revitalization Program (STAR) grants, and Brownfield Economic Development grants.

Saint Paul College

Construction continued in 2016 on the 45,000-square-foot Health and Science Alliance Center at Saint Paul College which will include science labs, simulation labs, and classrooms. The Health and Science Alliance Center will be attached to the building at 235 Marshall Avenue and is anticipated to be complete by the fall of 2017. The \$19 million project received a boost from the 2015 state bonding bill.

HealthPartners Neuroscience Center

HealthPartners is building a \$75 million, 128,000-square-foot neuroscience center at 295 Phalen Boulevard. The four-story building will bring together nationally recognized programs in neurological care, research, and rehabilitation. The center includes a 640-space parking ramp. Construction began in 2015 and is anticipated to be completed in the spring of 2017.

Johnson Senior High School

In June 2016, the Saint Paul school district began a \$15 million renovation of Johnson Senior High School at 1349 Arcade Street, including a classroom and office addition and accessibility upgrades. The renovation work is expected to be completed in September 2017.

72 Cesar Chavez

At 72 Cesar Chavez Street, the Neighborhood Development Alliance broke ground in October 2016 on a three-floor, 40-unit “workforce housing” apartment building. The \$11.5 million building will be open to anyone earning up to 60 percent of area median income, or about \$50,000 for a family of four, and includes 3,000 square feet of arts space. Two Metropolitan Council grants and housing tax credits from the HRA are included in the funding.

Schmidt Brewery

The Schmidt Artist Lofts are fully occupied, and the West Seventh/Fort Road Federation is lining up commercial tenants for the Rathskeller building. Developer Craig Cohen began working with Cushman and Wakefield in 2016 to convert the former Keg Building into the Keg and Case market, an indoor/outdoor farmers market, restaurant space, and outdoor ice rink.

217 Chestnut Street

Developer Shafer Richardson Inc., proposed a project in 2016 for the Ryan Lot, 1.3 acres of an HRA-owned property at 217 Chestnut Street in Irvine Park, to build 175 units of market-rate housing. The plan includes apartments, townhomes, and 168 enclosed parking stalls. Two six-story wings will front Exchange Street and Eagle Parkway.

The Finn in Highland Village

In 2016, the Ackerberg Group continued redevelopment of the Edina Realty office at 735 Cleveland Avenue into a four-story apartment building with ground-level commercial space. Construction is expected to be completed in the spring of 2017.

West Side Flats Master Plan

The updated West Side Flats Master Plan and Development Guidelines was adopted by the Saint Paul City Council in June 2015. The new West Side Flats Master Plan and Development Guidelines will guide future development on the Flats for decades to come, including a large greenway on the property, which will serve as both a community amenity and stormwater management infrastructure. Sherman Associates is planning the next phase of development on the site, including two buildings of mixed-income apartment units. One of the buildings is proposed to be developed to Passive House energy efficiency standards. A groundbreaking is expected in 2017.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2015. This was the 31st consecutive year that the Saint Paul HRA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current

comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report was accomplished through the efficient and dedicated services of the City Department of Planning and Economic Development accounting staff. The cooperation and assistance provided by the State Auditor's staff was very helpful and is greatly appreciated.



Kristin Guild
Deputy Director

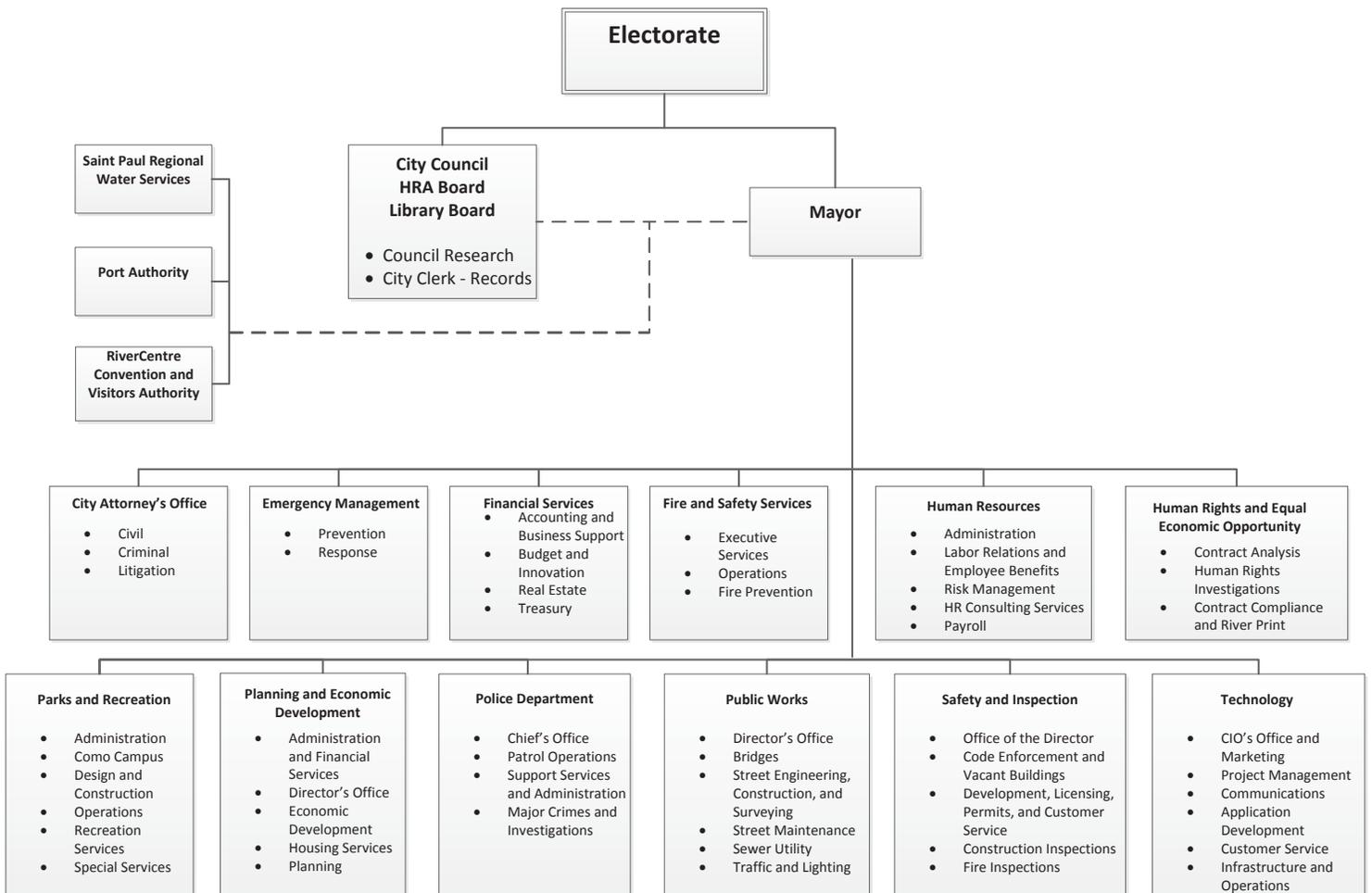


Rhonda Gillquist
Accountant

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City of Saint Paul, Minnesota

(Form of Government: "Strong" Mayor, with Seven Councilmembers Elected by Ward)



**HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL, MINNESOTA
PRINCIPAL OFFICIALS
DECEMBER 31, 2016**

	Term of Office	
	From	To
<u>Commissioners</u>		
Daniel Bostrom	January 1, 1996	December 31, 2019
Amy Brendmoen	January 11, 2012	December 31, 2019
Rebecca Noecker	January 13, 2016	December 31, 2019
Jane Prince	January 13, 2016	December 31, 2019
Russ Stark	January 8, 2008	December 31, 2019
Dai Thao	November 21, 2013	December 31, 2019
Chris Tolbert	January 11, 2012	December 31, 2019
<u>Officers</u>		
<u>Chairperson</u>		
Amy Brendmoen	January 8, 2014	December 31, 2019
<u>Vice-Chairperson</u>		
Daniel Bostrom	April 8, 2015	December 31, 2019
<u>Secretary</u>		
Russ Stark	April 8, 2015	December 31, 2019
<u>Treasurer</u>		
Dai Thao	January 8, 2014	December 31, 2019
<u>Executive Director</u>		
Jonathan Sage-Martinson	August 4, 2014	Indefinite



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Housing and Redevelopment
Authority of the City of Saint Paul
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

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FINANCIAL SECTION



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

Commissioners of the Housing and Redevelopment
Authority of the City of Saint Paul
Saint Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Housing and Redevelopment Authority (HRA) of the City of Saint Paul, a component unit of the City of Saint Paul, Minnesota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the HRA's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Penfield Apartments, a major fund (HRA Penfield Enterprise Fund) and 2 percent, 3 percent, and 17 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Penfield Apartments, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the HRA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the HRA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the HRA of the City of Saint Paul as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the HRA of the City of Saint Paul's basic financial statements. The introductory section, the supplementary schedules, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2017, on our consideration of the HRA of the City of Saint Paul's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the HRA of the City of Saint Paul's internal control over financial reporting and compliance. It does not include the Penfield Apartments, which was audited by other auditors.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 8, 2017

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**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2016**

As management of the Housing and Redevelopment Authority of the City of Saint Paul (HRA), we provide readers of these financial statements this overview and analysis of the financial activities of the HRA for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the financial statements which are found on pages 35-100.

Financial Highlights

- Total position of the HRA exceeded total liabilities at the end of 2016 by \$115.4 million. Net position increased by \$10.6 million during 2016. This net increase included an increase in governmental activity net position by \$20.9 million, offset by a decrease in business-type activity net position by \$10.3 million. The business-type activities are the HRA Loan Enterprise Fund, the HRA Parking Enterprise Fund, the HRA Lofts Enterprise Fund, and the HRA Penfield Enterprise Fund.
- The HRA's governmental funds reported combined fund balances of \$62.6 million. An amount of \$51.5 million is restricted, primarily for future debt service on existing long-term debt and tax increment financing.
- The total principal amount of long-term debt decreased during 2016 by \$61.2 million to a total of \$108.3 million, a 36.6% decrease from 2015. Total interest expense on long-term debt in 2016 was \$9.4 million, a decrease of \$0.8 million from 2015.
- The assets of loans receivable and accrued interest receivable on loans, net of allowances, increased by \$0.7 million to a total of \$5.9 million at December 31, 2016. The allowances for uncollectible loans increased by \$2.9 million to a total of \$47.5 million at December 31, 2016.
- Two new HRA administered tax increment financing districts were created in 2016. Total tax increment revenue for HRA Districts was \$23.0 million in 2016, an increase of \$1.7 million from 2015. The captured tax capacity of all Saint Paul tax increment financing districts including the Port Authority is 9.2% of Saint Paul's total tax capacity. This represents an increase of 0.35 percentage points from 2015.
- The major housing development initiative continued in 2016 with 1,600 new or substantially rehabilitated single- and multi-family housing units completed in Saint Paul.

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2016**

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the HRA's basic financial statements. The HRA's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary schedules and statistical tables, in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad view of the HRA's finances, in a manner similar to a private-sector business. These are found on pages 35-37 of this report.

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees (business-type activities).

The HRA's governmental activities include:

- Development in the tax increment financing districts and other redevelopment areas
- Federal, state and local grant programs
- Debt service on tax supported debt
- General operations financed through the HRA General Fund
- Multi-year development projects that are locally funded

The HRA's business-type activities are:

- Development loan programs
- Parking operations
- Lofts
- Penfield

The *statement of net position* presents financial information on all of the HRA's assets and liabilities at December 31, 2016, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the HRA's financial position is improving or deteriorating.

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2016**

The *statement of activities* presents information showing how the HRA's net position changed during 2016. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The HRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the HRA can be divided into two categories: governmental funds and proprietary funds. The governmental fund and proprietary fund financial statements are found on pages 38-40 and pages 41-45 of this report.

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the HRA's near-term financing decisions. Both the *governmental fund balance sheet* and the *governmental fund statement of revenues, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The HRA maintains the following five governmental funds: HRA General Fund, HRA Grants Fund, HRA Debt Service Fund, HRA Tax Increment Capital Projects Fund, and the HRA Development Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for each of these five funds.

The HRA adopts an annual appropriated budget for its general fund and its debt service fund. Multi-year budgets are adopted for the special revenue fund and the capital projects funds. A budgetary comparison statement has been provided in the basic financial statements for the HRA General Fund. The HRA's governmental funds reflected positive variances for total expenditures and net changes in fund balances compared to the final 2016 budgets.

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2016**

Proprietary funds are used to account for the same functions reported as business-type activities in the government-wide financial statements. The HRA maintains four proprietary funds: HRA Loan Enterprise Fund, HRA Parking Enterprise Fund, HRA Lofts Enterprise Fund, and the HRA Penfield Enterprise Fund. Information is presented separately in the proprietary fund financial statements for each of these funds.

The HRA sold the Penfield Apartments in 2016. The net gain on the sale of the Penfield Apartments is reported as a special item in the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position. See Note 2.R.

HRA fund accounting polices are included in Note 2.A.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 46-100 of this report.

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**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2016**

Financial Analysis of the HRA as a Whole

Net Position. The following chart shows components of the HRA's assets, liabilities, and net position and compares 2016 with 2015 at December 31.

**SAINT PAUL HRA'S ASSETS, LIABILITIES, AND NET POSITION
At December 31, 2016 and 2015**

	Governmental Activities		Business-type Activities		Totals		Total Percentage Change
	12/31/16	12/31/15	12/31/16	12/31/15	12/31/16	12/31/15	2016-2015
Assets							
Cash and Investments	\$ 67,423,402	\$ 51,834,610	\$ 43,129,656	\$ 42,540,841	\$ 110,553,058	\$ 94,375,451	17.1%
Other Current Assets	(1,884,209)	(2,852,762)	4,008,989	5,007,200	2,124,780	2,154,438	-1.4%
Land Held For Resale	2,142,854	2,673,978	4,296,654	4,304,554	6,439,508	6,978,532	-7.7%
Loans Receivable	936,170	924,982	5,006,705	4,272,237	5,942,875	5,197,219	14.3%
Leases Receivable	4,045,000	10,600,000	-	-	4,045,000	10,600,000	-61.8%
Capital Assets	31,098,558	20,392,991	83,792,973	140,916,375	114,891,531	161,309,366	-28.8%
Other Non-Current Assets	2,365,496	2,462,191	390,909	469,091	2,756,405	2,931,282	-6.0%
Total Assets	106,127,271	86,035,990	140,625,886	197,510,298	246,753,157	283,546,288	-13.0%
Liabilities							
Other Liabilities	5,552,395	4,953,007	5,138,681	3,269,482	10,691,076	8,222,489	30.0%
Long-Term Debt	66,047,760	67,446,830	54,606,565	103,075,281	120,654,325	170,522,111	-29.2%
Total Liabilities	71,600,155	72,399,837	59,745,246	106,344,763	131,345,401	178,744,600	-26.5%
Net Position							
Net Investment in							
Capital Assets	20,498,706	9,793,139	33,066,408	46,591,094	53,565,114	56,384,233	-5.0%
Restricted for Debt Service	4,946,707	10,896,414	3,765,773	3,706,777	8,712,480	14,603,191	-40.3%
Restricted for							
Capital Projects	1,806,231	2,240,132	-	-	1,806,231	2,240,132	-19.4%
Restricted for Tax							
Increment Financing	28,099,697	14,327,882	-	-	28,099,697	14,327,882	96.1%
Restricted for Operations							
and Maintenance	-	200,435	165,704	176,244	165,704	376,679	-56.0%
Restricted by Grants	326,780	-	834,754	815,483	1,161,534	815,483	42.4%
Unrestricted	(21,151,005)	(23,821,849)	43,048,001	39,875,937	21,896,996	16,054,088	36.4%
Total Net Position	\$ 34,527,116	\$ 13,636,153	\$ 80,880,640	\$ 91,165,535	\$ 115,407,756	\$ 104,801,688	10.1%

Total assets of the HRA exceeded total liabilities resulting in an overall surplus of \$115.4 million at December 31, 2016. Net position of the business-type activities are \$80.9 million at December 31, 2016. In governmental activities, the HRA issues long-term debt for housing and economic development purposes and, in many cases, does not acquire or construct HRA-owned capital assets with the debt proceeds. This is common for housing and redevelopment authorities. For the Saint Paul HRA, this has been the case with the tax increment bonds. The debt is to be retired with future revenues, namely property tax increments. In past years financing has been sufficient for all governmental activity long-term debt service payments and other debt service requirements. Likewise, it is projected that future revenues will adequately finance all existing debt service requirements. Unrestricted net position in business-type activities is \$43.0 million at December 31, 2016. However, a large portion of the unrestricted net

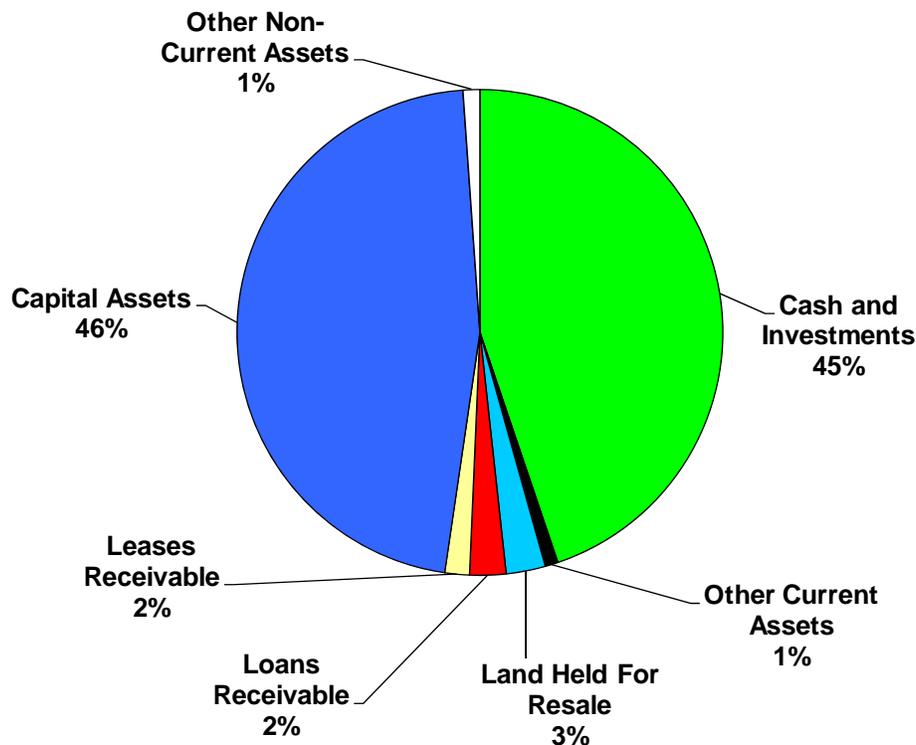
**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2016**

position is represented by loans receivable, which often have repayment terms in excess of twenty years.

Total assets of the HRA decreased by 13.0%, to a total of \$246.8 million at year-end. Cash and investment balances increased by 17.1% in 2016. The net asset for loans less their allowance increased in 2016 by 14.3%. Capital assets decreased during 2016 by 28.8%. The increase in cash and decrease in capital assets from 2015 to 2016 is mainly due to the sale of the Penfield Apartments on September 22, 2016. See Note 2.R.

The HRA's long-term debt, at \$120.7 million is 91.9% of its total liabilities. The outstanding balance of long-term debt decreased by 29.2% during 2016. Governmental activity long-term debt includes tax-supported debt – the tax increment bonds, along with the lease revenue bonds, various development notes, and advances from other governments. Business-type activity debt includes the parking revenue bonds, that were issued to finance the construction of HRA-owned parking ramps.

2016 Assets



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Changes in Net Position. The following chart shows the changes in net position during 2016 and compares this with 2015.

SAINT PAUL HRA'S CHANGES IN NET POSITION For the Fiscal Year Ended December 31, 2016 and 2015							
	Governmental Activities		Business-type Activities		Totals		Total Percentage Change 2016-2015
	2016	2015	2016	2015	2016	2015	
<u>Revenues</u>							
Program Revenues:							
Charges for Services	\$ 2,254,099	\$ 2,602,414	\$ 19,823,324	\$ 24,565,737	\$ 22,077,423	\$ 27,168,151	-18.7%
Operating Grants and Contributions	1,040,493	2,039,549	795,291	576,559	1,835,784	2,616,108	-29.8%
Capital Grants and Contributions	4,846,083	-	-	-	4,846,083	-	100.0%
General Revenues:							
Property Taxes	25,186,398	22,663,579	1,099,375	1,780,580	26,285,773	24,444,159	7.5%
Investment Income	593,254	644,865	1,587	219,249	594,841	864,114	-31.2%
Interest Earned - Other	-	-	191,184	-	191,184	-	N/A
Total Revenues	33,920,327	27,950,407	21,910,761	27,142,125	55,831,088	55,092,532	1.3%
<u>Expenses</u>							
Housing and Economic Development	21,848,201	18,308,894	-	-	21,848,201	18,308,894	19.3%
Interest on Govt Activity Long-Term Debt	6,169,591	5,931,537	-	-	6,169,591	5,931,537	4.0%
Development Loan Programs	-	-	9,039,259	4,380,104	9,039,259	4,380,104	106.4%
Parking Operations	-	-	13,389,604	13,469,087	13,389,604	13,469,087	-0.6%
Lofts	-	-	438,769	1,168,300	438,769	1,168,300	-62.4%
Penfield	-	-	3,685,094	4,587,216	3,685,094	4,587,216	-19.7%
Total Expenses	28,017,792	24,240,431	26,552,726	23,604,707	54,570,518	47,845,138	14.1%
Excess (Deficiency) before Transfers and Special Items	5,902,535	3,709,976	(4,641,965)	3,537,418	1,260,570	7,247,394	
Transfers	14,988,428	3,594,523	(14,988,428)	(3,594,523)	-	-	
Special Item (Note 2.R)	-	-	9,345,498	3,564,115	9,345,498	3,564,115	
Increase (Decrease) in Net Position	20,890,963	7,304,499	(10,284,895)	3,507,010	10,606,068	10,811,509	
Net Position, January 1	13,636,153	6,331,654	91,165,535	87,658,525	104,801,688	93,990,179	
Net Position, December 31	\$ 34,527,116	\$ 13,636,153	\$ 80,880,640	\$ 91,165,535	\$ 115,407,756	\$ 104,801,688	

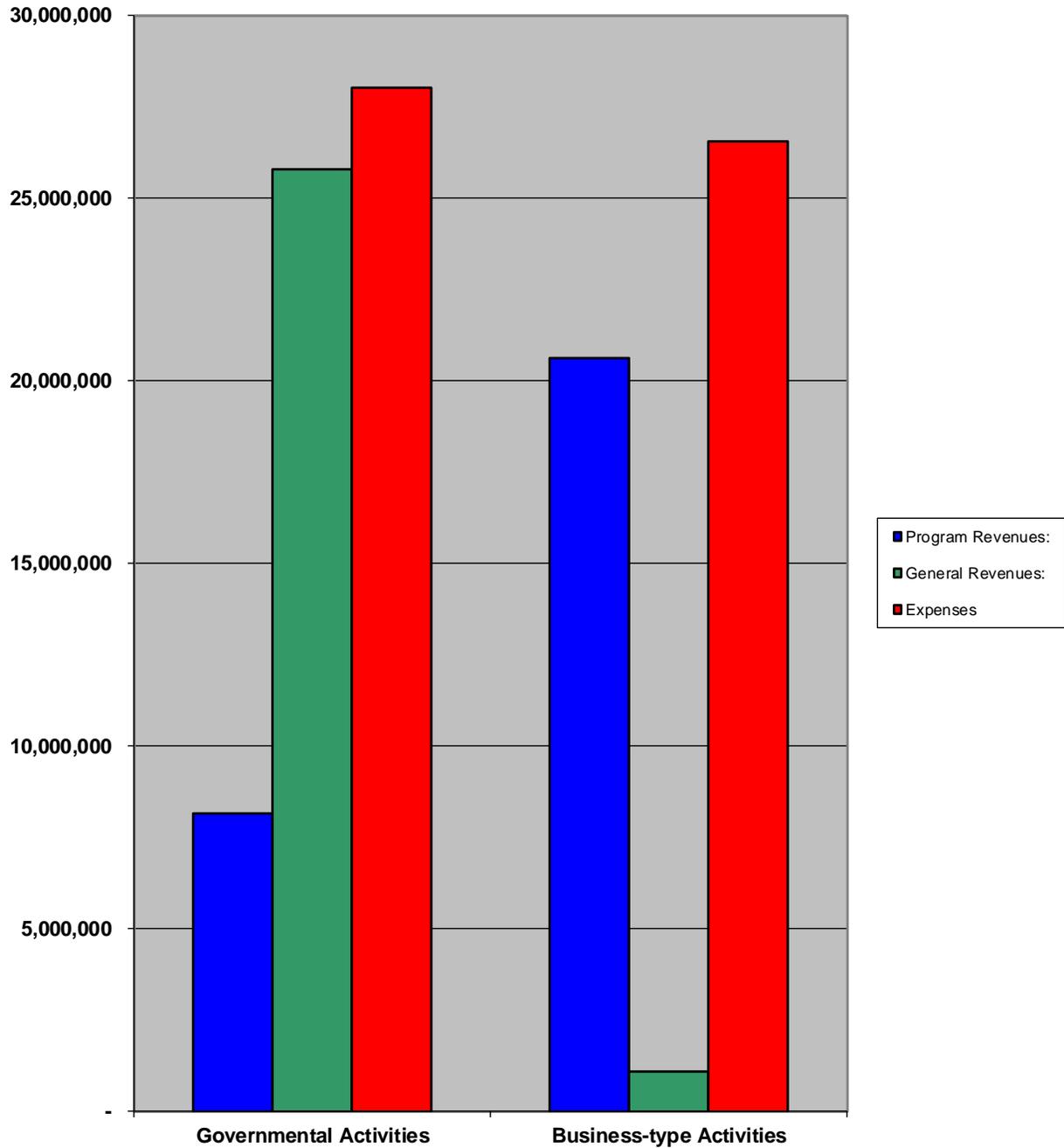
Total revenues of the HRA increased by 1.3% in 2016, while total expenses increased by 14.1%, resulting in an increase in net position in 2016 of \$10.6 million.

As shown in the table, governmental activities are financed mainly with tax revenue. Property tax revenue in governmental activities increased by 11.1% with most of the increase being in tax increment revenue. Operating grants and contributions in governmental activities decreased by 49.0% in 2016, primarily because less grant revenue was received for housing and development projects. Capital grants and contributions in governmental activities were because of \$4.8 million in grant funding received for the Palace Theatre grant. Housing and Economic Development expenses increased in 2016 from 2015 by \$3.5 million, or 19.3%.

Charges for service revenue in business-type activities in 2016 decreased by 19.3%. Total business-type activities expenses increased in 2015 by \$2.9 million or 12.5%.

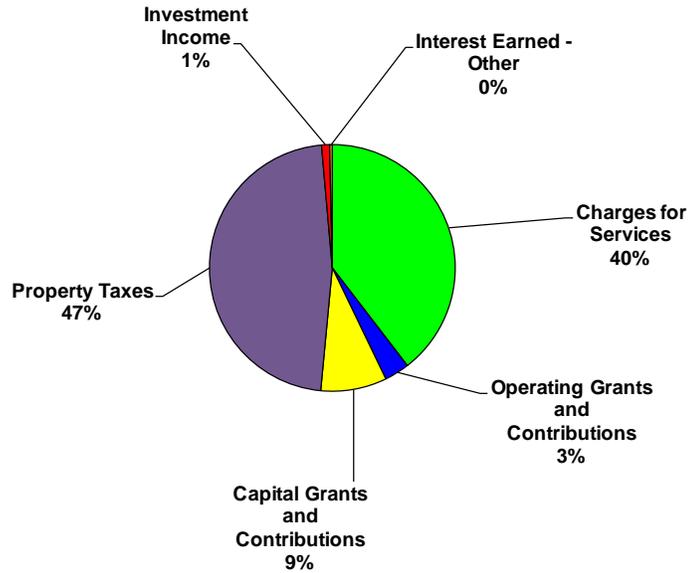
The HRA sold the Penfield Apartments on September 22, 2016. The net gain on the sale of the Penfield Apartments in the amount of \$9.3 million is reported as a special item. See Note 2.R.

2016 Revenue and Expenses

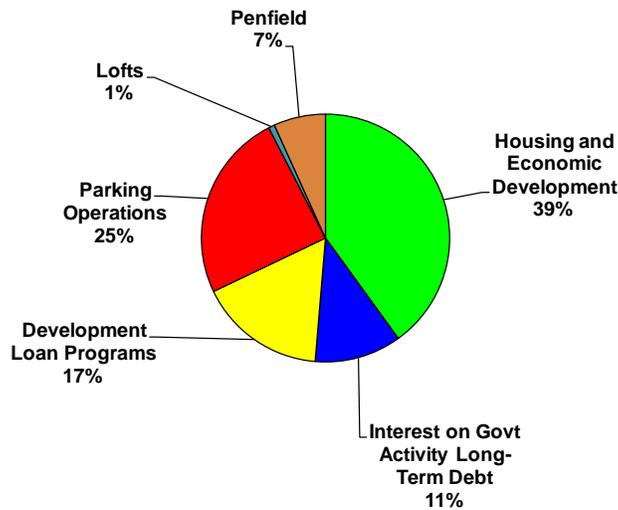


**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
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2016 Revenues by Source



2016 Expenses by Function



**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
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Financial Analysis of the HRA's Funds

As noted earlier, the HRA uses fund accounting to maintain control over resources and to ensure and demonstrate compliance with financial-related legal requirements.

Governmental Funds

The focus of the HRA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the HRA's financing requirements.

At December 31, 2016, the HRA's governmental funds reported total fund balances of \$62.6 million. 82.3% of this is restricted to indicate that it is not available for new spending. \$20.9 million of this restricted amount is for future debt service on existing bonds, notes, and advances. Committed, assigned, and unassigned balances total \$11.1 million. Of the committed, assigned, and unassigned fund balances, \$6.1 million has been committed in the HRA General Fund for support of HRA operations.

The HRA General Fund is the chief operating fund of the HRA. Revenues include the HRA property tax levy, fees from conduit revenue bond issues, property rentals, and investment earnings. The major spending activities are for staff administration of HRA programs, maintenance of HRA properties, and professional services for HRA programs and projects. The fund balance in the HRA General Fund decreased during 2016 by \$1.4 million to a total of \$11.1 million at December 31, 2016, due to an increase in administration costs.

The HRA Grants Fund accounts for intergovernmental revenues provided primarily by the Federal and State governments for housing grant programs and projects. Grant revenues are recognized as eligible grant expenditures are incurred, resulting in little or no fund balance. During 2016, the HRA Grant Fund received \$0.2 million in revenues which were grant revenues from other governments.

The HRA Debt Service Fund accumulates resources and pays debt service for the HRA's debt that is not financed by the enterprise funds. Debt service on the bonds is financed by property tax increments, lease payments from the City, and investment earnings. At December 31, 2016, the fund balance is \$11.5 million, which is entirely restricted for future debt service. Total debt spending during 2016 was \$12.9 million.

The HRA Tax Increment Capital Projects Fund accounts for HRA major development projects and capital projects in Saint Paul tax increment districts and other redevelopment areas. The total fund balance of \$28.4 million at December 31, 2016, is restricted for unspent balances of previously approved projects. Total 2016 spending from this Fund was \$14.9 million. All of these projects are financed with tax increment bond proceeds.

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The HRA Development Capital Projects Fund accounts for HRA multi-year development projects. These projects are locally funded through transfers from other funds and bonds sold for development purposes. The fund balance was \$11.2 million at December 31, 2016. The HRA acquired the Palace Theatre and began construction on the theater in 2015. Construction on the theater continued in 2016. See Note 5.K.

Proprietary Funds

The proprietary fund financial statements provide the same information found in the business-type activities column of the government-wide statements, but in more detail. The proprietary funds use the economic resources measurement focus and the full accrual basis of accounting, which are the same as those used for private sector business enterprises. The HRA's proprietary funds are the HRA Loan Enterprise Fund, the HRA Parking Enterprise Fund, the HRA Lofts Enterprise Fund, and the HRA Penfield Enterprise Fund.

The HRA Loan Enterprise Fund accounts for loans issued and related servicing for various housing and economic development programs and projects. The Fund has unrestricted net position totaling \$22.9 million at December 31, 2016. The assets of the Fund include loans receivable and accrued interest on these loans which are reported at \$4.7 million (net of allowance) and in many cases have long repayment terms before there will be liquidation to cash. Cash and investments are reported at \$18.1 million at December 31, 2016. The Fund had an overall increase in net position of \$4.1 million for 2016, primarily due to a portion of the Penfield Apartments net sales proceeds transferred in from the Penfield Enterprise Fund.

The HRA Parking Enterprise Fund accounts for the operation of HRA-owned parking facilities in Saint Paul. The Fund has unrestricted net position of \$17.8 million at December 31, 2016. Assets in the Fund include capital assets for parking facilities reported at the depreciated amount of \$83.8 million. Long-term debt used for financing the construction of the parking facilities is \$50.2 million in principal outstanding at December 31, 2016. The Fund had operating income of \$5.9 million during 2016.

The HRA Lofts Enterprise Fund accounts for the Lofts at Farmers Market. The Lofts at Farmers Market were sold in December 2015 and this Fund was closed during 2016. The Fund had an overall net position of \$0 at December 31, 2016, with no reported assets or liabilities at December 31, 2016.

The HRA Penfield Enterprise Fund accounts for the Penfield Apartments. Cash and investments are reported at \$2.9 million at December 31, 2016. The Fund had an overall net position of \$2.4 million at December 31, 2016, all of which was unrestricted. The Penfield Apartments were sold on September 22, 2016. See Note 2.R.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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HRA General Fund Budgetary Highlights

The final amended budget for the HRA General Fund includes the original adopted budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances), plus any additional supplemental appropriations that were legislated by the Board of Commissioners during the year. Actual 2016 spending was 9.4% lower than the final spending budget. Actual revenues were 22.4% higher than the final financing budget.

Long-Term Debt

At December 31, 2016, the HRA had total long-term debt outstanding of \$119.1 million as shown in the following chart.

**SAINT PAUL HRA'S LONG-TERM DEBT
At December 31, 2016 and 2015**

	Governmental Activities		Business-type Activities		Totals		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2016-2015
Tax Increment Bonds	\$ 38,589,707	\$ 41,886,032	\$ -	\$ -	\$ 38,589,707	\$ 41,886,032	-7.9%
Lease Revenue Bonds	4,150,616	10,719,857	-	-	4,150,616	10,719,857	-61.3%
Parking Revenue Bonds	-	-	32,142,294	34,156,723	32,142,294	34,156,723	-5.9%
Tax Increment - Parking Bonds	-	-	18,584,271	20,358,434	18,584,271	20,358,434	-8.7%
Limited Tax Bonds	-	-	-	7,170,000	-	7,170,000	-100.0%
Mortgage	-	-	-	39,810,124	-	39,810,124	-100.0%
Development Notes	12,358,016	13,104,685	3,880,000	1,580,000	16,238,016	14,684,685	10.6%
Advances	9,360,000	-	-	-	9,360,000	-	100.0%
Totals	<u>\$ 64,458,339</u>	<u>\$ 65,710,574</u>	<u>\$ 54,606,565</u>	<u>\$ 103,075,281</u>	<u>\$ 119,064,904</u>	<u>\$ 168,785,855</u>	<u>-29.5%</u>

All of the debt has specified revenue sources that are pledged for its retirement. In addition, the City of Saint Paul has issued a general obligation pledge on certain tax increment bonds that have a total of \$29.1 million outstanding at year-end 2016. The City's G.O. pledge provides a secondary source of repayment if tax increments are not sufficient to service the related bonds. For the RiverCentre Facility Lease Revenue Bonds, the City has pledged City sources and RiverCentre revenues to make lease payments to the HRA. Non-payment of the lease by the City may create credit rating implications to the City, which is currently rated AAA by Standard & Poor's. For the Parking Revenue Bonds, in addition to net parking ramp revenues, the City has pledged the first \$3.0 million collected annually in parking meter and parking fine revenues.

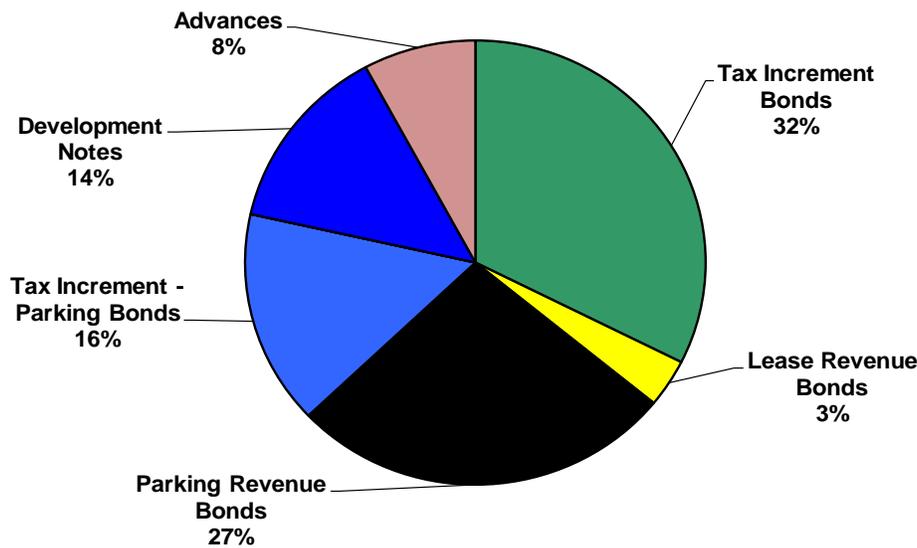
The HRA received a \$9,360,000 long-term advance from the City in 2016 for construction of the Palace Theatre. The HRA is to repay the advance only from and to the extent that operating revenues are collected by the HRA, with payments applied to interest first. The HRA received a \$2,300,000 Housing 5000 program loan in 2016 for the Model Cities Brownstone project.

All 2016 scheduled principal and interest payments were made in accordance with the terms of the bonds and notes.

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2016**

Additional information on the HRA's long-term debt can be found in Note 5.F. on pages 74-79 of this report. The schedule of bond coverage in the Statistical Section of this report shows the history and reliability of debt service financing sources.

2016 Long-Term Debt



Capital Assets

The HRA's investment in capital assets for its governmental and business-type activities as of December 31, 2016 is \$114.9 million (net of accumulated depreciation) as shown in the following chart.

**Saint Paul HRA's Capital Assets
(Net of Depreciation)
At December 31, 2016 and 2015**

	Governmental Activities		Business-type Activities		Totals		Total Percentage Change 2016-2015
	2016	2015	2016	2015	2016	2015	
Land	\$ 3,042,169	\$ 3,042,169	\$ 27,247,487	\$ 30,807,487	\$ 30,289,656	\$ 33,849,656	-10.5%
Construction in Progress	14,502,367	3,129,938	-	-	14,502,367	3,129,938	363.3%
Buildings	10,641,291	11,000,962	1,233,918	52,437,315	11,875,209	63,438,277	-81.3%
Equipment	-	-	1,133,053	1,282,916	1,133,053	1,282,916	-11.7%
Parking Ramps	-	-	54,178,515	56,388,657	54,178,515	56,388,657	-3.9%
Pedestrian Skyway Bridges	2,912,731	3,219,922	-	-	2,912,731	3,219,922	-9.5%
Totals	\$ 31,098,558	\$ 20,392,991	\$ 83,792,973	\$ 140,916,375	\$ 114,891,531	\$ 161,309,366	-28.8%

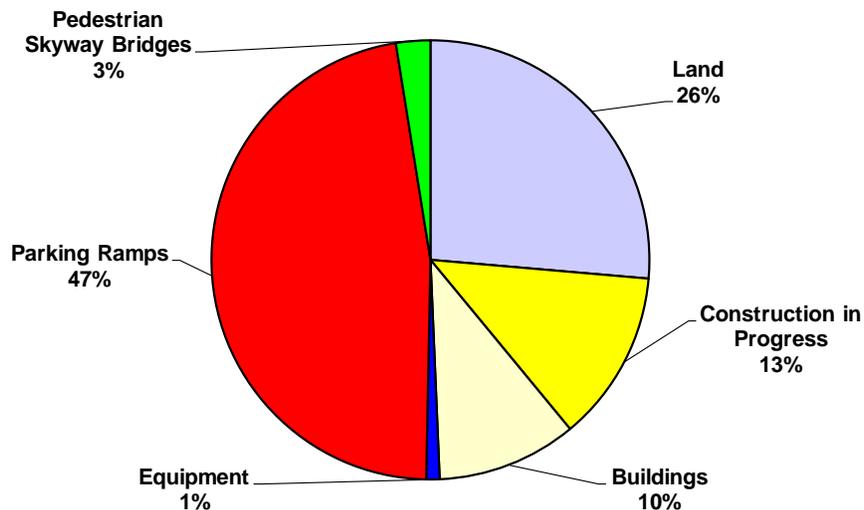
**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2016**

Total depreciation expense for governmental and business-type activities during 2016 was \$4.7 million.

The increase in construction in progress in the governmental activities is due to the construction and renovation of the Palace Theatre. The decreases in land and buildings in the business-type activities are primarily due to the sale of the Penfield Apartments.

Additional information on the HRA's capital assets can be found in Note 5.E. on 73 of this report. A chart of the HRA's capital assets is shown below.

2016 Capital Assets



Requests for Information

This financial report is designed to provide a general overview of the Saint Paul HRA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Saint Paul, Department of Planning and Economic Development, 25 West Fourth Street, Saint Paul, MN, 55102.

FINANCIAL STATEMENTS AND NOTES

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

STATEMENT OF NET POSITION

December 31, 2016

(Amounts in dollars)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Investments with Treasurer	\$61,535,244	\$33,432,798	\$94,968,042
Cash with Fiscal Agents	-	4,174,910	4,174,910
Cash and Investments with Trustees	5,637,858	728,705	6,366,563
Accounts Receivable (Net of Allowance)	9,506	544,844	554,350
Property Taxes Receivable - Due from Ramsey County	377,340	41,486	418,826
Delinquent Assessments Receivable (Net of Allowance)	-	18,560	18,560
Accrued Interest Receivable on Investments	281,020	16,489	297,509
Internal Balances	(3,387,610)	3,387,610	-
Due from Other Governmental Units	835,535	-	835,535
Land Held for Resale	2,142,854	4,296,654	6,439,508
Restricted Assets:			
Cash and Investments for General Obligation Bond Debt Service	-	2,009,875	2,009,875
Cash and Investments for Revenue Bond Debt Service	-	2,617,664	2,617,664
Cash and Investments for Revenue Bond Operations and Maintenance	-	165,704	165,704
Cash and Investments for Note Debt Service	250,300	-	250,300
Direct Financing Leases Receivable	4,045,000	-	4,045,000
Loans Receivable (Net of Allowance)	862,447	4,490,987	5,353,434
Accrued Interest Receivable on Loans (Net of Allowance)	73,723	515,718	589,441
Note Receivable	100,000	-	100,000
Advances to Other Governmental Units	2,265,496	390,909	2,656,405
Capital Assets, Net of Related Depreciation:			
Land (Not Depreciated)	3,042,169	27,247,487	30,289,656
Construction in Process (Not Depreciated)	14,502,367	-	14,502,367
Buildings	10,641,291	1,233,918	11,875,209
Equipment	-	1,133,053	1,133,053
Parking Ramps	-	54,178,515	54,178,515
Pedestrian Skyway Bridges	2,912,731	-	2,912,731
TOTAL ASSETS	<u>\$106,127,271</u>	<u>\$140,625,886</u>	<u>\$246,753,157</u>

Continued

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

STATEMENT OF NET POSITION

December 31, 2016

(Amounts in dollars)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>LIABILITIES</u>			
Accounts Payable	\$1,816,938	\$1,598,714	\$3,415,652
Contracts Payable	259,932	47,957	307,889
Due to Other Governmental Units	1,491,938	1,340	1,493,278
Accrued Interest Payable on Long-Term Debt	717,508	-	717,508
Unearned Revenue	1,266,079	2,628,904	3,894,983
Liabilities Payable from Restricted Assets:			
Accrued Interest on General Obligation Bonds Payable	-	262,326	262,326
Accrued Interest on Revenue Bonds Payable	-	599,440	599,440
General Obligation Bonds Payable - Due within One Year	-	1,800,000	1,800,000
Revenue Bonds Payable - Due within One Year	-	2,105,000	2,105,000
General Obligation Bonds Payable - Due in more than One Year	-	16,784,271	16,784,271
Revenue Bonds Payable - Due in more than One Year	-	30,037,294	30,037,294
Long-Term Liabilities:			
General Obligation Bonds Payable - Due within One Year	1,355,000	-	1,355,000
Revenue Bonds Payable - Due within One Year	2,613,000	-	2,613,000
Notes Payable - Due within One Year	508,140	-	508,140
Advance from Other Governmental Units - Due in more than One Year	9,360,000	-	9,360,000
General Obligation Bonds Payable - Due in more than One Year	9,706,083	-	9,706,083
Revenue Bonds Payable - Due in more than One Year	29,066,240	-	29,066,240
Notes Payable - Due in more than One Year	11,849,876	3,880,000	15,729,876
Pollution Remediation Obligation	1,589,421	-	1,589,421
TOTAL LIABILITIES	<u>71,600,155</u>	<u>59,745,246</u>	<u>131,345,401</u>
 <u>NET POSITION</u>			
Net Investment in Capital Assets	20,498,706	33,066,408	53,565,114
Amounts Restricted for:			
Debt Service	4,946,707	3,765,773	8,712,480
Capital Projects	1,806,231	-	1,806,231
Tax Increment Financing	28,099,697	-	28,099,697
Operations and Maintenance	-	165,704	165,704
Grantors	326,780	834,754	1,161,534
Unrestricted Amounts (Deficit)	<u>(21,151,005)</u>	<u>43,048,001</u>	<u>21,896,996</u>
TOTAL NET POSITION	<u>\$34,527,116</u>	<u>\$80,880,640</u>	<u>\$115,407,756</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended December 31, 2016

(Amounts in Dollars)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services/ Loan Programs	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Housing and Economic Development	\$21,848,201	\$2,254,099	\$1,040,493	\$4,846,083	(\$13,707,526)	\$ -	(\$13,707,526)
Interest on Governmental Long-Term Debt	6,169,591	-	-	-	(6,169,591)	-	(6,169,591)
Total Governmental Activities	28,017,792	2,254,099	1,040,493	4,846,083	(19,877,117)	-	(19,877,117)
Business-type Activities:							
Development Loan Programs	9,039,259	174,557	795,291	-	-	(8,069,411)	(8,069,411)
Parking Operations	13,389,604	15,828,064	-	-	-	2,438,460	2,438,460
Lofts	438,769	590	-	-	-	(438,179)	(438,179)
Penfield	3,685,094	3,820,113	-	-	-	135,019	135,019
Total Business-type Activities	26,552,726	19,823,324	795,291	-	-	(5,934,111)	(5,934,111)
Total - All Functions/Programs	\$54,570,518	\$22,077,423	\$1,835,784	\$4,846,083	(19,877,117)	(5,934,111)	(25,811,228)
General Revenues:							
HRA Property Tax					3,240,341	-	3,240,341
Property Tax Increments					21,946,057	1,099,375	23,045,432
Investment Income					593,254	1,587	594,841
Interest Earned - Other					-	191,184	191,184
Transfers					14,988,428	(14,988,428)	-
Special Item - Sale of Penfield Apartments (Note 2.R.)					-	9,345,498	9,345,498
Total General Revenues, Transfers, and Special Items					40,768,080	(4,350,784)	36,417,296
Change in Net Position					20,890,963	(10,284,895)	10,606,068
Net Position, January 1, 2016					13,636,153	91,165,535	104,801,688
Net Position, December 31, 2016					\$34,527,116	\$80,880,640	\$115,407,756

The accompanying notes are an integral part of these financial statements.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

BALANCE SHEET
GOVERNMENTAL FUNDS
 December 31, 2016
 (Amounts in dollars)

	HRA General	HRA Grants	HRA Debt Service	HRA Tax Increment Capital Projects	HRA Development Capital Projects	Total Governmental Funds
ASSETS						
Cash and Investments with Treasurer	\$10,479,857	\$326,780	\$5,782,423	\$36,228,923	\$8,717,261	\$61,535,244
Cash and Investments with Trustees	-	-	5,637,858	-	-	5,637,858
Property Taxes Receivable:						
Due from County	50,953	-	77,678	78,895	-	207,526
Delinquent Taxpayer	54,775	-	60,041	54,998	-	169,814
Accounts Receivable (Net of Allowance)	9,506	-	-	-	-	9,506
Accrued Interest Receivable on Investments	75,654	-	68,731	136,635	-	281,020
Due from Other Funds	15,550	-	-	-	-	15,550
Due from Other Governmental Units	-	-	-	-	835,535	835,535
Loans Receivable (Net of Allowance)	10,609	-	-	756,250	95,588	862,447
Accrued Interest Receivable on Loans (Net of Allowance)	-	-	-	73,723	-	73,723
Note Receivable	-	-	-	-	100,000	100,000
Land Held for Resale	327,993	-	-	982,328	832,533	2,142,854
Restricted Assets: Cash and Investments for Note Debt Service	-	-	-	250,300	-	250,300
Advances to Other Funds	746,347	-	-	-	2,365,962	3,112,309
Advances to Other Governmental Units	-	-	-	-	2,265,496	2,265,496
Direct Financing Leases Receivable	-	-	4,045,000	-	-	4,045,000
TOTAL ASSETS	\$11,771,244	\$326,780	\$15,671,731	\$38,562,052	\$15,212,375	\$81,544,182
LIABILITIES, DIR, AND FUND BALANCES						
<u>Liabilities</u>						
Accounts Payable	\$7,572	\$ -	\$ -	\$520,195	\$1,289,171	\$1,816,938
Contracts Payable	259,932	-	-	-	-	259,932
Due to Other Funds	-	-	-	15,550	-	15,550
Due to Other Governmental Units	599	-	-	1,483,319	8,020	1,491,938
Unearned Revenue	-	-	-	-	1,355,500	1,355,500
Advance from Other Funds	-	-	-	6,199,919	300,000	6,499,919
Total Liabilities	268,103	-	-	8,218,983	2,952,691	11,439,777
<u>Total Deferred Inflows of Resources "DIR" (1)</u>	<u>417,294</u>	<u>-</u>	<u>4,138,465</u>	<u>1,910,493</u>	<u>1,028,121</u>	<u>7,494,373</u>
<u>Fund Balances</u>						
Restricted	\$ -	\$326,780	\$11,533,266	\$28,432,576	\$11,231,563	\$51,524,185
Committed	6,148,400	-	-	-	-	6,148,400
Assigned	4,937,447	-	-	-	-	4,937,447
Total Fund Balances	11,085,847	326,780	11,533,266	28,432,576	11,231,563	62,610,032
TOTAL LIABILITIES, DIR, AND FUND BALANCES	\$11,771,244	\$326,780	\$15,671,731	\$38,562,052	\$15,212,375	\$81,544,182

(1) The individual items in the summary total of deferred inflows of resources are shown in Note 5.L, page 95.

Amounts reported for governmental activities in the Statement of Net Position (pages 35-36) are different because:

1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$31,098,558
2. Other long-term resources are not available to pay for current period expenditures and, therefore, are unavailable revenue in the funds.	7,494,373
3. Long-term liabilities, including bonds, notes and advances payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(65,175,847)
4. Pollution remediation obligation is not due and payable in the current period and, therefore, is not reported in the funds.	(1,500,000)
Total Reconciling Items	(28,082,916)
Fund Balances per Balance Sheet - Governmental Funds, December 31, 2016	62,610,032
Net Position per Statement of Net Position - Governmental Activities column, December 31, 2016	\$34,527,116

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended December 31, 2016
 (Amounts in dollars)

	HRA General	HRA Grants	HRA Debt Service	HRA Tax Increment Capital Projects	HRA Development Capital Projects	Total Governmental Funds
REVENUES						
Taxes						
Current Property Taxes	\$2,506,117	\$ -	\$ -	\$ -	\$ -	\$2,506,117
Delinquent Property Taxes	16,499	-	-	-	-	16,499
Fiscal Disparities	723,429	-	-	-	-	723,429
Property Tax Increments	-	-	7,158,317	14,793,149	-	21,951,466
Intergovernmental	-	163,440	5,857,355	-	5,108,278	11,129,073
Fees, Sales and Services						
Revenue Bond Fees	2,134,406	-	-	-	-	2,134,406
Other Fees and Services	112,950	-	-	2,282	-	115,232
Sales of Land	-	-	-	226,621	52,377	278,998
Rentals of Property	-	-	582,903	-	-	582,903
Interest on Loans	-	-	-	24,926	8	24,934
Loan Repayments	-	-	-	22,505	6,553	29,058
Investment Income						
Interest Earned on Investments	321,640	-	233,937	427,310	(2,677)	980,210
Increase (Decrease) in the Fair Value of Investments	(137,187)	-	(42,355)	(248,258)	(4,624)	(432,424)
Miscellaneous						
Outside Contributions	-	-	625,660	-	403,888	1,029,548
Total Revenues	5,677,854	163,440	14,415,817	15,248,535	5,563,803	41,069,449
EXPENDITURES						
Current						
Housing and Economic Development	6,877,836	-	-	8,575,868	1,472,583	16,926,287
Intergovernmental - City	479,892	37,095	12,668	2,337,803	-	2,867,458
Capital Outlay	-	-	-	-	11,372,429	11,372,429
Debt Service						
Principal Payment on Bonds	-	-	9,780,000	-	-	9,780,000
Interest on Bonds	-	-	2,420,009	-	-	2,420,009
Principal Payment on Notes	-	-	550,000	196,669	-	746,669
Interest on Notes	-	-	75,660	3,639,568	-	3,715,228
Interest - Other	-	-	-	191,183	-	191,183
Fiscal Charges	-	-	29,639	-	-	29,639
Total Expenditures	7,357,728	37,095	12,867,976	14,941,091	12,845,012	48,048,902
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,679,874)	126,345	1,547,841	307,444	(7,281,209)	(6,979,453)
OTHER FINANCING SOURCES (USES)						
Transfers In	300,000	-	-	14,033,779	2,485,315	16,819,094
Transfers Out	-	-	(1,572,854)	(257,812)	-	(1,830,666)
Advances Issued	-	-	-	-	9,360,000	9,360,000
Total Other Financing Sources (Uses)	300,000	-	(1,572,854)	13,775,967	11,845,315	24,348,428
Net Changes in Fund Balances	(1,379,874)	126,345	(25,013)	14,083,411	4,564,106	17,368,975
FUND BALANCES, January 1	12,465,721	200,435	11,558,279	14,349,165	6,667,457	45,241,057
FUND BALANCES, December 31	\$11,085,847	\$326,780	\$11,533,266	\$28,432,576	\$11,231,563	\$62,610,032

Amounts reported for governmental activities in the Statement of Activities (page 37) are different because:

Net change in fund balances - total governmental funds (above)	<u>\$17,368,975</u>
1. Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	11,372,429
Current year depreciation	<u>(666,862)</u>
2. Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	10,705,567
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is issued, whereas, these amounts are amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(7,007,077)
4. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	1,252,235
Total Reconciling Items	<u>(1,428,737)</u>
Change in Net Position of Governmental Activities - Statement of Activities	<u>\$20,890,963</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HRA GENERAL FUND**

For the Fiscal Year Ended December 31, 2016

(Amounts in dollars)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$3,212,585	\$3,212,585	\$3,246,045	\$33,460
Fees, Sales and Services	1,145,115	1,145,115	2,247,356	1,102,241
Investment Income	280,000	280,000	184,453	(95,547)
Total Revenues	<u>4,637,700</u>	<u>4,637,700</u>	<u>5,677,854</u>	<u>1,040,154</u>
EXPENDITURES				
Current				
Housing and Economic Development	5,179,523	7,249,874	6,877,836	372,038
Intergovernmental - City	2,678,172	868,172	479,892	388,280
Total Expenditures	<u>7,857,695</u>	<u>8,118,046</u>	<u>7,357,728</u>	<u>760,318</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,219,995)</u>	<u>(3,480,346)</u>	<u>(1,679,874)</u>	<u>1,800,472</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	253,238	300,000	46,762
Net Changes in Fund Balances	<u>(3,219,995)</u>	<u>(3,227,108)</u>	<u>(1,379,874)</u>	<u>1,847,234</u>
FUND BALANCE, January 1	<u>12,465,721</u>	<u>12,465,721</u>	<u>12,465,721</u>	<u>-</u>
FUND BALANCE, December 31	<u><u>\$9,245,726</u></u>	<u><u>\$9,238,613</u></u>	<u><u>\$11,085,847</u></u>	<u><u>\$1,847,234</u></u>

The accompanying notes are an integral part of these financial statements.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

At December 31, 2016
(Amounts in dollars)

	Business-type Activities - Enterprise Funds			Total Proprietary Funds
	HRA Loan Enterprise	HRA Parking Enterprise	HRA Penfield Enterprise	
ASSETS				
Current Assets:				
Cash and Investments with Treasurer	\$17,363,061	\$16,069,737	\$ -	\$33,432,798
Cash with Fiscal Agents	-	1,249,448	2,925,462	4,174,910
Cash and Investments with Trustees	728,705	-	-	728,705
Accounts Receivable (Net of Allowance)	-	544,844	-	544,844
Delinquent Property Taxes Receivable-Due from County	-	41,486	-	41,486
Delinquent Assessments Receivable (Net of Allowance)	18,560	-	-	18,560
Accrued Interest Receivable on Investments	2,791	13,698	-	16,489
Land Held for Resale	4,296,654	-	-	4,296,654
Restricted Cash and Investments for General Obligation Bond Debt Service	-	2,009,875	-	2,009,875
Restricted Cash and Investments for Revenue Bond Debt Service	-	2,617,664	-	2,617,664
Restricted Cash and Investments for Revenue Bond Operations and Maintenance	-	165,704	-	165,704
Total Current Assets	22,409,771	22,712,456	2,925,462	48,047,689
Noncurrent Assets:				
Loans Receivable (Net of Allowance)	4,254,737	236,250	-	4,490,987
Accrued Interest Receivable on Loans (Net of Allowance)	413,743	101,975	-	515,718
Advances to Other Funds	3,637,610	564,744	-	4,202,354
Advances to Other Governmental Units	390,909	-	-	390,909
Capital Assets:				
Land (Not Depreciated)	-	27,247,487	-	27,247,487
Parking Ramps	-	107,762,784	-	107,762,784
Buildings	-	1,471,321	-	1,471,321
Equipment	-	2,597,598	-	2,597,598
Less: Accumulated Depreciation	-	(55,286,217)	-	(55,286,217)
Total Capital Assets (Net of Accumulated Depreciation)	-	83,792,973	-	83,792,973
Total Noncurrent Assets	8,696,999	84,695,942	-	93,392,941
TOTAL ASSETS	\$31,106,770	\$107,408,398	\$2,925,462	\$141,440,630

Continued

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

At December 31, 2016
(Amounts in dollars)

	Business-type Activities - Enterprise Funds			Total Proprietary Funds
	HRA Loan Enterprise	HRA Parking Enterprise	HRA Penfield Enterprise	
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$17,600	\$1,041,786	\$539,328	\$1,598,714
Contracts Payable	47,957	-	-	47,957
Due to Other Governmental Units	1,255	85	-	1,340
Advance from Other Funds	814,744	-	-	814,744
Accrued Interest on General Obligation Bonds Payable from Restricted Assets	-	262,326	-	262,326
Accrued Interest on Revenue Bonds Payable from Restricted Assets	-	599,440	-	599,440
Unearned Revenue	2,628,904	-	-	2,628,904
Revenue Bonds Payable - Due within One Year	-	920,914	-	920,914
General Obligation Bonds Payable from Restricted Assets	-	1,800,000	-	1,800,000
Revenue Bonds Payable from Restricted Assets	-	1,184,086	-	1,184,086
Total Current Liabilities	3,510,460	5,808,637	539,328	9,858,425
Noncurrent Liabilities:				
General Obligation Bonds Payable	-	16,784,271	-	16,784,271
Revenue Bonds Payable	-	30,037,294	-	30,037,294
Revenue Notes Payable	3,880,000	-	-	3,880,000
Total Noncurrent Liabilities	3,880,000	46,821,565	-	50,701,565
TOTAL LIABILITIES	7,390,460	52,630,202	539,328	60,559,990
NET POSITION				
Net Investment in Capital Assets				
Capital Assets				
Capital Assets	-	139,079,190	-	139,079,190
Accumulated Depreciation	-	(55,286,217)	-	(55,286,217)
Debt: (Related Debt issued for Capital Acquisition)				
Bonds Payable	-	(50,209,998)	-	(50,209,998)
Unamortized Discount and Premium	-	(516,567)	-	(516,567)
Total Net Investment in Capital Assets	-	33,066,408	-	33,066,408
Restricted for Debt Service	-	3,765,773	-	3,765,773
Restricted for Operations and Maintenance	-	165,704	-	165,704
Restricted for Grantors	834,754	-	-	834,754
Unrestricted Amounts (deficit)	22,881,556	17,780,311	2,386,134	43,048,001
TOTAL NET POSITION	\$23,716,310	\$54,778,196	\$2,386,134	\$80,880,640

The accompanying notes are an integral part of these financial statements.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

For the Year Ended December 31, 2016

(Amounts in dollars)

	Business-type Activities - Enterprise Funds				Total Proprietary Funds
	HRA Loan Enterprise	HRA Parking Enterprise	HRA Lofts Enterprise	HRA Penfield Enterprise	
OPERATING REVENUES					
Fees, Sales and Services	\$142,618	\$15,828,064	\$590	\$3,820,113	\$19,791,385
Interest Earned on Loans	31,939	-	-	-	31,939
Total Operating Revenues	<u>174,557</u>	<u>15,828,064</u>	<u>590</u>	<u>3,820,113</u>	<u>19,823,324</u>
OPERATING EXPENSES					
Development Loan Programs	3,626,474	-	-	-	3,626,474
Costs of Parking and Apartment Facility Operation	-	6,760,937	2,769	1,744,924	8,508,630
Depreciation	-	3,177,939	-	902,916	4,080,855
Total Operating Expenses	<u>3,626,474</u>	<u>9,938,876</u>	<u>2,769</u>	<u>2,647,840</u>	<u>16,215,959</u>
OPERATING INCOME (LOSS)	<u>(3,451,917)</u>	<u>5,889,188</u>	<u>(2,179)</u>	<u>1,172,273</u>	<u>3,607,365</u>
NONOPERATING REVENUES (EXPENSES)					
Property Tax Increments and Levy	-	1,099,375	-	-	1,099,375
Operating Grants	385,998	-	-	-	385,998
Investment Income:					
Interest Earnings	(69,703)	92,300	2,769	489	25,855
Increase (Decrease) in Fair Value of Investments	(18,024)	(7,347)	1,103	-	(24,268)
Interest Earned - Other	191,184	-	-	-	191,184
Interest on Notes	(30,050)	-	-	-	(30,050)
Interest on Bonds	-	(2,151,554)	-	-	(2,151,554)
Interest on Mortgage	-	-	-	(890,954)	(890,954)
Intergovernmental Expense	(5,382,598)	(1,001,351)	(436,000)	-	(6,819,949)
Intergovernmental Revenue	409,293	-	-	-	409,293
Non-operating Costs	(137)	(19,137)	-	(146,300)	(165,574)
Loss on Retirement of Assets	-	(278,686)	-	-	(278,686)
Total Nonoperating Revenues (Expenses)	<u>(4,514,037)</u>	<u>(2,266,400)</u>	<u>(432,128)</u>	<u>(1,036,765)</u>	<u>(8,249,330)</u>
Income (Loss) Before Transfers and Special Items	<u>(7,965,954)</u>	<u>3,622,788</u>	<u>(434,307)</u>	<u>135,508</u>	<u>(4,641,965)</u>
Transfers In	14,236,228	146,554	-	257,812	14,640,594
Transfers Out	(2,200,001)	(285,314)	(537,678)	(26,606,029)	(29,629,022)
Special Item - Sale of Penfield Apartments (Note 2.R.)	-	-	-	9,345,498	9,345,498
Total Transfers and Special Items	<u>12,036,227</u>	<u>(138,760)</u>	<u>(537,678)</u>	<u>(17,002,719)</u>	<u>(5,642,930)</u>
CHANGE IN NET POSITION	<u>4,070,273</u>	<u>3,484,028</u>	<u>(971,985)</u>	<u>(16,867,211)</u>	<u>(10,284,895)</u>
TOTAL NET POSITION, January 1	<u>19,646,037</u>	<u>51,294,168</u>	<u>971,985</u>	<u>19,253,345</u>	<u>91,165,535</u>
TOTAL NET POSITION, December 31	<u>\$23,716,310</u>	<u>\$54,778,196</u>	<u>\$ -</u>	<u>\$2,386,134</u>	<u>\$80,880,640</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDSFor the Year Ended December 31, 2016
(Amounts in dollars)

	Business-type Activities - Enterprise Funds				Total Proprietary Funds
	HRA Loan Enterprise	HRA Parking Enterprise	HRA Lofts Enterprise	HRA Penfield Enterprise	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers/Borrowers	\$660,647	\$16,150,846	\$2,521	\$4,037,591	\$20,851,605
Payments to Suppliers	(3,649,956)	(5,897,447)	(3,492)	(1,366,693)	(10,917,588)
Net Cash Provided (Used) for Operating Activities	(2,989,309)	10,253,399	(971)	2,670,898	9,934,017
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Grants Received	385,998	-	-	-	385,998
Repayment of Advance to Other Funds	208,817	-	-	-	208,817
Repayment of Advance to Other Governments	78,182	-	-	-	78,182
Transfers In from Other Funds	14,236,228	146,554	-	257,812	14,640,594
Transfers Out to Other Funds	(2,200,001)	(285,314)	(537,678)	(26,606,029)	(29,629,022)
Property Taxes	-	1,119,608	-	-	1,119,608
Intergovernmental Revenue	409,293	-	-	-	409,293
Intergovernmental Expense	(5,382,598)	(1,001,351)	(436,000)	-	(6,819,949)
Net Cash Provided (Used) for Noncapital Financing Activities	7,735,919	(20,503)	(973,678)	(26,348,217)	(19,606,479)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from Sale of Capital Assets	-	-	-	63,353,045	63,353,045
Payments for Acquisition and Construction of Capital Assets					
Equipment	-	(135,789)	-	-	(135,789)
Parking Ramps	-	(859,541)	-	-	(859,541)
Buildings	-	(248,356)	-	-	(248,356)
Proceeds from Issuance of Notes	2,300,000	-	-	-	2,300,000
Principal Paid on Debt Maturities:					
General Obligation Bonds	-	(1,725,000)	-	-	(1,725,000)
Revenue Bonds	-	(2,010,000)	-	-	(2,010,000)
Limited Tax Bonds	-	-	(7,170,000)	-	(7,170,000)
Mortgage	-	-	-	(39,810,124)	(39,810,124)
Interest Paid on Debt:					
General Obligation Bonds	-	(664,083)	-	-	(664,083)
Revenue Bonds	-	(1,588,475)	-	-	(1,588,475)
Limited Tax Bonds	-	-	(219,278)	-	(219,278)
Notes	(30,050)	-	-	-	(30,050)
Mortgage	-	-	-	(994,460)	(994,460)
Mortgage Insurance	-	-	-	(146,300)	(146,300)
Net Cash Provided (Used) for Capital and Related Financing Activities	2,269,950	(7,231,244)	(7,389,278)	22,402,161	10,051,589
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Dividends Received	(38,430)	99,988	(1)	489	62,046
Investment Service Fee	(137)	(19,137)	-	-	(19,274)
Increase (Decrease) in the Fair Value of Investments	(18,024)	(7,347)	1,103	-	(24,268)
Interest Earned - Other	191,184	-	-	-	191,184
Net Cash Provided (Used) for Investing Activities	134,593	73,504	1,102	489	209,688
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,151,153	3,075,156	(8,362,825)	(1,274,669)	588,815
CASH AND CASH EQUIVALENTS, January 1	10,940,613	19,037,272	8,362,825	4,200,131	42,540,841
CASH AND CASH EQUIVALENTS, December 31	\$18,091,766	\$22,112,428	\$ -	\$2,925,462	\$43,129,656

Continued

STATEMENT OF CASH FLOWS**PROPRIETARY FUNDS**

For the Year Ended December 31, 2016

(Amounts in dollars)

	Business-type Activities - Enterprise Funds				Total Proprietary Funds
	HRA Loan Enterprise	HRA Parking Enterprise	HRA Lofts Enterprise	HRA Penfield Enterprise	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES					
Operating Income (Loss)	(\$3,451,917)	\$5,889,188	(\$2,179)	\$1,172,273	\$3,607,365
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) for Operating Activities:					
Depreciation Expense	-	3,177,939	-	902,916	4,080,855
(Increase) decrease in accounts receivable	-	322,782	1,931	9,621	334,334
(Increase) decrease in delinquent assessments receivable	710	-	-	-	710
(Increase) decrease in due from other funds	-	-	-	225,516	225,516
(Increase) decrease in loans receivable	(913,601)	-	-	-	(913,601)
(Increase) decrease in accrued interest receivable on loans	188,653	-	-	-	188,653
(Increase) decrease in land held for resale	7,900	-	-	-	7,900
(Increase) decrease in prepaid items	-	-	-	162,890	162,890
Increase (decrease) in accounts payable	(34,346)	863,495	(723)	486,102	1,314,528
Increase (decrease) in accrued salaries payable	-	-	-	(15,442)	(15,442)
Increase (decrease) in unearned revenue	1,202,428	-	-	(180,549)	1,021,879
Increase (decrease) in contracts payable	9,900	-	-	(92,429)	(82,529)
Increase (decrease) in due to other governmental units	964	(5)	-	-	959
Total Adjustments	462,608	4,364,211	1,208	1,498,625	6,326,652
Net Cash Provided (Used) for Operating Activities	(\$2,989,309)	\$10,253,399	(\$971)	\$2,670,898	\$9,934,017
DETAILS OF CASH AND CASH EQUIVALENTS					
Cash and Investments with Treasurer	\$17,363,061	\$16,069,737	\$ -	\$ -	\$33,432,798
Cash with Fiscal Agents	-	1,249,448	-	2,925,462	4,174,910
Cash and Investments with Trustees	728,705	-	-	-	728,705
Restricted Cash and Investments for Revenue Bond Debt Service	-	2,617,664	-	-	2,617,664
Restricted Cash and Investments for General Obligation Bond Debt Service	-	2,009,875	-	-	2,009,875
Restricted Cash and Investments for Revenue Bond Operations and Maintenance	-	165,704	-	-	165,704
Total Cash and Cash Equivalents	\$18,091,766	\$22,112,428	\$ -	\$2,925,462	\$43,129,656
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Loss on Retirement of Assets	\$ -	(\$278,686)	\$ -	\$ -	(\$278,686)
Change in Fair Value of Investments	(18,024)	(7,347)	1,103	-	(24,268)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL
SAINT PAUL, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

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(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL
SAINT PAUL, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
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HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

1. Reporting Entity

The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, (HRA) is a public agency established pursuant to Minn. Laws 1947, Ch. 487, as codified at Minn. Stat. Ch. 469, to undertake urban renewal programs. These programs strive to redevelop the residential, commercial, and industrial areas of the City of Saint Paul (City) and to provide adequate jobs, a sound fiscal base, and a variety of affordable housing for City residents. The HRA is governed by a seven-member Board of Commissioners consisting of the members of the City Council.

The HRA was reorganized during 1978 and 1979. This reorganization consisted of the following:

- A. The HRA employees became employees of the City (Note 5.G.).
- B. The Public Housing Agency was spun off and became a separate governmental entity.
- C. The HRA and the City entered into an agreement, effective January 1, 1979, whereby the City agreed to perform administrative and accounting services for the HRA.

The HRA, for financial reporting purposes, includes all funds for which the HRA is financially accountable. Financial accountability was determined on the basis of selection of the governing body, ability to impose will, a financial benefit/burden relationship, and fiscal dependency including approval of budgets, tax levies, and bonded debt issuance. In applying the above financial accountability criteria, it has been determined that there is a component unit of the HRA.

Also, in applying the financial accountability criteria, it has been determined that the HRA is a component unit of the City of Saint Paul and is, therefore, included in the City's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016. The HRA's Board of Commissioners consists of the members of the City Council. The City also has the ability to impose its will on the HRA since City staff are responsible for the day-to-day management of the HRA. The City gives final substantive approval to HRA budgets and HRA tax levies. The financial data of the HRA is blended into the City's Comprehensive Annual Financial Report. Copies of the City's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016, can be obtained from the Financial Services Office, Accounting Section, 110 City Hall, Saint Paul, Minnesota 55102.

Blended Component Unit

The following component unit has been presented as a blended component unit because the component unit's governing body is the same as the governing body of the Housing and Redevelopment Authority of the City of Saint Paul (HRA) and the HRA has operational responsibility for the component unit.

Penfield Apartments, LLC

Penfield Apartments, LLC is the developer and owner of a 253-unit market rate apartment complex, with structured parking and a grocery store located in the complex. It is a special purpose entity LLC, financed primarily by a HUD guaranteed mortgage, and is wholly owned by a single entity, the HRA. The City of Saint Paul's HRA Board of Commissioners act as the Penfield Apartments, LLC board. Separate financial statements for the Penfield Apartments, LLC can be obtained from

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 1. (Continued)

the City of Saint Paul, Department of Planning and Economic Development, 1400 City Hall Annex, 25 West Fourth Street, Saint Paul, Minnesota 55102. The Penfield Apartments were sold on September 22, 2016.

Joint Venture

The Minneapolis/Saint Paul Housing Finance Board (the Board) was established in accordance with a Joint Powers Agreement entered into between the HRA and the former Minneapolis Community Development Agency (MCDA), and accepted by the cities of Minneapolis and Saint Paul under State of Minnesota laws. The governing bodies of the HRA and the City of Minneapolis each appoint three of the six members of the Board. The Board was created for the public purpose of providing decent, safe, sanitary, and affordable housing to the residents of the City of Saint Paul and the City of Minneapolis. The powers exercised by the Board include the power to undertake financing programs to implement individual components of the housing plan for each city and to issue revenue bonds to finance such programs. All bonds are special limited obligations of the Board and shall be payable only out of funds specifically pledged for each issue. Total net position at December 31, 2016, was \$8,920,849. The 2016 operations resulted in a decrease of \$435,713 to net position. During 2016, there were no distributions made from the Board to Minneapolis/Saint Paul.

Upon dissolution of the Board, all properties acquired by the Board and any surplus monies shall be distributed to the HRA and the City of Minneapolis in the proportion and otherwise pursuant to directions provided in the related indenture of trust or other bond documents. If properties acquired by the Board and any surplus monies are not traceable to a particular bond issue or the indenture is silent as to distribution of the assets upon discharge of the issue, the assets shall be distributed on the basis of the amount of funds each entity has contributed that would affect those assets. The respective percentage shares of the HRA and the City of Minneapolis in the Board's assets, liabilities, and equity were not determined at December 31, 2016. There has been no investment made by the HRA in the joint venture. Thus, the financial statements do not reflect an equity interest in the joint venture. Complete financial statements of the Board can be obtained from the City of Saint Paul, Department of Planning and Economic Development, 1400 City Hall Annex, 25 West Fourth Street, Saint Paul, Minnesota 55102.

2. Summary of Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing generally accepted accounting principles (GAAP) for government units through its pronouncements (statements and interpretations). The financial statements of the HRA have been prepared in conformity with GAAP in the United States of America as applied to government units.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 2. (Continued)

A summary of the significant accounting policies follows:

A. Fund Accounting

The HRA's accounting is organized on the basis of funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Each fund is a separate accounting entity having its own assets, liabilities, equities, revenues, and expenditures or expenses, as appropriate. Government financial resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. All HRA funds are reported as major funds. A description of the funds follows:

Governmental Funds

HRA General Fund - accounts for all financial resources of the HRA, except those accounted for in another fund.

HRA Grants Special Revenue Fund - accounts for specific revenue sources, primarily federal and state grants, which are restricted or committed to expenditure for specified purposes.

HRA Debt Service Fund - accounts for the financing and payments made on the HRA's long-term general debt.

HRA Tax Increment Capital Projects Fund - accounts for the resources segregated for the purpose of financing capital projects, primarily in Saint Paul's tax increment financing districts.

HRA Development Capital Projects Fund - accounts for multi-year development projects that are locally financed.

Proprietary Funds

HRA Loan Enterprise Fund - accounts for loans issued and services related to housing and business assistance.

HRA Parking Enterprise Fund - accounts for the HRA's parking facility operations that are financed primarily by parking fees.

HRA Lofts Enterprise Fund - accounts for the operations and debt service for the Lofts at Farmers Market. The Lofts at Farmers Market were sold in 2015 and the Fund was closed in 2016.

HRA Penfield Enterprise Fund - accounts for the operations and debt service for the Penfield Apartments. The Penfield Apartments were sold in 2016.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 2. (Continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the activities of the HRA. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and user charges. Interfund transactions within governmental activities and interfund transactions within business-type activities have been removed from these statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers who use services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. All HRA funds are considered major funds and are reported as separate columns in the fund financial statements section of the basic financial statements.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and contributions are recognized as revenue when eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Revenues

Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance the expenditures of the fiscal period. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues for nonexchange transactions are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 2.C. (Continued)

Nonexchange Transactions

Derived tax revenue transactions result from assessments imposed by governments on exchange transactions. Hotel-motel tax is reported as revenue when the underlying exchange occurs and the receivable amount is available.

Imposed nonexchange transactions result from assessments by governments on nongovernmental entities and individuals. Property taxes are imposed nonexchange transactions. Revenues from property taxes are recognized in the period for which they were levied to the extent they are collected in the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes receivable but not available are reported as deferred inflows of resources and will be recognized as revenue in the fiscal year that they become available. The HRA considers these revenues as available if they are collected within 60 days after year-end.

Government-mandated nonexchange transactions occur when a government at one level provides resources to a government at another level and requires that government to use them for a specific purpose. The provider government establishes purpose restrictions and may also establish time requirements. Federal and state grants mandating the HRA perform particular programs are government-mandated nonexchange transactions. Revenues are recognized when the eligibility and time requirements are met, usually when the corresponding HRA expenditure is incurred, using the guidelines of the legal and contractual requirements of the individual programs.

Voluntary nonexchange transactions result from legislative or contractual agreements, such as entitlements and donations. The provider may establish purpose restrictions and eligibility requirements. Revenues are recognized in the year to which they apply according to statute or contract. Contributions from individuals and miscellaneous revenues are also considered voluntary nonexchange transactions and are generally recognized when received in cash because they are usually not measurable until received. Tax credits paid by the state (included in intergovernmental revenue) are recognized as revenue in the fiscal year that they become available. The HRA considers revenues from tax credits paid by the state as available if they are collected within 60 days after year-end.

Exchange Transactions

Exchange transactions include revenues such as interest earned and fees, sales, and services. Interest earned is reported as revenue when it becomes both measurable and available to finance expenditures of the fiscal period. The HRA considers this revenue as available if it is collected within 60 days after year-end. Fees, sales, and services are reported as revenue when received in cash because they are usually not measurable until received.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 2.C. (Continued)

Expenditures

Expenditures are recorded under the modified accrual method in the accounting period in which the fund liability is incurred, with the exception of principal and interest on general long-term debt, which is recognized when due, and claims and judgments, which are recognized when the obligations are due and payable.

D. Proprietary Fund Financial Statement Presentation

Proprietary funds distinguish operating revenues and operating expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the HRA Loan Enterprise Fund is the payment of interest from loan recipients and fee revenue from customers who have received loans or grants from the HRA, while the principal operating expenses are administration, bad debts, and forgivable loans. The principal operating revenue of the HRA Parking Enterprise Fund is parking fees from parking ramp customers, while the principal operating expenses are parking operation costs, administration, and depreciation on capital assets. The principal operating revenue of the HRA Penfield Enterprise Fund is rent from tenants, while the principal operating expenses are apartment operating costs and debt service on the mortgage. All revenues and expenses not meeting these criteria in each fund are reported as non-operating revenues and expenses.

E. Cash and Investments

The City maintains a cash and investments pool which is available for use by all HRA funds. Each fund's portion of this pool is displayed in the financial statements within "Cash and Investments with Treasurer." Cash and investments are also maintained by trustees of the HRA under certain revenue bond indentures.

Investments are reported at fair value using a market approach with the exception of non-negotiable investment contracts, certain external investment pools, and money market investments, including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less.

Other than certain external investment pools, these exceptions are reported at amortized cost provided that the fair value of these investments is not significantly affected by the impairment of the credit standing of the issuer. Investments in certain external investment pools are measured at the net asset value per share provided by the pool. All investment income, including changes in the fair value of investments, is reported as revenue.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 2.E. (Continued)

For purposes of the Statement of Cash Flows, the proprietary fund's cash equivalents are cash on hand, cash in banks, and highly liquid investments having original maturities (time span from purchase date to maturity date) of three months or less. Included in the classification of cash equivalents are cash and investments with treasurer, cash with fiscal agent, cash and investments with trustees, and restricted cash.

F. Property Taxes

Property tax levies are set by the HRA Board of Commissioners and approved by the City Council in December of each year and certified to Ramsey County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable assessed property. Taxable assessed property values are established by Ramsey County and reviewed by the State of Minnesota. In determining property taxes, estimated market values are converted to tax capacities based on a statutory rate for each class of property. Property taxes become a lien on taxable property on January 1 in the year of collection and are recorded as receivable by the HRA on that date. Property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Property tax revenue is recognized in the year for which it is levied. Property taxes which remain unpaid at December 31 are classified as delinquent taxes receivable. In the governmental funds balance sheet, the delinquent taxes receivable are offset by deferred inflows of resources, if not collected within 60 days after year-end, because they are not known to be available to finance current expenditures. In the government-wide financial statements, delinquent taxes receivable are recognized as revenue.

Property tax increments from the tax increment districts listed in Note 4.C. to the financial statements are levied by the City but deposited to HRA funds.

G. Restricted Assets

Certain proceeds of HRA Parking Enterprise Fund revenue and general obligation bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants. The *revenue bond*, and *general obligation bond* accounts are used to segregate resources accumulated for debt service payments over the next 12 months. The *revenue bond operations and maintenance* account is used to segregate resources set aside to subsidize potential deficiencies from the parking operations that could adversely affect debt service payments. Program income for the HUD Rental Rehab Program is restricted in the HRA Loan Enterprise Fund because it may only be used for affordable housing in accordance with applicable HOME program rules.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 2. (Continued)

H. Loans Receivable

Loans have been issued by the HRA to financially assist private developers in various Saint Paul development projects or to provide housing or commercial rehabilitation financing for Saint Paul property owners. The loans are secured by property mortgages. Loans receivable are reported as an asset in the amount of loan proceeds disbursed, less collections on principal. An allowance for uncollectible loans, which offsets the total gross loans receivable, is recognized for the amount of loans receivable for which collection is doubtful or questionable. This allowance is based on an analysis of credit risk and payment delinquency. Interest earned on the loans is recognized as revenue. In the HRA Loan Enterprise Fund, in order to satisfy federal grant reporting requirements, unearned revenue of an equal amount to restricted grants is also reported on the proprietary funds Statement of Net Position, and revenues are reported when principal payments are received from the loan recipient.

I. Land Held for Resale

Land is acquired by the HRA for subsequent resale for redevelopment purposes and not as an investment program. In order to entice development, the land is often resold at prices substantially lower than the HRA's cost. Land Held for Resale is reported as an asset at the net realizable value for all assets acquired before 2009 and at cost of purchase for all assets purchased after 2009 in the fund which acquired it. Unavailable revenue of an equal amount is also reported on the respective governmental fund balance sheet. In governmental funds, in order to satisfy federal grant reporting requirements, land acquired is reported as an expenditure in the amount of the acquisition cost and as federal revenue for the same amount. When the land is subsequently sold, miscellaneous program income is recognized for the sale amount. Future draw downs from the federal government for reimbursement of expenditures incurred are adjusted by program income available at that date.

In the government-wide financial statements, a write-down of the land to market value is reported as an expense. Unavailable revenue is eliminated when converting the governmental funds balance sheet to the governmental activities column on the Statement of Net Position.

J. Leases Receivable

The HRA, as the lessor, entered into a lease agreement with the City of Saint Paul during the year ended December 31, 2009, through which the HRA is leasing certain improvements made to the RiverCentre Parking Ramp. The cost of the improvements was financed by the HRA through the issuance of the RiverCentre Parking Facility Lease Revenue Bonds, Note Series 2009. The lease is reported as a direct financing lease since the HRA has transferred substantially all of the risks and benefits of ownership of the improvements to the City, and the HRA is financing an in-substance purchase of the improvements by the City. Under the lease, the City has an option to purchase the improvements at any time prior to the expiration of the lease for the amount of any remaining outstanding bonds plus \$1.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 2.J. (Continued)

The HRA, as the lessor, entered into a lease agreement with the City of Saint Paul during the year ended December 31, 2008, through which the HRA will purchase the Jimmy Lee Recreational Facility from the City of Saint Paul, and then lease it back for 25 years. The cost of the purchase was financed by the HRA through the issuance of the Jimmy Lee Recreational Facility Lease Revenue Bonds, Series 2008. The lease is reported as a direct financing lease since the HRA has transferred substantially all of the risks and benefits of ownership of the facility to the City, and the HRA is financing an in-substance purchase of the facility by the City. The lease payments made by the City were sufficient to service the Recreational Facility Lease Bonds principal and interest when due. Under the lease, the City acquired the interest in the Jimmy Lee Recreational Facility in 2016 and the Jimmy Lee Recreational Facility Lease Revenue Bonds, Series 2008 were defeased in 2016.

The present value of the total lease payments to be received under the lease agreements are recognized as leases receivable in the HRA Debt Service Fund. Deferred inflows of resources in an amount equal to the leases receivable is also reported in the HRA Debt Service Fund since none of the receivable is considered to be available to finance expenditures of the current period. In the government-wide financial statements, this deferred inflows of resources is eliminated when converting the governmental funds balance sheet to the governmental activities column on the Statement of Net Position.

K. Capital Assets

Capital assets, which include land, buildings, pedestrian skyway bridges, parking ramp structures and parking lots, equipment, and construction in progress are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the applicable proprietary fund financial statements. Capital assets are not reported on the governmental funds balance sheet. All capital assets are reported at cost if purchased or constructed, or at acquisition value if received as a gift or contribution. The reported amount of the capital assets is not reflective of the current value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress is not depreciated. The equipment is depreciated over a ten-year useful life. The parking lots are depreciated over a 15-year useful life. Buildings, parking ramps, and pedestrian skyway bridges are depreciated over a 40-year useful life. The depreciation method used is straight-line.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 2.K. (Continued)

Capital assets are defined by the HRA as assets with an estimated useful life in excess of two years and individual cost exceeding the following thresholds:

Land	any amount
Equipment	\$ 5,000
Buildings	50,000
Parking ramps	20,000
Pedestrian skyway bridges	20,000

L. Unearned Revenues

Unearned revenue arises when resources are received by the HRA before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the HRA has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. This is true for both the government-wide and the fund financial statements.

M. Long-Term Liabilities

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund Statements of Net Position. Bond discounts and premiums, are deferred and amortized over the life of the bonds using the straight-line interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond discounts and premiums during the current period. The face amount of debt is reported as other financing sources for governmental funds. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government had no item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has the following items, which arise only under a modified accrual basis of

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 2.N. (Continued)

accounting, that qualify for reporting in this category. Accordingly, these items, *various unavailable revenues*, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from six sources: property tax levy and increments, investment interest receivable, note and loans receivable, lease receivable, and land held for resale. These amounts are recognized as an inflow of resources in the period that the amounts become available.

O. Net Position

In the government-wide financial statements and the proprietary fund financial statements, net position includes three components. First is the amount for Net Investment in Capital Assets. Second, restricted net position reports amounts that have restrictions imposed by parties outside the HRA (such as creditors, grantors, or federal or state laws). Finally, the difference between total net position and the first two components is unrestricted net position.

When both restricted and unrestricted resources are available for use, it is the HRA's policy to use restricted resources first, if legally permissible, then unrestricted resources as they are needed.

P. Fund Balances - Governmental Fund Financial Statements

In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts to be spent for specific purposes as determined by enabling legislation or imposed by grantors or debt covenants; used before unrestricted fund balance when an expenditure is incurred for which both restricted and unrestricted fund balance is available.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a board resolution of the HRA Board of Commissioners. Once the resolution is passed, the limitation imposed by the resolution remains in place until the HRA Board of Commissioners passes a resolution removing or revising the limitation, or the specific fund balance amount is spent. The HRA Board of Commissioners is the highest level of decision-making authority for the HRA.

Amounts in the assigned fund balance classification are intended to be used by the HRA for HRA spending purposes but do not meet the criteria to be classified as committed. The HRA Board of Commissioners has assigned fund balance when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments may be removed without an additional resolution being passed.

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. When any combination of committed, assigned, and unassigned resources are available for use, it is the HRA's policy to use committed resources first, then assigned, then unassigned resources as needed.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 2. (Continued)

Q. Interfund Transactions

Interfund services provided and used are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers. Transfers between governmental funds and transfers between proprietary funds are eliminated in the government-wide financial statements.

R. Special Item – Sale of Penfield Apartments

On September 22, 2016, the HRA sold the Penfield Apartments to LIPT, LLC for \$65,500,000 (per purchase agreement). Sales proceeds in the amount of \$40,942,800 was used to pay off two existing mortgages on the Penfield Apartments. The net gain on the sale of the Penfield Apartments in the amount of \$9,345,498 is reported in the Business-type Activities column on the Government-wide Statement of Activities and in the HRA Penfield Enterprise Fund on the Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Position.

3. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The Governmental Fund Balance Sheet includes a reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the Government-wide Statement of Net Position.

The third element of that reconciliation explains that “long-term liabilities, including bonds, notes, and advances payable, are not due and payable in the current period and, therefore, are not reported in the funds”. The details of this (\$65,175,847) difference are as follows:

Governmental activities premium on bonds payable	\$ (921,323)
Governmental activities net bonds payable	(41,819,000)
Governmental activities notes payable	(12,358,016)
Governmental activities advances from other governments	(9,360,000)
Accrued interest payable	<u>(717,508)</u>
Net Adjustment to Decrease Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	 <u><u>\$ (65,175,847)</u></u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 3. (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the Government-wide Statement of Activities.

The third element of that reconciliation explains that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is issued, whereas, these amounts are amortized in the Statement of Activities”. The details of this \$1,252,235 difference are as follows:

2016 amortization of premium	\$ 85,566
2016 principal payments on bonds	9,780,000
2016 principal payments on notes	746,669
2016 issuance of advances	<u>(9,360,000)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ 1,252,235</u>

The fourth element of that reconciliation explains that “some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds”. The details of this (\$1,428,737) difference are as follows:

Accrued interest on bonds:	
At December 31, 2015	\$ 749,884
At December 31, 2016	(680,606)
Accrued interest on notes:	
At December 31, 2015	38,887
At December 31, 2016	(36,902)
Pollution remediation obligation	<u>(1,500,000)</u>
Net Adjustment to Decrease Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ (1,428,737)</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

4. Stewardship, Compliance and Accountability

A. Budgets and Budgetary Accounting

The HRA followed these procedures in establishing the 2016 budget:

The Executive Director presented a proposed budget to the HRA Board of Commissioners for the fiscal year commencing the following January 1, 2016. This budget included proposed expenditures and other uses and the means of financing them. Upon approval by the HRA Board, the Executive Director submitted the budget to the Mayor of the City of Saint Paul who submitted this budget to the City Council for consideration, approval, and certification. All budget amendments that authorize an increase in total fund spending require approval by the HRA Board of Commissioners. Amendments transferring budgeted amounts between cost centers within the same fund require administrative approval by the HRA Executive Director and the City Office of Financial Services Director.

All annual governmental fund budgets are adopted on a basis consistent with GAAP. Multi-year governmental fund budgets are utilized in the grants special revenue fund and the capital projects funds.

Unexpended appropriation balances lapse at the end of the fiscal year in the annual operating budgets. Unexpended appropriation balances do not lapse at the end of the fiscal year in the multi-year budgets.

Encumbrance accounting, under which purchase orders are recorded, is used. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end were not reported as expenditures or liabilities in the financial statements. The encumbrances are reappropriated and honored in the subsequent year.

Formal automated budgetary integration is employed as a management control device during the year. The legal level of budgetary control (that is, the level at which expenditures and other financing uses cannot legally exceed the appropriated amount) is at the fund level. Appropriations are controlled administratively at the project/activity level within multi-year budgeted funds. Governmental and proprietary funds with annually adopted budgets are controlled administratively at the accounting unit level and within the following major object levels of expenditure: debt service, services and supplies, equipment, and transfers out. Management is authorized to spend within the above stated administration limits without an HRA Board approved budget amendment or a budget amendment approved by the HRA Executive Director and the City Office of Financial Services Director.

Spending budgets are controlled by encumbering requisitions and purchase orders. Encumbering instruments which exceed available appropriations are not authorized until additional appropriations are made available. There were no significant encumbrances for the annually budgeted funds at the end of 2016.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 4. (Continued)

B. General Obligation Bonds Issued by the City of Saint Paul for HRA Programs

During 1995, the City of Saint Paul issued Midway Marketplace Tax Increment General Obligation Bonds, Series 1995A, in the amount of \$7,660,000. Proceeds from the Series 1995A bonds were used to provide financing for certain public redevelopment costs in an area referred to as Midway Marketplace. During 2005, the City issued the Snelling-University Tax Increment Refunding Bonds, Series 2005C in the amount of \$5,130,000 which refunded the 1995 Bonds. During 2014, the City issued Snelling-University Taxable General Obligation Refunding Bonds, Series 2014D in the amount of \$1,995,000 which refunded the 2005 bonds. The bonds have a City general obligation pledge but are to be retired using tax increments from the HRA's Snelling-University District and certain shortfall payments from the project developers as defined in the development agreements. The outstanding Series 2014D bonds are reported as a liability in the governmental activities column of the HRA's Government-wide Statement of Net Position (Note 5.F.).

During 1998, the City of Saint Paul issued Block 39 Tax Increment General Obligation Bonds, Series 1998A and Series 1998B, in the amount of \$21,255,000 and \$18,745,000, respectively. Proceeds from the Series 1998A and Series 1998B were used to finance the acquisition of Block 39 properties in the downtown area and to construct a parking facility and retail space. During 2009, the City issued the Block 39 Tax Increment Refunding Bonds, Series 2009G and 2009H, in the amount of \$20,695,000 and \$8,655,000, respectively, which refunded the 1998 Bonds. The bonds have a City general obligation pledge but are to be retired using tax increments from the HRA's Block 39 Lawson/Arena District and revenues from the parking facility. The outstanding Series 2009G and 2009H bonds are reported as a liability in the HRA Parking Enterprise Fund and in the business-type activities column of the HRA's Government-wide Statement of Net Position (Note 5.F.).

In March 2010, the City of Saint Paul issued Koch Mobil Tax Increment Refunding Bonds, Series 2010A, in the amount of \$2,670,000. The proceeds of the 2010 bonds were used to currently refund Koch Mobil Tax Increment Bonds, Series 2007B. The bonds are to be retired using HRA tax increment revenue from the Koch Mobil Tax Increment District. The City has issued a general obligation pledge on the 2010 bonds. The outstanding Series 2010A bonds are reported as a liability in the governmental activities column of the HRA's Government-wide Statement of Net Position (Note 5.F.).

In August 2011, the City of Saint Paul issued US Bank Tax Increment Refunding Bonds, Series 2011F and 2011G, in the amount of \$3,060,000 and \$8,870,000, respectively, which refunded the 2001 bonds. The bonds have a City general obligation pledge but are to be retired using tax increments from the HRA's US Bank Riverfront Renaissance District. The outstanding Series 2011F and 2011G bonds are reported as a liability in the governmental activities column of the HRA's Government-wide Statement of Net Position (Note 5.F.).

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 4. (Continued)

C. Tax Increment Financing Districts

Pursuant to state law, the following tax increment financing districts have been established in Saint Paul and are administered by the HRA.

District Number	District	Year Established	Duration of District	Outstanding Long-Term Debt (Including Advances)
83	Spruce Tree Centre/Metz Bakery Area	1987	26 years	\$ -
87	Riverfront	1987	26 years	-
100	Neighborhood Business Development - Scattered Sites	1988	26 years	1,110,000
135	Snelling - University	1990	26 years	670,000
193	Hubbard Site	1997	26 years	2,061
194	1919 University	1997	26 years	-
212	Block 4 Minnesota Mutual	1997	26 years	1,250,000
213	Block 39 Lawson/Arena	1997	26 years	18,150,000
215	Superior Street Cottages	1998	26 years	-
224	North Quadrant Phase 1 - Essex	2000	26 years	823,000
225	Riverfront Renaissance - Upper Landing	2001	26 years	15,219,959
228	Emerald Park - Emerald Gardens	2002	26 years	5,335,000
232	Straus Building	2002	26 years	-
233	North Quadrant Expansion 1 - Dakota	2003	26 years	972,000
234	Phalen Village	2001	26 years	-
236	J. J. Hill	2001	26 years	2,792,000
237	Osceola Park	2002	26 years	-
240	Bridgecreek Senior Place	2003	26 years	-
241	North Quadrant Phase 2	2004	26 years	1,013,000
243	Shepard - Davern Owner Occupied	2003	26 years	-
245	Shepard - Davern Senior Rental	2003	26 years	-
248	Koch Mobil	2004	26 years	4,135,962
257	Payne Phalen	2005	26 years	2,759
260	North Quadrant - Sibley	2006	26 years	-
261	Riverfront Renaissance - US Bank	2006	26 years	9,009,665
262	Riverfront Renaissance - Drake Marble	2006	26 years	984,000
263	Riverfront Renaissance - Uncommitted	2006	26 years	1,695,446
264	Riverfront Renaissance - Llewellyn	2006	26 years	30,692
265	Riverfront Renaissance - HRA	2006	26 years	-
266	Emerald Park - Metro	2006	26 years	6,539
267	Emerald Park - Berry	2006	26 years	-
268	North Quadrant Expansion 1 - Sibley	2006	26 years	-
269	Phalen - Rose Hill	2006	26 years	-

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 4.C. (Continued)

District Number	District	Year Established	Duration of District	Outstanding Long-Term Debt (Including Advances)
271	Carlton Lofts	2007	26 years	16,603
278	Highland Pointe Lofts	2007	26 years	-
279	Minnesota Building	2010	26 years	-
281	2700 The Avenue	2008	26 years	-
282	Minnesota Events District	2009	26 years	-
291	Carondelet Village	2011	26 years	-
299	Cossetta Project	2011	9 years	-
301	Penfield	2012	26 years	-
302	Pioneer - Endicott	2012	26 years	-
304	Schmidt Brewery	2012	26 years	60,259
305	West Side Flats	2014	26 years	-
313	Hamline Station East	2014	26 years	21,285
314	Hamline Station West	2014	26 years	40,087
317	Custom House/Post Office	2014	26 years	72,389
318	East 7 th Bates Senior Housing	2014	26 years	77,068
319	2700 University at Gateway Station	2014	26 years	75,655
321	Schmidt Keg House	2015	26 years	22,267
322	Ford Site	2016	26 years	6,637
324	Wilson II Housing Project	2016	26 years	13,804
Total Outstanding at December 31, 2016				<u>\$ 63,608,137</u>

Total tax capacity amounts and tax increment revenue for these districts in 2016 are as follows.

Current tax capacity (assessed in 2015, payable in 2016)	\$ 22,093,792
Captured tax capacity retained by the HRA	19,383,275
Total tax increment revenue in 2016 (includes developer shortfall if any)	23,050,841
Total delinquent tax increment receivable at December 31, 2016	156,525

D. Conduit Debt Obligations

The HRA has issued Commercial/Industrial Development, Homeownership Mortgage, and Rental Housing Revenue Bonds to assist developers, businesses, and low-to moderate-income homeowners in projects which improve the economic and housing conditions of the City. The bonds are secured by the financed property and are payable solely from the revenues of the individual commercial/industrial or housing projects. The bonds do not constitute a charge, lien, or encumbrance, legal or equitable, upon any property or funds of the HRA, nor is the HRA subject to any liability thereon. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 4.D. (Continued)

Conduit bonds issued subsequent to January 1, 1996, have an outstanding principal balance of \$1.7 billion at December 31, 2016. The aggregate principal amount payable for conduit bonds issued prior to January 1, 1996, could not be determined; however, their original issue amounts totaled \$2.9 billion. There were 185 conduit bonds issued prior to January 1, 1996, and 153 conduit bonds issued subsequent to January 1, 1996.

E. Deficit - Net Position of Governmental Activities

On the Government-wide Statement of Net Position, the HRA is reporting a negative unrestricted net position of \$21,151,005 but is reporting an overall positive net position of \$34,527,116. The individual governmental funds which form a part of the governmental activities all have positive fund balances. The deficit was created with the addition of long-term debt to the government-wide governmental activities. The HRA issues long-term debt for development purposes and, in many cases, does not acquire or construct HRA-owned capital assets with the debt proceeds. The debt is to be retired with future revenues, such as property tax increments or sales taxes. (See Notes 3.A. and 5.F.)

5. Detailed Notes on All Funds

A. Deposits and Investments

Through agreement with the City, the HRA deposit and investment functions are managed by the City's Office of Financial Services, Treasury Section. City policies are applied to the HRA's portfolio of deposits and investments.

(1) Deposits

Minn. Stat. § 118A.02 and 118A.04 authorize the City to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better, irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. All pledged collateral is held in the City's name at third party institutions.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.A.(1) (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the HRA's deposits may not be returned to it. The City is authorized to use only those financial institutions that have been approved by the City Council. The HRA's deposits at December 31, 2016 consist of the City cash and investment pool in an amount of \$99,756,141, the parking ramp, and Penfield checking accounts in the amount of \$4,174,910. The City cash and investment pool is entirely insured or collateralized in the City's name at third party institutions. The parking ramps checking accounts are collateralized in the City's name at third-party institutions.

(2) Investments

Minn. Stat. § 118A.04 and 118A.05 generally authorize the following types of investments as available to the HRA:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, sub. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

In addition, under Minn. Stat. § 469.012, the HRA can invest funds in properties or securities in which savings banks may legally invest funds which provides broad investment authority.

The City Council has adopted an investment policy, dated July 9, 2003, which provides requirements and guidelines for the following:

- Authority and responsibility;
- Administrative and review procedures;
- Credit risk, interest rate risk, liquidity return, and avoidance of loss;
- Investments in special programs and projects;

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.A.(2) (Continued)

- Short term and longer term investments; and
- Investment manager selection and termination.

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City minimizes its exposure to interest rate risk by investing in both shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City has established maximum guidelines for investment duration.

Credit Risk - Investments

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy is that each portfolio must be invested in compliance with State of Minnesota Statute 118A. This statute governs which securities and with what credit ratings the city can hold in its portfolio and requires a broker certification annually from all brokers stating that they have read the City policy and will remain compliant with the statute.

Custodial Credit Risk - Investments

The custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of an investment or collateral securities that are in possession of an outside party. According to City policy, all securities purchased are held by a third-party safekeeping agent appointed as custodian (US Bank) who is also the lending agent/counterparty. Certificates of Deposit and select securities purchased from the City of St. Paul may be kept in the City's safe. The securities lending agreement, although the program is suspended, is still in place between the City and its custodian.

The City has no custodial credit risk for investments at December 31, 2016.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. It is the City's policy to diversify investments so that potential losses on individual securities of a single issuer will be minimized.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.A.(2) (Continued)

The following table represents the HRA's investment balances at December 31, 2016, and information relating to potential investment risks:

	Credit Risk		Concentration	Interest Rate	Carrying
	Credit Rating	Rating Agency	Risk Over 5% of Portfolio	Risk Maturity Date	(Fair) Value
Investments Held Outside of City:					
Mutual Funds					
First American Government Treas. Obligations	N/A	N/R	N/A	N/A	\$ 2,015,433
First American Government Treas. Obligations Fund Class Y	N/A	N/R	N/A	N/A	680,969
US Bank Money Market Account 5-Ct	N/A	N/R	N/A	N/A	790,382
Wells Fargo Advantage 100% Treasuries Fund	N/A	N/R	N/A	N/A	<u>2,528,099</u>
Total Investments Held Outside of City:					<u>\$ 6,014,883</u>
Cash and Investments with Treasurer:					
Penfield Apartments, LLC Accounts					\$ 2,925,462
City Cash and Investment Pool					<u>99,756,141</u>
Total Cash and Investments with Treasurer:					<u>\$ 102,681,603</u>
Deposits:					
Trustee Cash					\$ 836
Certificate of Deposit - Highland Bank					606,288
Parking Ramp Checking Accounts at Saint Paul Banks					<u>1,249,448</u>
Total Deposits:					<u>\$ 1,856,572</u>
Total					<u>\$ 110,553,058</u>

N/A - Not applicable

N/R - Not rated

< 5% - Concentration is less than 5% of investments

Deposits - City of Saint Paul Cash and Investment Pool - Additional disclosures required by GASB Statement No. 40, "Deposit and Investment Risk Disclosures," are disclosed on an entity-wide basis in the City of Saint Paul Comprehensive Annual Financial Report for the year ended December 31, 2016.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.A. (Continued)

(3) Reconciliation

The above amounts of deposits and investments reconcile to the Government-wide Statement of Net Position as follows:

Cash and Investments with Treasurer	\$ 94,968,042
Cash with Fiscal Agents	4,174,910
Cash and Investments with Trustees	6,366,563
Restricted Cash and Investments for General Obligation Bond Debt Service	2,009,875
Restricted Cash and Investments for Revenue Bond Debt Service	2,617,664
Restricted Cash and Investments for Revenue Bond Operations and Maintenance	165,704
Restricted Cash and Investments for Note Debt Service	250,300
	<hr/>
Total	<u>\$ 110,553,058</u>

(4) Net Increase (Decrease) in the Fair Value of Investments

All investment income, including changes in the fair value of investments, is reported as revenue on the operating statements of both governmental and proprietary funds. The calculation of realized gains and losses from the sale of investments is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The decrease in the fair value of investments during 2016 was \$456,692. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at December 31, 2016, was \$437,398.

(5) Fair Value Measurement

The HRA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are not observable. The HRA has the following recurring fair value measurements as of December 31, 2016:

	12/31/2016	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Money Market and Mutual Funds	\$6,014,883	\$ -	\$6,014,883	\$ -
Total/Subtotal	<u>\$6,014,883</u>	<u>\$ -</u>	<u>\$6,014,883</u>	<u>\$ -</u>

Money market and bond mutual funds classified in Level 2 are valued using a market approach.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.A. (Continued)

The HRA invests funds in the City of Saint Paul investment pool. The fair value of the investment is the fair value per share of the underlying portfolio. The HRA invests in this pool for the purpose of joint investment with the City in order to enhance investment earnings. There are no redemption limitations.

B. Loans Receivable

Loans receivable are reported as assets in the following funds at December 31, 2016 (net of allowances):

HRA General Fund	\$ 10,609
HRA Tax Increment Capital Projects Fund	756,250
HRA Development Capital Projects Fund	95,588
HRA Loan Enterprise Fund	4,254,737
HRA Parking Enterprise Fund	<u>236,250</u>
 Total All Funds	 <u><u>\$ 5,353,434</u></u>

Allowances for uncollectible loans have been established for loans for which collection is doubtful or questionable in the total amount of \$47,526,747 at December 31, 2016. During 2016, loans determined to be uncollectible or forgiven were written-off the books in the amount of \$27,292, net of allowance.

Changes in total gross loans receivable, allowances for uncollectible loans, and accrued interest receivable on loans for 2016 are shown below.

Total gross loans receivable - January 1, 2016	\$ 49,070,331
Loans issued	8,856,418
Principal payments received	(839,566)
Loans forgiven and written-off	<u>(4,207,002)</u>
 Total Gross Loans Receivable - December 31, 2016	 <u><u>\$ 52,880,181</u></u>
 Less: allowance for uncollectible loans - January 1, 2016	 44,629,623
Loans issued allowance	7,131,418
Loans forgiven and written-off	<u>(4,234,294)</u>
 Total Allowance for Uncollectible Loans - December 31, 2016	 <u><u>47,526,747</u></u>
 Net Loans Receivable - December 31, 2016	 <u><u>\$ 5,353,434</u></u>
 Accrued Interest Receivable on Loans - December 31, 2016 (Net of Allowance)	 <u><u>\$ 589,441</u></u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.B. (Continued)

At December 31, 2016, future minimum principal and interest payments to be received under the loan agreements for the next ten years are as follows:

2017	\$ 3,367,828
2018	3,244,671
2019	1,378,926
2020	2,603,733
2021	2,542,104
2022 - 2026	<u>3,414,777</u>
Total	<u>\$ 16,552,039</u>

During 2006, the HRA entered into an agreement with the City to sell a loan receivable from The Science Museum of Minnesota (SM). The SM loan was sold for \$2,400,000 and had a principal balance of \$4,000,000 at the time of sale which resulted in a loss on the sale of \$1,600,000. The \$2,400,000 in sale proceeds was used by the HRA to repay Ramsey County relating to the final closeout of the West Midway Tax Increment Financing District. Also, as part of the loan sale agreement, the HRA was obligated to advance to the City an amount of \$860,000 in installments from 2006 through 2010. The City is to repay this advance, together with 5% interest, in installments from 2011 through 2021. In 2011, the City began repayment of the advance, with a payment of \$87,475 including interest.

C. Land Held for Resale

Land held for resale is reported in the following funds as an asset at December 31, 2016.

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
HRA General Fund	\$ 327,993	\$ -	\$ -	\$ 327,993
HRA Tax Increment Capital Projects Fund	1,352,328	-	370,000	982,328
HRA Development Capital Projects Fund	993,657	-	161,124	832,533
HRA Loan Enterprise Fund	<u>4,304,554</u>	<u>-</u>	<u>7,900</u>	<u>4,296,654</u>
Total All Funds	<u>\$ 6,978,532</u>	<u>\$ -</u>	<u>\$ 539,024</u>	<u>\$ 6,439,508</u>

D. Leases Receivable

As described in Note 2.J., the HRA entered into direct financing leases with the City during the year ended December 31, 2008, and during the year ended December 31, 2009.

The City is obligated under the RiverCentre Parking Facility Improvement Lease to make lease payments through 2024, which are to be used by the HRA to finance debt service payments on its RiverCentre Parking Facility Lease Revenue Bonds, Series 2009. The City

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.D. (Continued)

of Saint Paul has approved a debt capital management plan which includes the amounts needed to make the lease payments through 2024. The City was obligated under the Jimmy Lee Recreational Facility Lease to make lease payments through 2032, which were to be used by the HRA to finance debt service payments on its Recreational Facility Lease Revenue Bonds, Series 2008. The City issued General Obligation various purpose bonds, Series 2016E in December of 2016, of which \$5,670,991 was used to defease the Jimmy Lee Recreational Facility Lease Revenue Bonds, Series 2008.

The following is a summary of the leases receivable for the year ended December 31, 2016.

	RiverCentre Parking Facility Improvement Lease	Jimmy Lee Recreational Facility Lease	Total City Leases
Balance of leases receivable - January 1, 2016	\$ 4,470,000	\$ 6,130,000	\$ 10,600,000
Principal portion of lease payments - 2016	(425,000)	(6,130,000)	(6,555,000)
Balance of leases receivable - December 31, 2016	<u>\$ 4,045,000</u>	<u>\$ -</u>	<u>\$ 4,045,000</u>

The interest portion of these lease bonds in 2016 was \$462,482. On the Governmental Funds Balance Sheet, the HRA Debt Service Fund reports deferred inflows of resources in an amount to offset the entire amount of the lease receivable, since the lease payments are not available to finance current period expenditures. Revenues for the principal amount of the lease payments will be reported in the HRA Debt Service Fund in future years when the payments are received. On the Government-Wide Statement of Net Position, the leases receivable are not offset with deferred inflows of resources.

The future lease payments (including principal and interest) to be received under the RiverCentre Parking Facility Improvement Lease are as follows:

Year Ending December 31	RiverCentre Parking Facility Improvement Lease
2017	\$ 606,494
2018	607,575
2019	608,798
2020	606,716
2021	606,424
2022 - 2026	<u>1,519,489</u>
Total	<u>\$ 4,555,496</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.E. Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

Governmental Activities	Balance January 1, 2016	Increase	Decrease	Balance December 31, 2016
Land (not depreciated)	\$ 3,042,169	\$ -	\$ -	\$ 3,042,169
Construction in progress (not depreciated)	3,129,938	11,372,429	-	14,502,367
Buildings	14,386,848	-	-	14,386,848
Pedestrian skyway bridges	13,016,924	-	-	13,016,924
Total at historical cost	33,575,879	11,372,429	-	44,948,308
Less: accumulated depreciation				
Buildings	(3,385,886)	(359,671)	-	(3,745,557)
Pedestrian skyway bridges	(9,797,002)	(307,191)	-	(10,104,193)
Total accumulated depreciation	(13,182,888)	(666,862)	-	(13,849,750)
Total Governmental Activities Capital Assets – Net	\$ 20,392,991	\$ 10,705,567	\$ -	\$ 31,098,558

Business-type Activities	Balance January 1, 2016	Increase	Decrease	Balance December 31, 2016
Land (not depreciated)	\$ 30,807,487	\$ -	\$ 3,560,000	\$ 27,247,487
Buildings	55,184,765	248,356	53,961,800	1,471,321
Equipment	2,510,295	135,789	48,486	2,597,598
Parking Ramps	107,512,648	859,541	609,405	107,762,784
Total at historical cost	196,015,195	1,243,686	58,179,691	139,079,190
Less: accumulated depreciation				
Buildings	(2,747,450)	(1,001,220)	(3,511,267)	(237,403)
Equipment	(1,227,379)	(272,992)	(35,826)	(1,464,545)
Parking Ramps	(51,123,991)	(2,806,643)	(346,365)	(53,584,269)
Total accumulated depreciation	(55,098,820)	(4,080,855)	(3,893,458)	(55,286,217)
Total Business-type Activities Capital Assets – Net	\$ 140,916,375	\$ (2,837,169)	\$ 54,286,233	\$ 83,792,973

Depreciation expense for 2016 was charged to functions/programs as follows:

Governmental Activities	
Housing and economic development	<u>\$ 666,862</u>
Business-type Activities	
Parking operations	3,177,939
Apartment operations	<u>902,916</u>
Total Business-type Activities	<u>\$ 4,080,855</u>

In September 2016, the HRA sold the Penfield Apartments to LIPT, LLC. The net gain on the sale of the Penfield Apartments capital assets was \$9,345,498. See Note 2.R.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.F. Long-Term Debt

Long-term debt consists of bonds payable, notes payable, and advances from other governments. This debt has been issued for both governmental and business-type activities. Governmental activity debt has been issued to provide financing for housing and economic development programs and projects. Business-type debt was issued to finance the construction of parking facilities and to finance the construction of market rate rental property.

(1) Changes in Long-Term Debt

Long-term debt activity for the year ended December 31, 2016, was as follows:

Governmental Activities	Balance January 1, 2016	Increase	Decrease	Balance December 31, 2016	Due Within One Year
Bonds payable					
Tax increment bonds	\$ 40,999,000	\$ -	\$ 3,225,000	\$ 37,774,000	\$ 3,528,000
Lease revenue bonds	10,600,000	-	6,555,000	4,045,000	440,000
Add: unamortized premium on lease revenue bonds	119,857	-	14,241	105,616	-
Add: unamortized premium on tax increment bonds	887,032	-	71,325	815,707	-
Total bonds payable	52,605,889	-	9,865,566	42,740,323	3,968,000
Notes payable	13,104,685	-	746,669	12,358,016	508,140
Advances from other government	-	9,360,000	-	9,360,000	-
Total Governmental Activities Long-Term Debt	<u>\$ 65,710,574</u>	<u>\$ 9,360,000</u>	<u>\$ 10,612,235</u>	<u>\$ 64,458,339</u>	<u>\$ 4,476,140</u>
Business-type Activities	Balance January 1, 2016	Increase	Decrease	Balance December 31, 2016	Due Within One Year
Bonds payable					
Limited tax bonds	\$ 7,170,000	\$ -	\$ 7,170,000	\$ -	\$ -
Parking revenue bonds	34,070,000	-	2,010,000	32,060,000	2,105,000
Tax increment - parking bonds	19,875,000	-	1,725,000	18,150,000	1,800,000
Add: unamortized premium on tax increment bonds	483,434	-	49,163	434,271	-
Add: unamortized premium on parking revenue bonds	170,673	-	8,715	161,958	-
Add: unamortized discount on parking revenue bonds	(83,950)	4,286	-	(79,664)	-
Total bonds payable	61,685,157	4,286	10,962,878	50,726,565	3,905,000
Notes and mortgage payable					
LAAND Initiative loans	1,580,000	-	-	1,580,000	-
Housing 5000 Program loan	-	2,300,000	-	2,300,000	-
Penfield Apartments mortgage	39,810,124	-	39,810,124	-	-
Total notes and mortgage payable	41,390,124	2,300,000	39,810,124	3,880,000	-
Total Business-type Activities Long-Term Debt	<u>\$ 103,075,281</u>	<u>\$ 2,304,286</u>	<u>\$ 50,773,002</u>	<u>\$ 54,606,565</u>	<u>\$ 3,905,000</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.F.(1) (Continued)

A long-term advance of \$9,360,000 was received from the City in 2016 for construction of the Palace Theatre. Interest at 3 percent per annum commences on the beginning of the 3rd year of the operating use agreement. The HRA is to repay the advance only from and to the extent that operating revenues are collected by the HRA, with payments applied to interest first. Annual operating revenues to be received are unknown and therefore, future payments for this advance are not included with the annual requirements schedule for governmental activity.

All 2016 scheduled principal and interest payments were made in accordance with the terms of the bonds and notes. On September 22, 2016, the HRA sold the Penfield Apartments to LIPT, LLC. Net proceeds of the sale were used to pay off the existing mortgage on the Penfield Apartments.

In November 2013, a loan agreement, with a revolving line of credit, was executed between the Saint Paul Foundation (Foundation) and the HRA whereby the Foundation has made available funds in the amount of \$2,500,000 to the HRA for use in its major housing initiative, the Housing 5000 Program. Any of the funds advanced under the loan agreement to the HRA by the Foundation are to be used solely for developer loans on approved housing projects. The agreement was amended in March 2016 to provide up to \$2,300,000 in loans for the Model Cities Brownstone project. The HRA is to repay the principal amount of the advances to the Foundation as the developer loans are repaid to the HRA. Simple interest of one percent on the outstanding Foundation advances is payable on each December 31 starting with 2016. December 1, 2026, is the final maturity date under the loan agreement.

(2) Description of Bonds, Notes, Advances, and Sources for Retirement

Governmental Activities

The governmental activity long-term debt, represented by the Tax Increment Bonds, Lease Revenue Bonds, long-term notes, and advances from other governments, are not general obligations of the HRA, are not backed by the full faith and credit of the HRA, and are to be retired through specific revenue sources. Under Minn. Stat. § 469.034, the HRA is not authorized to issue bonds which constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Tax increments, lease payments, and advances are pledged under the respective bond covenants. Debt service payments have been made on the bonds, notes, and advances using the designated financing sources. The City has issued a general obligation pledge on the Koch Mobil Tax Increment Refunding Bonds, Series 2010A; the US Bank Tax Increment Bonds, Series 2011F and 2011G, and the Snelling-University Taxable Refunding Bonds Series, 2014D. The governmental activity bonds and notes are serviced by the HRA Debt Service Fund. The governmental activity advances are serviced by the fund that received the advance. A listing of the governmental activity bonds and notes at December 31, 2016, follows:

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.F.(2) (Continued)

Debt Issue	Sources for Retirement	Interest Rate (%)	Original Debt Issue Amount	Amount Payable December 31, 2016
North Quadrant Tax Increment Refunding Bonds, Series 2002	North Quadrant District Tax Increments	7.500	\$ 1,089,000	\$ 823,000
North Quadrant Phase II Tax Increment Bonds, Series 2002	North Quadrant District Tax Increments	7.000	1,140,000	972,000
Drake Marble Tax Increment Bonds, Series 2002	Riverfront Renaissance District Tax Increments	6.750	1,800,000	984,000
9th Street Lofts Tax Increment Bonds, Series 2004	9th Street Lofts District Tax Increments	6.375	1,335,000	1,013,000
J.J. Hill Tax Increment Bonds, Series 2004	J.J. Hill District Tax Increments	6.250	3,660,000	2,792,000
Neighborhood Scattered Site Tax Increment Bonds, Series 2005	Neighborhood Scattered Site District Tax Increments	4.240 - 5.450	7,515,000	1,110,000
Jimmy Lee Recreational Facility Lease Revenue Bonds, Series 2008	City of Saint Paul	3.000 - 5.000	7,685,000	-
RiverCentre Parking Facility Lease Revenue Bonds, Series 2009	City of Saint Paul	3.000 - 4.500	6,790,000	4,045,000
Koch Mobil Tax Increment Refunding Bonds, Series 2010A	Koch Mobil District Tax Increments	2.000 - 4.000	2,670,000	2,020,000
Emerald Gardens Tax-Exempt Tax Increment Revenue Bonds, Series 2010	Emerald Gardens District Tax Increments	5.000 - 6.500	6,595,000	5,335,000
US Bank Tax Increment Refunding Bonds, Series 2011G	Riverfront Renaissance District Tax Increments	2.000 - 4.000	8,870,000	8,300,000
Upper Landing Tax Increment Refunding Bonds, Series 2012	Riverfront Renaissance District Tax Increments	5.000	15,790,000	13,755,000
Snelling-University General Obligation Taxable Refunding Bonds, Series 2014D	Snelling-University District Tax Increments	1.000 - 1.250	1,995,000	670,000
HUD Section 108 Note, Series 2003-A	EDI Grants, Port Authority	5.200	3,300,000	975,000
Upper Landing Tax Increment Revenue Note, Series 2008	Upper Landing District Tax Increments	5.750	2,019,087	783,164
Catholic Charities Midway Residence POPSH Loan	Forgiven after 20 years of compliance	0.000	10,599,852	10,599,852
Advance from City Palace Theatre Revenue Note	Palace Theatre operating revenue received by the HRA	3.000	<u>9,360,000</u>	<u>9,360,000</u>
Total Governmental Activities Long-Term Debt			<u>\$ 92,212,939</u>	<u>\$ 63,537,016</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.F.(2) (Continued)

Business-type Activities

The business-type activity long-term debt is reported in the HRA Parking Enterprise Fund, the HRA Loan Enterprise Fund, and the HRA Penfield Enterprise Fund where specific fund revenues are used to service the debt. The City has issued a general obligation pledge on the Block 39 Tax Increment Bonds, Series 2009G and 2009H. A listing of the business-type bonds, notes, and mortgages at December 31, 2016, follows:

Debt Issue	Sources for Retirement	Interest Rate (%)	Original Debt Issue Amount	Amount Payable December 31, 2016
Parking Revenue Bonds, Series 1997A	7th Street Ramp Parking Revenues	6.750	\$ 11,305,000	\$ 1,005,000
Block 39 Tax Increment Refunding Bonds, Series 2009G	Block 39 District Tax Increments Block 39 Parking Revenues	3.000 - 4.000	20,695,000	18,150,000
Parking Revenue Refunding Bonds, Series 2010A	HRA Parking Revenue	3.000 - 5.000	24,135,000	20,295,000
Parking Revenue Refunding Bonds, Series 2010B	HRA Parking Revenue	3.000 - 5.000	12,820,000	10,760,000
Lofts at Farmers Market Limited Tax Bonds, Series 2010A (BABs)	HRA Tax Levy	4.350 - 7.500	7,170,000	-
LAAND Initiative Loan – Metropolitan Council	Land Sales Proceeds	0.000	1,000,000	1,000,000
LAAND Initiative Loan – Family Housing Fund	Land Sales Proceeds	0.000	580,000	580,000
Housing 5000 Program - Saint Paul Foundation	Model Cities Brownstone Loan Repayments	1.000	2,300,000	2,300,000
Penfield Apartments, LLC Mortgage A	District Tax Increment	3.120	8,295,500	-
Penfield Apartments, LLC Mortgage B	Apartment Operations	3.120	32,647,300	-
Total Business-type Activities Long-Term Debt			\$ 120,947,800	\$ 54,090,000

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.F. (Continued)

(3) Annual Requirements – Principal and Interest on Long-Term Debt

Annual principal and interest debt service requirements for governmental activity long-term debt are as follows:

Year Ending December 31	Tax Increment Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 3,528,000	\$ 1,813,822	\$ 440,000	\$ 155,638
2018	1,833,000	1,701,598	455,000	139,387
2019	1,918,000	1,619,499	475,000	120,788
2020	2,069,000	1,532,915	495,000	101,387
2021	2,235,000	1,436,163	510,000	81,288
2022 - 2026	12,972,000	5,471,633	1,670,000	111,331
2027 - 2031	13,219,000	1,215,590	-	-
Total	<u>\$ 37,774,000</u>	<u>\$ 14,791,220</u>	<u>\$ 4,045,000</u>	<u>\$ 709,819</u>

Year Ending December 31	Development Notes		Total Governmental Activity	
	Principal	Interest	Principal	Interest
2017	\$ 508,140	\$ 68,351	\$ 4,476,140	\$ 2,037,811
2018	520,280	66,610	2,808,280	1,907,595
2019	533,128	37,622	2,926,128	1,777,909
2020	196,616	7,645	2,760,616	1,641,947
2021	-	-	2,745,000	1,517,451
2022 - 2026	10,599,852	-	25,241,852	5,582,964
2027 - 2031	-	-	13,219,000	1,215,590
Total	<u>\$ 12,358,016</u>	<u>\$ 180,228</u>	<u>\$ 54,177,016</u>	<u>\$ 15,681,267</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.F.(3) (Continued)

Annual principal and interest debt service requirements for business-type activity long-term debt are as follows:

Year Ending December 31	Parking Revenue Bonds HRA Parking Enterprise Fund		Tax Increment - Parking Bonds HRA Parking Enterprise Fund		LAAND Initiative Loans HRA Loan Enterprise Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,105,000	\$ 1,492,925	\$ 1,800,000	\$ 593,581	\$ -	\$ 17,400
2018	1,140,000	1,384,456	1,850,000	520,581	1,580,000	17,400
2019	1,175,000	1,346,419	1,855,000	455,756	-	-
2020	1,225,000	1,300,443	1,920,000	397,931	-	-
2021	1,270,000	1,251,444	1,985,000	336,916	-	-
2022 - 2026	7,190,000	5,430,800	8,740,000	628,252	-	-
2027 - 2031	9,005,000	3,607,424	-	-	-	-
2032 - 2036	8,950,000	1,146,250	-	-	-	-
Total	\$ 32,060,000	\$ 16,960,161	\$ 18,150,000	\$ 2,933,017	\$ 1,580,000	\$ 34,800

Year Ending December 31	Housing 5000 Program HRA Loan Enterprise Fund		Total Business-type Activity	
	Principal	Interest	Principal	Interest
2017	\$ -	\$ 23,320	\$ 3,905,000	\$ 2,127,226
2018	93,856	23,320	4,663,856	1,945,757
2019	95,776	22,368	3,125,776	1,824,543
2020	97,619	21,455	3,242,619	1,719,829
2021	99,735	20,407	3,354,735	1,608,767
2022 - 2026	1,913,014	85,251	17,843,014	6,144,303
2027 - 2031	-	-	9,005,000	3,607,424
2032 - 2036	-	-	8,950,000	1,146,250
Total	\$ 2,300,000	\$ 196,121	\$ 54,090,000	\$ 20,124,099

G. Employee Benefits, Pension Plan Obligations

As part of the reorganization discussed in Note 1, the HRA employees became employees of the City in 1978. The HRA has no employees. Services are provided by the City in administering HRA programs. All pension costs, vacation, and sick leave benefits are paid and accounted for by the City.

H. Risk Management

The HRA is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City of Saint Paul administers the HRA's risk management activities. The HRA's risk management activities are reported in the HRA General Fund. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). The liability for claims and judgments is recognized when amounts are due and payable. The HRA had no January 1, 2015, liability for claims and judgments; nor were there any fiscal year 2015 or 2016 claims or claims payments, which resulted in any end of fiscal year 2015 or 2016 claims liabilities.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.H. (Continued)

The HRA acquired in 2009 a site with existing pollution which required remediation. To address its exposure to risk of loss related to pollution liability torts, the HRA has purchased a Premises Pollution Liability Insurance Policy. The limits of this liability coverage is \$20,000,000 and the policy expires in December 23, 2019.

The City has purchased all risk property insurance coverage for its real and personal property throughout the City. The deductible for each occurrence of damage or loss of property is \$250,000. Each City department participating in the insurance program is charged a yearly amount based upon pro rata shares of the property insurance coverage, and contributions are made to a risk retention pool to address potential losses due to the higher deductible. The HRA is responsible for the first \$10,000 of each loss. The risk retention pool reimburses losses that exceed \$10,000 that are not covered by insurance. The HRA General Fund pays the insurance premium for HRA-related property coverage. The HRA General Fund reimburses the City for deductible amounts paid each year based on its share of the property insurance coverage. There were no significant reductions in insurance for the previous year or settlements in excess of insurance coverage for any of the past three fiscal years. A complete audit and actuarial analysis is conducted by the City's Risk and Employee Benefit Management Division to insure proper premium, retention, and administrative charges. Tort liability is administered by the City with professional claim managers and attorneys. Because the HRA has no employees, there is no risk for workers' compensation and unemployment compensation (Note 5.G.).

I. Pay-As-You-Go Tax Increment Notes

The HRA provides tax abatements pursuant to Minnesota Statutes 469.174 to 469.1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-income housing, and economic development within Saint Paul. TIF captures the increase in tax capacity and property taxes from development or redevelopment to provide funding for the related project.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.I. (Continued)

The HRA has issued pay-as-you-go tax increment notes to finance development in the following tax increment financing districts as of December 31, 2016:

Tax Increment Financing District - Project	No.	Date Issued	Note Amount	Note Principal Balance 12/31/2015	Note Principal Balance 12/31/2016	Total Amount Expended (Principal & Interest) Under Notes for the Year Ended 12/31/2016
1919 University	194	11/7/1997	\$1,357,000	\$1,357,000	\$1,357,000	\$149,948
Block 4-TIR Note, Series 2004	212	5/6/2004	17,800,000	15,476,143	14,663,002	1,693,495
Superior Street Cottages Series 1998	215	7/16/1998	311,341	178,460	-	15,574
Superior Street Cottages Series 2016	215	5/6/2016	205,000	-	190,983	18,117
Straus Building	232	12/26/2002	600,000	596,964	596,964	40,158
Phalen Village - Cub Foods Project	234	3/1/2008	3,100,000	2,737,857	2,582,306	317,482
Osceola Park Senior Housing	237	11/4/2002	950,000	950,000	950,000	112,264
Bridgescreek Senior Place Project	240	6/30/2004	2,398,952	2,398,952	2,398,952	149,616
Lyons Court Rental Project	241	4/14/2004	682,000	682,000	682,000	39,189
Shepard-Davern Ownership Housing	243	11/1/2006	3,257,067	2,715,625	2,653,114	238,169
Shepard-Davern Rental Housing	244	3/28/2006	4,820,000	3,362,250	3,032,052	497,780
Shepard-Davern Gateway Senior	245	12/2/2003	1,353,286	1,353,286	1,334,964	98,001
Phalen Senior Lofts Project	257	2/10/2005	925,000	908,750	908,750	32,678
North Quadrant Rental Phase I	260	2/1/2001	2,140,000	2,140,000	2,140,000	160,617
Emerald Park Rental	267	10/16/2002	3,110,000	2,899,121	2,679,800	433,379
North Quadrant Rental Phase II	268	2/28/2002	1,500,000	1,500,000	1,500,000	139,596
North Quadrant Shortfall TIR, Note II	268	6/20/2002	179,781	179,781	179,781	-
Phalen Village Ames Lake	269	8/1/2003	418,000	418,000	418,000	6,626
Carlton Lofts	271	10/1/2005	2,358,660	2,358,660	2,358,660	119,017
River Pointe Lofts Project	278	12/27/2007	1,829,000	1,533,531	1,433,981	178,960
Minnesota Building	279	6/9/2010	936,000	936,000	936,000	56,772
Carondelet Village	291	6/23/2010	3,104,000	3,104,000	3,104,000	236,645
Cossetta	299	11/4/2011	388,000	382,837	336,804	70,209
Penfield	301	6/22/2012	8,295,500	8,295,500	-	483,328
Pioneer-Endicott	302	10/31/2012	2,500,000	2,500,000	2,500,000	248,146
Schmidt Brewery	304	11/16/2012	3,770,000	3,770,000	3,770,000	151,234
West Side Flats	305	11/19/2012	3,800,000	3,800,000	3,800,000	151,756
Hamline Station East	313	12/12/2014	530,000	530,000	530,000	-
Hamline Station West	314	12/12/2014	1,559,000	1,559,000	1,559,000	-
Custom House/Post Office	317	11/12/2014	5,800,000	5,800,000	5,800,000	-
East 7th & Bates Senior Housing	318	6/2/2015	2,291,000	2,291,000	2,291,000	-
2700 Univ. at Westgate Station	319	6/29/2015	7,865,000	7,865,000	7,865,000	-
Wilson II Housing Project	324	10/31/2016	1,720,000	-	1,720,000	-
Total			\$ 102,455,349	\$ 84,579,717	\$ 76,272,113	\$ 5,838,756

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.I. (Continued)

The notes are payable only after the HRA has received tax increment revenue from the above districts and can only be paid using that tax increment as the financing source. No liability is recognized at December 31, 2016, since all scheduled note payments have been made from the available tax increment. All expenditures under the notes are reported in the HRA Tax Increment Capital Projects Fund.

During 2016, the HRA had 33 tax increment pay-as-you-go agreements. The agreements are not a general obligation of the HRA and are payable solely from available tax increment revenues. Accordingly, these agreements are not reflected in the financial statements of the HRA. Details of the pay-as-you-go notes are as follows:

(1) TIF District #194, 1919 University:

Issued in 1997 in the principal sum of \$1,357,000 with an interest rate of 9.75% per annum. Principal and interest is paid on August 1, 1999, and each February 1 and August 1 thereafter to and including February 1, 2025. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 95% of available tax increments received in the prior six months. The payment reimburses the developer for land acquisition and other public redevelopment costs. Principal and interest payments will be completed February 1, 2025, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2025. The current year abatement (TIF note payments) amounted to \$149,948. At December 31, 2016, the principal amount outstanding on the note was \$1,357,000.

(2) TIF District #212, Block 4 – TIR Note, Series 2004:

Issued in 2004 in the principal sum of \$17,800,000 with an interest rate of 5.75% per annum. Principal and interest is paid on August 1, 2013 and each February 1 and August 1 thereafter to and including February 1, 2027. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% declining to 87.5% on August 1, 2016, and to 85% on August 1, 2021 of available tax increments received in the prior six months. The payment reimburses the developer for land acquisition, site assembly and other public redevelopment costs including parking. Principal and interest payments will be completed February 1, 2027, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2027. The current year abatement (TIF note payments) amounted to \$1,693,495. At December 31, 2016, the principal amount outstanding on the note was \$14,663,002.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.I. (Continued)

(3) TIF District #215, Superior Street Cottages Series 1998:

Issued in 1998 in the original principal sum of \$311,341 with an interest rate of 6.00% per annum. Principal and interest is paid on March 15, 1999, and each September 15 and March 15 thereafter to and including March 15, 2016. A new note was issued in 2016 in the principal sum of \$205,000 with an interest rate of 4.00% per annum. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months, provided that the total payments made under the new note do not exceed \$236,000. The payment reimburses the project owner for affordable housing construction costs. Principal and interest payments will be completed March 15, 2026, or earlier if the total payments equal \$236,000, the full principal is repaid earlier or has been deemed paid in full, or if the note is otherwise terminated. The Taxable Tax Increment Revenue Note, Series 2016 (dated May 6, 2016) replaces the tax increment revenue portion of the Multi-Family Housing Revenue Note (Superior Street Cottages Project) Series 1998 dated as of July 16, 1998 (the original note) which is hereby deemed cancelled and the HRA has no further obligation to make any payments under the original note. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 15, 2026. The current year abatement (TIF note payments) amounted to \$33,691 (\$15,574 under the original note and \$18,117 under the new note). At December 31, 2016, the only principal amount outstanding was on the new note of \$190,983.

(4) TIF District #232, Straus Building:

Issued in 2002 in the principal sum of \$600,000 with an interest rate of 6.25% per annum. Principal and interest is paid on March 1, 2004, and each September 1 and March 1 thereafter to and including March 1, 2029. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months up to \$23,800. The payment reimburses the developer for affordable housing construction costs. Principal and interest payments will be completed March 1, 2029, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2029. The current year abatement (TIF note payments) amounted to \$40,158. At December 31, 2016, the principal amount outstanding on the note was \$596,964.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.I. (Continued)

(5) TIF District #234, Phalen Village– Cub Foods Project:

Issued in 2008 in the principal sum of \$3,100,000 with an interest rate of 6.00% per annum. Principal and interest is paid on August 1, 2010, and each February 1 and August 1 thereafter to and including February 1, 2029. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of the Cub Foods tax increment plus 90% of the balance of available tax increment from the TIF district up to \$47,100 received in the prior six months. The payment reimburses the developer for land acquisition, site assembly and other public redevelopment costs. Principal and interest payments will be completed February 1, 2029, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2029. The current year abatement (TIF note payments) amounted to \$317,482. At December 31, 2016, the principal amount outstanding on the note was \$2,582,306.

(6) TIF District #236, JJ Hill Subordinate Loan:

Issued in 2002 in the principal sum of \$260,000 without a set interest rate. The principal and interest shall be due in a single payment at such time as a supplemental reserve account is fully funded in the amount of \$260,000. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The payment reimburses the developer for monies used to fund a debt service reserve established under the bond indenture and pledged to the holders of the HRA's J.J. Hill Tax Increment Bonds, Series 2004. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the TIF district expires on December 31, 2028. The current year abatement (TIF note payments) amounted to \$0. At December 31, 2016, the principal amount outstanding on the loan was \$260,000.

(7) TIF District #237, Osceola Park Senior Housing:

Issued in 2002 in the principal sum of \$950,000 with an interest rate of 6.35% per annum. Principal and interest is paid on March 1, 2005, and each September 1 and March 1 thereafter to and including March 1, 2030. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for affordable housing construction costs. Principal and interest payments will be completed March 1, 2030, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2030. The current year abatement (TIF note payments) amounted to \$112,264. At December 31, 2016, the principal amount outstanding on the note was \$950,000.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
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Note 5.I. (Continued)

(8) TIF District #240, Bridgecreek Senior Place Project:

Issued in 2004 in the principal sum of \$2,398,952 with an interest rate of 6.00% per annum. Principal and interest is paid on September 1, 2004, and each March 1 and September 1 thereafter to and including March 1, 2030. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for affordable housing construction costs. Principal and interest payments will be completed March 1, 2030, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2030. The current year abatement (TIF note payments) amounted to \$149,616. At December 31, 2016, the principal amount outstanding on the note was \$2,398,952.

(9) TIF District #241, Lyons' Court Rental Project:

Issued in 2004 in the principal sum of \$682,000 with an interest rate of 5.80% per annum. Principal and interest is paid on September 15, 2006, and each March 15 and September 15 thereafter to and including March 15, 2028. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months up to \$30,500. The payment reimburses the developer for affordable housing construction costs. Principal and interest payments will be completed March 15, 2028, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 15, 2028. The current year abatement (TIF note payments) amounted to \$31,189. At December 31, 2016, the principal amount outstanding on the note was \$682,000.

(10) TIF District #243, Shepard-Davern Ownership Housing:

Issued in 2006 in the principal sum of \$3,257,067 with an interest rate of 6.50% per annum. Principal and interest is paid on March 1, 2007, and each September 1 and March 1 thereafter to and including March 1, 2032. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for land acquisition, site assembly, and other public redevelopment costs. Principal and interest payments will be completed March 1, 2032, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Note 5.I.(10) (Continued)

may remain after the final payment on March 1, 2032. The current year abatement (TIF note payments) amounted to \$238,169. At December 31, 2016, the principal amount outstanding on the note was \$2,653,114.

(11) TIF District #244, Shepard-Davern Rental Housing:

Issued in 2006 in the principal sum of \$4,820,000 with an interest rate of 5.09% per annum. Principal and interest is paid on October 1, 2006, and each April 1 and October 1 thereafter to and including April 1, 2032. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for land acquisition, site assembly and other public redevelopment costs. Principal and interest payments will be completed April 1, 2032, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on April 1, 2032. The current year abatement (TIF note payments) amounted to \$497,780. At December 31, 2016, the principal amount outstanding on the note was \$3,032,052.

(12) TIF District #245, Shepard-Davern Gateway Senior:

Issued in 2003 in the principal sum of \$1,353,286 with an interest rate of 5.00% per annum. Principal and interest is paid on September 1, 2006, and each March 1 and September 1 thereafter to and including March 1, 2032. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for land acquisition, site assembly, and other public redevelopment costs. Principal and interest payments will be completed March 1, 2032, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2032. The current year abatement (TIF note payments) amounted to \$98,001. At December 31, 2016, the principal amount outstanding on the note was \$1,334,964.

(13) TIF District #257, Phalen Senior Lofts Project:

Issued in 2005 in the principal sum of \$925,000 with an interest rate of 5.72% per annum. Principal and interest is paid on September 15, 2007, and each March 15 and September 15 thereafter to and including March 15, 2032. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for site-related and public redevelopment costs. Principal and interest payments will be

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Note 5.I.(13) (Continued)

completed March 15, 2032, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 15, 2032. The current year abatement (TIF note payments) amounted to \$32,678. At December 31, 2016, the principal amount outstanding on the note was \$908,750.

(14) TIF District #260, North Quadrant Rental Phase I:

Issued in 2001 in the principal sum of \$2,140,000 with an interest rate of 8.00% per annum. Principal and interest is paid on August 15, 2003, and each February 15 and August 15 thereafter to and including February 15, 2028. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 95% of available tax increments received in the prior six months. The payment reimburses the developer for site-related and public redevelopment costs. Principal and interest payments will be completed February 15, 2028, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 15, 2028. The current year abatement (TIF note payments) amounted to \$160,617. At December 31, 2016, the principal amount outstanding on the note was \$2,140,000.

(15) TIF District #267, Emerald Park Rental:

Issued in 2002 in the principal sum of \$3,110,000 with an interest rate of 7.50% per annum. Principal and interest is paid on September 1, 2005, and each March 1 and September 1 thereafter to and including March 1, 2030. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months up to \$279,354. The payment reimburses the developer for affordable housing construction costs. Principal and interest payments will be completed March 1, 2030, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2030. The current year abatement (TIF note payments) amounted to \$433,379. At December 31, 2016, the principal amount outstanding on the note was \$2,679,800.

(16) TIF District #268, North Quadrant Rental Phase II and North Quadrant Shortfall TIR, Note II:

Issued in 2002 in the principal sum of \$1,500,000 with an interest rate of 8.00% per annum. Principal and interest is paid on August 15, 2003, and each February 15 and August 15 thereafter to and including February 15, 2028. Payments are payable solely

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Note 5.I.(16) (Continued)

from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for public redevelopment costs. Principal and interest payments will be completed February 15, 2028, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 15, 2028. The current year abatement (TIF note payments) amounted to \$139,596. At December 31, 2016, the principal amount outstanding on the note was \$1,500,000.

Issued in 2002 in the principal sum of \$179,781 with an interest rate of 7.00% per annum. Principal and interest is paid on each August 15 and February 15 commencing on the first August 15 or February 15 after the HRA's North Quadrant Phase II – Dakota TI Refunding Bonds, Series 2002 have been paid in full, through and including February 15, 2028. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months following the repayment in full of the HRA's North Quadrant Phase II – Dakota TI Refunding Bonds. The payment reimburses the developer for public redevelopment costs. Principal and interest payments will be completed February 15, 2028, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 15, 2028. The current year abatement (TIF note payments) amounted to \$0. At December 31, 2016, the principal amount outstanding on the note was \$179,781.

(17) TIF District #269, Phalen Village Ames Lake:

Issued in 2003 in the principal sum of \$418,000 with an interest rate of 8.50% per annum. Principal and interest is paid on February 15, 2004, and each August 15 and February 15 thereafter to and including February 15, 2029. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for site assembly and land acquisition costs. Principal and interest payments will be completed February 15, 2029, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 15, 2029. The current year abatement (TIF note payments) amounted to \$6,626. At December 31, 2016, the principal amount outstanding on the note was \$418,000.

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Note 5.I. (Continued)

(18) TIF District #271, Carlton Lofts:

Issued in 2005 in the principal sum of \$2,358,660 with an interest rate of 6.00% per annum. Principal and interest is paid on September 1, 2008, and each March 1 and September 1 thereafter to and including March 1, 2033. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for affordable housing construction costs. Principal and interest payments will be completed March 1, 2033, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2033. The current year abatement (TIF note payments) amounted to \$119,017. At December 31, 2016, the principal amount outstanding on the note was \$2,358,660.

(19) TIF District #278, River Pointe Lofts Project:

Issued in 2007 in the principal sum of \$1,829,000 with an interest rate of 5.25% per annum. Principal and interest is paid on February 1, 2009, and each August 1 and February 1 thereafter to and including February 1, 2035. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for affordable housing construction costs. Principal and interest payments will be completed February 1, 2035, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2035. The current year abatement (TIF note payments) amounted to \$178,960. At December 31, 2016, the principal amount outstanding on the note was \$1,433,981.

(20) TIF District #279, Minnesota Building:

Issued in 2010 in the principal sum of \$936,000 with an interest rate of 5.94% per annum. Principal and interest is paid on September 15, 2012, and each March 15 and September 15 thereafter to and including March 15, 2037. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for affordable housing construction costs. Principal and interest payments will be completed March 15, 2037, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain

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Note 5.I.(20) (Continued)

after the final payment on March 15, 2037. The current year abatement (TIF note payments) amounted to \$56,772. At December 31, 2016, the principal amount outstanding on the note was \$936,000.

(21) TIF District #291, Carondelet Village:

Issued in 2010 in the principal sum of \$3,104,000 with an interest rate of 6.00% per annum. Principal and interest is paid on September 15, 2013, and each March 15 and September 15 thereafter to and including March 15, 2039. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of the available tax increment received in the prior six months for payments ending March 15, 2016, and 62.55% for payments beginning September 15, 2016. The payment reimburses the developer for site assembly and other public redevelopment costs. Principal and interest payments will be completed March 15, 2039, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated (there is a provision in the note that may reduce the outstanding principal of the note with surplus revenue on each September 15, commencing September 15, 2015, and will likely result in earlier termination). The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 15, 2039. The current year abatement (TIF note payments) amounted to \$236,645. At December 31, 2016, the principal amount outstanding on the note was \$3,104,000.

(22) TIF District #299, Cossetta:

Issued in 2011 in the principal sum of \$388,000 with an interest rate of 6.50% per annum. Principal and interest is paid on September 15, 2013, and each March 15 and September 15 thereafter to and including March 15, 2021. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for site-related parking and other public redevelopment costs. Principal and interest payments will be completed March 15, 2021, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 15, 2021. The current year abatement (TIF note payments) amounted to \$70,209. At December 31, 2016, the principal amount outstanding on the note was \$336,804.

(23) TIF District #301, Penfield:

Issued in 2012 in the principal sum of \$8,295,500 with an interest rate of 3.37% per annum. Principal and interest is paid on August 15, 2015, and each February 15 and August 15 thereafter to and including February 15, 2041. Payments are payable solely

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Note 5.I.(23) (Continued)

from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 100% of available tax increments received in the prior six months up to \$257,812. The payment reimburses the developer for site-related parking and other public redevelopment costs. Principal and interest payments will be completed February 15, 2041, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 15, 2041. The HRA terminated the TIF district and the note on December 14, 2016. The current year abatement (TIF note payments) amounted to \$483,328. At December 31, 2016, the principal amount outstanding on the note was \$0.

(24) TIF District #302, Pioneer-Endicott:

Issued in 2012 in the principal sum of \$2,500,000 with an interest rate of 6.50% per annum. Principal and interest is paid on September 1, 2015, and each March 1 and September 1 thereafter to and including March 1, 2041. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 65% of available tax increments received in the prior six months. The payment reimburses the developer for acquisition, site-related, and other public redevelopment costs. Principal and interest payments will be completed March 1, 2041, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2041. The current year abatement (TIF note payments) amounted to \$248,146. At December 31, 2016, the principal amount outstanding on the note was \$2,500,000.

(25) TIF District #304, Schmidt Brewery:

Issued in 2012 in the principal sum of \$3,770,000 with an interest rate of 4.45% per annum. Principal and interest is paid on September 1, 2015, and each March 1 and September 1 thereafter to and including March 1, 2041. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for acquisition and affordable housing construction costs. Principal and interest payments will be completed March 1, 2041, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2041. The current year abatement (TIF note payments) amounted to \$151,234. At December 31, 2016, the principal amount outstanding on the note was \$3,770,000.

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Note 5.I. (Continued)

(26) TIF District #305, West Side Flats:

Issued in 2012 in the principal sum of \$3,800,000 with an interest rate of 3.15% per annum. Principal and interest is paid on September 15, 2016, and each September 15 and March 15 thereafter to and including March 15, 2041. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for acquisition and affordable housing construction costs. Principal and interest payments will be completed March 15, 2041, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 15, 2041. The current year abatement (TIF note payments) amounted to \$151,756. At December 31, 2016, the principal amount outstanding on the note was \$3,800,000.

(27) TIF District #313, Hamline Station East:

Issued in 2014 in the principal sum of \$530,000 with an interest rate of 5.82% per annum. Principal and interest is paid on September 1, 2017, and each March 1 and September 1 thereafter to and including March 1, 2043. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for acquisition and affordable housing construction costs. Principal and interest payments will be completed March 1, 2043, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2043. The current year abatement (TIF note payments) amounted to \$0. At December 31, 2016, the principal amount outstanding on the note was \$530,000.

(28) TIF District #314, Hamline Station West:

Issued in 2014 in the principal sum of \$1,559,000 with an interest rate of 5.50% per annum. Principal and interest is paid on September 1, 2017, and each March 1 and September 1 thereafter to and including March 1, 2043. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for acquisition and affordable housing construction costs. Principal and interest payments will be completed March 1, 2043, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that

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Note 5.I.(28) (Continued)

may remain after the final payment on March 1, 2043. The current year abatement (TIF note payments) amounted to \$0. At December 31, 2016, the principal amount outstanding on the note was \$1,559,000.

(29) TIF District #317, Custom House/Post Office:

Issued in 2014 in the principal sum of \$5,800,000 with an initial interest rate of 4.00% per annum, to be adjusted up to 6.00%. Principal and interest is paid on September 1, 2017, and each March 1 and September 1 thereafter to and including March 1, 2043. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 65% of available tax increments received in the prior six months. The payment reimburses the developer for acquisition, site related and other public redevelopment costs. Principal and interest payments will be completed March 1, 2043, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2043. The current year abatement (TIF note payments) amounted to \$0. At December 31, 2016, the principal amount outstanding on the note was \$5,800,000.

(30) TIF District #318, East 7th & Bates Senior Housing:

Issued in 2015 in the principal sum of \$2,291,000 with an interest rate of 3.84% per annum. Principal and interest is paid on September 1, 2017, and each March 1 and September 1 thereafter to and including March 1, 2043. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for affordable housing construction costs. Principal and interest payments will be completed March 1, 2043, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2043. The current year abatement (TIF note payments) amounted to \$0. At December 31, 2016, the principal amount outstanding on the note was \$2,291,000.

(31) TIF District #319, 2700 University at Westgate Station:

Issued in 2015 in the principal sum of \$7,865,000 with an interest rate of 5.16% per annum. Principal and interest is paid on September 1, 2017, and each March 1 and September 1 thereafter to and including March 1, 2043. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for acquisition and affordable housing construction costs. Principal and

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Note 5.I.(31) (Continued)

interest payments will be completed March 1, 2043, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2043. The current year abatement (TIF to \$0. At December 31, 2016, the principal amount outstanding on the note was \$7,865,000.

(32) TIF District #324, Wilson II Housing Project:

Issued in 2016 in the principal sum of \$1,720,000 with an interest rate of 4.25% per annum. Principal and interest is paid on September 1, 2019, and each March 1 and September 1 thereafter to and including March 1, 2045. Payments are payable solely from available pledged tax increments derived from the property and paid to the HRA. The pay-as-you-go note provides for the payment to the developer equal to 90% of available tax increments received in the prior six months. The payment reimburses the developer for affordable housing construction costs. Principal and interest payments will be completed March 1, 2045, unless the full principal is repaid earlier or has been deemed paid in full or if the note is otherwise terminated. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2045. The current year abatement (TIF note payments) amounted to \$0. At December 31, 2016, the principal amount outstanding on the note was \$1,720,000.

J. Loan Guaranty Commitments

The HRA has entered into agreements with lending institutions and various Saint Paul businesses to guaranty the repayment of a portion of loans issued by the lending institutions to the businesses. The primary repayment source of these loans is the business. The HRA would be required to repay a portion of the loans in the event of default by the business. There are no private loans issued where a HRA guaranty exists at December 31, 2016.

K. Construction and Other Significant Commitments

The HRA purchased the Palace Theatre and began construction on the building in 2015. This project is being financed by a loan from the City and a Minnesota Department of Employment and Economic Development (DEED) grant. The City loan is to be repaid solely from the revenues collected by the HRA from the operations of the Palace Theatre and any sales proceeds in accordance with the DEED grant agreement. Construction in progress for the Palace Theatre was \$14,213,245 on December 31, 2016, and is included with the Governmental Activities on the Government-Wide Statement of Net Position.

In March 2016, the HRA entered into an agreement with the City whereby the HRA will provide up to \$18,310,000 in funding for remediation, infrastructure, and other costs for a soccer stadium site located at Snelling and University Avenues. Included in this amount is \$1,500,000 for the payment of remediation costs, which is included with the Pollution

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Note 5.K. (Continued)

Remediation Obligation in the Governmental Activities on the Government-Wide Statement of Net Position. The developer, MUSC Holdings, LLC, entered into an agreement with the City in April 2016, and is exclusively responsible for all costs associated with the soccer stadium. Construction in progress for the soccer stadium was \$289,122 on December 31, 2016, and is included with the Governmental Activities on the Government-Wide Statement of Net Position.

L. Deferred Inflows of Resources

The amounts reported as Deferred Inflows of Resources on the Balance Sheet – Governmental Funds in the HRA General Fund, HRA Debt Service Fund, HRA Tax Increment Capital Projects Fund, and HRA Development Capital Projects Fund include \$417,294, \$4,138,465, \$1,910,493, and \$1,028,121, respectively, are from the following unavailable revenue sources:

	HRA General Fund	HRA Debt Service Fund	HRA Tax Increment Capital Projects Fund	HRA Development Capital Projects Fund	HRA Total Governmental Funds
Property Tax Increments	\$ -	\$ 60,041	\$ 54,998	\$ -	\$ 115,039
Property Tax Levy	54,775	-	-	-	54,775
Investment Interest	23,917	33,424	116,917	-	174,258
Leases Receivable	-	4,045,000	-	-	4,045,000
Land Held for Resale	327,993	-	982,328	832,533	2,142,854
Notes and Loans Receivable	10,609	-	756,250	195,588	962,447
Total Deferred Inflows of Resources	<u>\$ 417,294</u>	<u>\$ 4,138,465</u>	<u>\$ 1,910,493</u>	<u>\$ 1,028,121</u>	<u>\$ 7,494,373</u>

M. Interfund Transactions

(1) Interfund Receivables and Payables

During the course of its operations, the HRA has transactions between funds to finance operations and provide services. To the extent that certain transactions between funds had not been paid or received as of December 31, 2016, individual fund interfund receivable and payable balances were as follows:

Fund	Interfund Receivable	Interfund Payable
HRA General Fund	\$ 761,897	\$ -
HRA Tax Increment Capital Projects Fund	-	6,215,469
HRA Development Capital Projects Fund	2,365,962	300,000
HRA Loan Enterprise Fund	3,637,610	814,744
HRA Parking Enterprise Fund	564,744	-
Total Interfund Receivables and Payables - All Funds	<u>\$ 7,330,213</u>	<u>\$ 7,330,213</u>

The HRA General Fund \$15,550 due from other funds is due from HRA Tax Increments from the Capital Projects Fund. The interfund receivables in the HRA

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Note 5.M.(1) (Continued)

General Fund, the HRA Development Capital Projects Fund, and the HRA Loan Enterprise Fund include \$746,347, \$2,115,962, and \$3,337,610, respectively, which were advanced to the HRA Tax Increment Capital Projects Fund for the purpose of financing development expenditures in various tax increment financing districts prior to the receipt of tax increment revenues in these districts. The advances are to be repaid with interest when future available tax increment revenues are received in these districts. The interfund receivables in the HRA Loan Enterprise Fund includes \$300,000 due from the HRA Development Capital Projects Fund for construction of the Palace Theatre. The interfund receivables in the HRA Development Capital Projects Fund and the HRA Parking Enterprise Fund include \$250,000 and \$564,744, respectively, which were advanced to the HRA Loan Enterprise Fund for the purchase of land held for resale, and to hold a loan to a ballpark project.

(2) Interfund Transfers

Individual fund interfund transfers during the fiscal year ended December 31, 2016, were as follows:

Transfers	Transfers In From Other Funds	Transfers Out To Other Funds
HRA General Fund	\$ 300,000	\$ -
HRA Debt Service Fund	-	1,572,854
HRA Tax Increment Capital Projects Fund	14,033,779	257,812
HRA Development Capital Projects Fund	2,485,315	-
HRA Loan Enterprise Fund	14,236,228	2,200,001
HRA Parking Enterprise Fund	146,554	285,314
HRA Lofts Enterprise Fund	-	537,678
HRA Penfield Enterprise Fund	257,812	26,606,029
	<u>\$ 31,459,688</u>	<u>\$ 31,459,688</u>
Total Interfund Transfers - All Funds	<u>\$ 31,459,688</u>	<u>\$ 31,459,688</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) use unrestricted revenues collected in the HRA Parking Enterprise Fund to finance the purchase of property in the HRA Loan Enterprise Fund, and (3) use unrestricted revenues in the HRA Loan Enterprise Fund to fund projects in the HRA Development Capital Projects Fund.

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Note 5. (Continued)

N. Net Position/Fund Balances

(1) Net Position - Governmental Activities

The amount reported as “Net Investment in Capital Assets” on the government-wide Statement of Net Position for the governmental activities as of December 31, 2016, is determined as follows:

Capital assets	\$ 44,948,308
Less: accumulated depreciation	(13,849,750)
Less: outstanding principal of related debt	<u>(10,599,852)</u>
Net Investment in Capital Assets	<u>\$ 20,498,706</u>

The amount reported as “Restricted for Debt Service” on the government-wide Statement of Net Position for the governmental activities is based on required balances per bond indentures. This amount is \$4,946,707 at December 31, 2016.

(2) Net Position - Business-type Activities

The amount reported as “Net Investment in Capital Assets” on the government-wide Statement of Net Position for the business-type activities and on the Statement of Net Position for the Proprietary Funds as of December 31, 2016, is determined as follows:

Capital assets	\$ 139,079,190
Less: accumulated depreciation	(55,286,217)
Less: outstanding principal of HRA Parking Enterprise Fund debt	<u>(50,726,565)</u>
Net Investment in Capital Assets	<u>\$ 33,066,408</u>

The amount reported as “Restricted for Debt Service” is based on required balances per bond indentures. The amount reported as “Restricted for Debt Service” on the government-wide Statement of Net Position for the business-type activities and on the Statement of Net Position for Proprietary Funds as of December 31, 2016, as follows:

	<u>HRA Parking Enterprise Fund</u>
Restricted Assets	
Cash for general obligation bond debt service	\$ 2,009,875
Cash for revenue bond debt service	2,617,664
Less: liabilities payable from restricted assets accrued interest on bonds	<u>(861,766)</u>
Restricted for Debt Service	<u>\$ 3,765,773</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 5.N.(2) (Continued)

The amount reported as “Restricted for Operations and Maintenance” on the government-wide Statement of Net Position for the business-type activities and on the Statement of Net Position for Proprietary Funds as of December 31, 2016, as follows:

Restricted assets - cash for revenue bond operations and maintenance	\$ 165,704
Restricted for Operations and Maintenance	<u>\$ 165,704</u>

The amount reported as “Restricted for Grantors” is based on restrictions from granting agencies. The amount reported as “Restricted for Grantors” on the government-wide Statement of Net Position for the business-type activities and on the Statement of Net Position for Proprietary Funds as of December 31, 2016, as follows:

Restricted assets – program income cash balance for grants	\$ 834,754
Restricted for Grantors	<u>\$ 834,754</u>

(3) Fund Balances – Governmental Funds

Portions of the HRA’s fund balance are nonspendable, restricted due to legal restrictions, committed by HRA action, assigned by HRA management, or unassigned. At December 31, 2016, fund balance classifications were reported in the following governmental funds:

	HRA General Fund	HRA Grants Fund	HRA Debt Service Fund	HRA Tax Increment Capital Projects Fund	HRA Development Capital Projects Fund	Total Governmental Funds
Restricted						
Debt Service	\$ -	\$ -	\$ 11,533,266	\$ -	\$ -	\$ 11,533,266
Tax Increment Financing	-	-	-	28,432,576	-	28,432,576
Grants	-	326,780	-	-	-	326,780
Capital Projects	-	-	-	-	11,142,142	11,142,142
Pollution Remediation	-	-	-	-	89,421	89,421
Total Restricted	<u>\$ -</u>	<u>\$ 326,780</u>	<u>\$ 11,533,266</u>	<u>\$ 28,432,576</u>	<u>\$ 11,231,563</u>	<u>\$ 51,524,185</u>
Committed						
Economic Development	<u>\$ 6,148,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,148,400</u>
Assigned						
Economic Development	<u>\$ 4,937,447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,937,447</u>
Total Fund Balance	<u>\$ 11,085,847</u>	<u>\$ 326,780</u>	<u>\$ 11,533,266</u>	<u>\$ 28,432,576</u>	<u>\$ 11,231,563</u>	<u>\$ 62,610,032</u>

6. Contingent Liabilities

Litigation

The HRA, in connection with the normal conduct of its affairs, is involved in various judgments, claims, and litigation; it is expected that the final settlement of these matters will not materially affect the financial statements of the HRA.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

Note 6. (Continued)

Regions Hospital Parking Ramp Contingent Lease

During 2006, the Port Authority of the City of Saint Paul (Port) issued revenue bonds to finance construction of a parking ramp at the Regions Hospital complex. The bonds are 30 year bonds with final scheduled retirement in 2036. The Port will lease the ramp for years 2008 through 2030 to Regions Hospital after construction is completed. The HRA agreed to a lease commitment in an amount equal to the annual debt service on the Port bonds for the years 2031 through 2036. The scheduled principal balance on the bonds is \$6,045,000 in 2031 prior to the 2031 through 2036 debt payments. This HRA lease is not triggered and no payments are made by the HRA if any one of the following takes place:

1. Regions Hospital continues to need the ramp for their business and extends the lease with the Port from 2031 through 2036.
2. Sometime during the period of 2008 through 2030, Regions Hospital elects to purchase the ramp for the greater of the outstanding debt or fair market value of the ramp.
3. Regions Hospital defaults on the Port lease and the bond trustee determines on behalf of the bondholders to sell the ramp to a third party and cancels the HRA lease commitment.

Cleanup of Hazardous Materials

Properties owned by the HRA may have certain contingent liabilities associated with them due to potential contamination from hazardous materials or difficulty in securing vacant structures located on them. It is not expected that these contingencies will have a material effect on the financial statements of the HRA.

The following properties have been identified as possible sites of pollution or contamination:

1. Capp Road (Catholic Charities) - Possible pollution or contamination
2. Koch/Mobil - Remediation has already been completed
3. Rivoli Street Properties - Remediation has already been completed by the original polluter

In 2009, the Exxon-Mobil property site was purchased which is polluted and required pollution remediation. This site was a former petroleum storage tank farm, built in the 1950's which had suffered some leakage of petroleum. The purchase agreement requires the HRA to remediate the pollution and restricts the future use of the land to specific uses. The land was purchased for \$1, and in addition, the seller donated \$5,000,000 to the HRA for pollution remediation and park features. This donation is identified as unearned revenue in the Governmental Funds Balance Sheet, in the HRA Development Capital Projects Fund. Because the land has no fair market value before remediation, it is valued at its purchase price in the Governmental Activities Capital Assets. In response to the letter received on March 27, 2017, from the Minnesota Pollution Control Agency (as discussed in Note 7.), the estimated maximum future cost of \$50,000 and the \$39,421 of actual pollution remediation expenditures paid by the HRA during early 2017, consist of the \$89,421 of Pollution Remediation Obligation identified on the Government-Wide Statement of Net Position. This pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2016

7. Subsequent Events

On March 27, 2017, the HRA received a letter from the Minnesota Pollution Control Agency stating that the HRA has adequately addressed the petroleum tank release for the Exxon Mobil site and that such case file has been closed.

SUPPLEMENTARY SCHEDULES

Supplementary schedules are presented to provide useful additional financial data to readers of this report.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HRA DEBT SERVICE FUND**For the Fiscal Year Ended December 31, 2016
(Amounts in dollars)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$8,826,062	\$8,826,062	\$7,158,317	(\$1,667,745)
Intergovernmental	645,116	6,271,723	5,857,355	(414,368)
Fees, Sales and Services	576,844	576,844	582,903	6,059
Investment Income	81,400	81,400	191,582	110,182
Miscellaneous	642,128	642,128	625,660	(16,468)
Total Revenues	<u>10,771,550</u>	<u>16,398,157</u>	<u>14,415,817</u>	<u>(1,982,340)</u>
EXPENDITURES				
Intergovernmental - City	-	-	12,668	(12,668)
Debt Service				
Principal Payment on Bonds	3,880,592	9,806,499	9,780,000	26,499
Interest on Bonds	2,415,744	2,704,456	2,420,009	284,447
Principal Payment on Notes	550,000	550,000	550,000	-
Interest on Notes	93,328	89,293	75,660	13,633
Fiscal Charges	24,550	24,550	29,639	(5,089)
Total Expenditures	<u>6,964,214</u>	<u>13,174,798</u>	<u>12,867,976</u>	<u>306,822</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,807,336</u>	<u>3,223,359</u>	<u>1,547,841</u>	<u>(1,675,518)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(3,821,680)</u>	<u>(3,284,743)</u>	<u>(1,572,854)</u>	<u>(1,711,889)</u>
Net Changes in Fund Balances	<u>(14,344)</u>	<u>(61,384)</u>	<u>(25,013)</u>	<u>36,371</u>
FUND BALANCE, January 1	<u>11,558,279</u>	<u>11,558,279</u>	<u>11,558,279</u>	<u>-</u>
FUND BALANCE, December 31	<u>\$11,543,935</u>	<u>\$11,496,895</u>	<u>\$11,533,266</u>	<u>\$36,371</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

SCHEDULE OF DEPOSITS AND INVESTMENTS

ALL FUNDS

At December 31, 2016

(Amounts in dollars at cost)

Investment Description	Maturity Date	Interest Rate	Amount
Parking Ramp Checking and Money Market Accounts at St. Paul Banks			\$1,249,448
Penfield Apartments, LLC Checking and Reserve Accounts at St. Paul Banks			2,925,462
First American Government Obligations Fund Class D		0.02%	2,015,433
First American Treasury Obligations Fund Class Y		0.00%	680,969
US Bank Money Market 5 - Ct Accounts		0.04%	790,382
Wells Fargo Advantage Money Market Fund Accounts		0.01%	2,528,099
Highland Bank Certificate of Deposit	3/30/2019	3.75%	606,288
Trustee Cash		0.00%	836
City Cash and Investments Pool			99,756,141
TOTAL DEPOSITS AND INVESTMENTS			<u><u>\$110,553,058</u></u>

Summary by Statement of Net Position Account

Cash and Investments with Treasurer	\$94,968,042
Cash with Fiscal Agents	4,174,910
Cash and Investments with Trustees	6,366,563
Restricted Cash and Investments for General Obligation Bond Debt Service	2,009,875
Restricted Cash and Investments for Revenue Bond Debt Service	2,617,664
Restricted Cash and Investments for Revenue Bond Operations and Maintenance	165,704
Restricted Cash and Investments for Note Debt Service	250,300
TOTAL DEPOSITS AND INVESTMENTS	<u><u>\$110,553,058</u></u>

SCHEDULE OF LOANS RECEIVABLE**ALL FUNDS**

At December 31, 2016

(Amounts in dollars)

<u>Fund - Program</u>	<u>Number of Loans Outstanding</u>	<u>Principal Balance 12/31/2016</u>	<u>Allowance for Uncollectible Loans 12/31/2016</u>	<u>Net Reported Loans Receivable 12/31/2016</u>
HRA GENERAL FUND				
Escrow Account for Taxes and Insurance	1	\$ 42,435	\$ 31,826	\$ 10,609
Total HRA General Fund	1	\$ 42,435	\$ 31,826	\$ 10,609
HRA GRANTS SPECIAL REVENUE FUND				
Ready for Rail Program	200	\$ 1,264,422	\$ 1,264,422	\$ -
Total HRA Grants Special Revenue Fund	200	\$ 1,264,422	\$ 1,264,422	\$ -
HRA DEVELOPMENT CAPITAL PROJECTS FUND				
HRA Funded	1	\$ 1,389,063	\$ 1,389,063	\$ -
Inspiring Communities	96	4,634,460	4,634,460	-
ISP Programs	17	402,534	306,946	95,588
Total HRA Development Capital Projects Fund	114	\$ 6,426,057	\$ 6,330,469	\$ 95,588
HRA TAX INCREMENT CAPITAL PROJECTS FUND				
Jobs Bill Loan Program	45	\$ 4,743,573	\$ 4,149,823	\$ 593,750
Scattered Site TIF Bonds	15	5,723,709	5,561,209	162,500
Total HRA Tax Increment Capital Projects Fund	60	\$ 10,467,282	\$ 9,711,032	\$ 756,250
HRA PARKING ENTERPRISE FUND				
Land Purchase	1	\$ 315,000	\$ 78,750	\$ 236,250
Total HRA Parking Enterprise Fund	1	\$ 315,000	\$ 78,750	\$ 236,250
HRA LOAN ENTERPRISE FUND				
Section 108 Loan Repayments	1	\$ 975,000	\$ 48,750	\$ 926,250
Tax Credit Assistance Program (TCAP)	2	3,166,171	3,166,171	-
Section 1602 Tax Credit Exchange (TCE)	3	11,302,314	11,302,314	-
Enterprise Leverage	4	296,578	242,437	54,141
Commercial Real Estate	7	1,122,642	1,103,892	18,750
Home Purchase and Rehab	33	339,308	256,995	82,313
Home Ownership Opportunities	9	246,165	246,165	-
Housing Real Estate	15	6,654,561	6,139,061	515,500
Mixed Income Housing	12	1,090,324	799,573	290,751
Strategic Investment Program	5	174,183	174,183	-
Business - UDAG	2	34,958	17,479	17,479
Housing - UDAG	3	275,033	254,452	20,581
Downtown Tax Increment	1	415,311	311,483	103,828
Neighborhood Development Tax Increment	2	498,000	452,400	45,600
HUD Rental Rehab	10	2,072,158	1,995,770	76,388
Home Mortgage Loan Origination Program	172	1,528,828	1,342,094	186,734
Mortgage Foreclosure Prevention	12	45,690	34,268	11,422
New Housing and Blighted Land Tax Increment	1	360,000	180,000	180,000
Affordable Housing	5	3,767,761	2,042,761	1,725,000
Total HRA Loan Enterprise Fund	299	\$ 34,364,985	\$ 30,110,248	\$ 4,254,737
TOTAL ALL FUNDS	675	\$ 52,880,181	\$ 47,526,747	\$ 5,353,434

SCHEDULE OF BONDS, NOTES, ADVANCES, AND MORTGAGES PAYABLE

December 31, 2016

(Amounts in dollars)

Bonds, Notes, Advances and Mortgages	Lender	Source for Retirement	Interest Rate
<u>GOVERNMENTAL ACTIVITIES</u>			
BONDS:			
North Quadrant Tax Increment Refunding Bonds, Series 2002	Public Sale	North Quadrant District TI's	7.50%
North Quadrant Phase II Tax Increment Bonds, Series 2002	Public Sale	North Quadrant District TI's	7.00%
Drake Marble Tax Increment Bonds, Series 2002	Public Sale	Riverfront Renaissance District TI's	6.75%
9th Street Lofts Tax Increment Bonds, Series 2004	Private Placement	9th Street Lofts District TI's	6.375%
Great Northern Lofts (JJ Hill) Tax Increment Bonds, Series 2004	Private Placement	JJ Hill District TI's	6.25%
Neighborhood Scattered Site Tax Increment Bonds, Series 2005	Public Sale	Neighborhood Scattered Site District TI's	4.24% - 5.45%
Jimmy Lee Recreational Facility Lease Revenue Bonds, Series 2008	Public Sale	City of St. Paul 25 -Year Lease	3.00% - 5.00%
RiverCentre Parking Facility Lease Revenue Bonds, Series 2009	Public Sale	Lease Payments from the City of Saint Paul	3.00% - 4.50%
Koch Mobil Tax Increment Refunding Bonds, Series 2010A *	Public Sale	Koch Mobil District TI's	2.00% - 4.00%
Emerald Gardens Tax-Exempt Tax Increment Revenue Bonds, Series 2010	Public Sale	Emerald Gardens District TI's	5.00% - 6.50%
US Bank Tax Increment Refunding Bonds, Series 2011G *	Public Sale	Riverfront Renaissance District TI's	2.00% - 4.00%
Upper Landing Tax Increment Refunding Bonds, Series 2012	Public Sale	Riverfront Renaissance District TI's	5.00%
Snelling-University General Obligation Taxable Refunding Bonds, Series 2014D *	Public Sale	Snelling-University Site District TI's	1.00% - 1.25%
TOTAL BONDS - GOVERNMENTAL ACTIVITIES			
NOTES:			
HUD Section 108 Note, Series 2003-A	Public Sale	EDI Grant, Port Authority	5.20%
Catholic Charities Midway Residence POPSHP Loan	Public Sale	Forgiven after 20 years of compliance	Zero Interest
Upper Landing Tax Increment Revenue Note, Series 2008	City of Saint Paul	Upper Landing District TI's	5.75%
TOTAL NOTES - GOVERNMENTAL ACTIVITIES			
ADVANCES:			
Palace Theatre Revenue Advance	City of Saint Paul	Palace Theatre operating revenue received by the HRA	3.00%
TOTAL ADVANCES - GOVERNMENTAL ACTIVITIES			
TOTAL BONDS, NOTES, AND ADVANCES - GOVERNMENTAL ACTIVITIES			

<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u>
2002	2028	\$ 1,089,000	\$ 266,000	\$ 823,000
2002	2028	1,140,000	168,000	972,000
2002	2028	1,800,000	816,000	984,000
2004	2028	1,335,000	322,000	1,013,000
2004	2029	3,660,000	868,000	2,792,000
2005	2017	7,515,000	6,405,000	1,110,000
2008	2032	7,685,000	7,685,000	-
2009	2024	6,790,000	2,745,000	4,045,000
2010	2031	2,670,000	650,000	2,020,000
2010	2029	6,595,000	1,260,000	5,335,000
2011	2028	8,870,000	570,000	8,300,000
2012	2029	15,790,000	2,035,000	13,755,000
2014	2017	1,995,000	1,325,000	670,000
		<u>\$ 66,934,000</u>	<u>\$ 25,115,000</u>	<u>\$ 41,819,000</u>
2003	2022	\$ 3,300,000	\$ 2,325,000	\$ 975,000
2006	2026	10,599,852	-	10,599,852
2008	2020	2,019,087	1,235,923	783,164
		<u>\$ 15,918,939</u>	<u>\$ 3,560,923</u>	<u>\$ 12,358,016</u>
2016	None	\$ 9,360,000	\$ -	\$ 9,360,000
		<u>\$ 9,360,000</u>	<u>\$ -</u>	<u>\$ 9,360,000</u>
		<u>\$ 92,212,939</u>	<u>\$ 28,675,923</u>	<u>\$ 63,537,016</u>

Continued

SCHEDULE OF BONDS, NOTES, ADVANCES, AND MORTGAGES PAYABLE

December 31, 2016

(Amounts in dollars)

<u>Bonds, Notes, Advances and Mortgages</u>	<u>Lender</u>	<u>Source for Retirement</u>	<u>Interest Rate</u>
<u>BUSINESS-TYPE ACTIVITIES</u>			
BONDS:			
Parking Revenue Bonds, Series 1997A, (7th Street Ramp)	Public Sale	7th Street Ramp Parking Revenues	6.75%
Block 39 Tax Increment Refunding Bonds, Series 2009G *	Public Sale	Block 39 District TI's, Block 39 Parking Revenues	3.00% - 4.00%
Parking Revenue Refunding Bonds, Series 2010A	Public Sale	HRA Parking Revenues	3.00% - 5.00%
Parking Revenue Refunding Bonds, Series 2010B	Public Sale	HRA Parking Revenues	3.00% - 5.00%
Lofts at Farmers Market Limited Tax Bonds, Series 2010A (BABs)	Public Sale	HRA Tax Levy	4.35% - 7.50%
TOTAL BONDS - BUSINESS-TYPE ACTIVITIES			
NOTES AND MORTGAGES			
LAAND Initiative Loan	Met Council	Land Sales Proceeds	Zero Interest
LAAND Initiative Loan	Family Housing Fund	Land Sales Proceeds	Zero Interest
Penfield Apartments, LLC Mortgage A	Dougherty Mtge	Penfield Apartments District TI's	3.12%
Penfield Apartments, LLC Mortgage B	Dougherty Mtge	Penfield Apartments Rental Revenues	3.12%
Housing 5000 Program Loan	Saint Paul Foundatior	Model Cities Brownstone Loan Payments	1.00%
TOTAL NOTES AND MORTGAGES - BUSINESS -TYPE ACTIVITIES			
TOTAL BONDS, NOTES, ADVANCES, AND MORTGAGES - BUSINESS-TYPE ACTIVITIES			

* The City of Saint Paul has issued a general obligation pledge on these bonds.

<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u>
1997	2017	\$ 11,305,000	\$ 10,300,000	\$ 1,005,000
2009	2025	20,695,000	2,545,000	18,150,000
2010	2035	24,135,000	3,840,000	20,295,000
2010	2035	12,820,000	2,060,000	10,760,000
2010	2040	7,170,000	7,170,000	-
		<u>\$ 76,125,000</u>	<u>\$ 25,915,000</u>	<u>\$ 50,210,000</u>
2009	2014	\$ 1,000,000	\$ -	\$ 1,000,000
2009	2014	580,000	-	580,000
2012	2039	8,295,500	8,295,500	-
2012	2054	32,647,300	32,647,300	-
2016	2026	<u>2,300,000</u>	<u>-</u>	<u>2,300,000</u>
		<u>\$ 44,822,800</u>	<u>\$ 40,942,800</u>	<u>\$ 3,880,000</u>
		<u>\$ 120,947,800</u>	<u>\$ 66,857,800</u>	<u>\$ 54,090,000</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

December 31, 2016
 (Amounts in dollars)

Year	North Quadrant (Essex on the Park) Tax Increment Refunding Bonds, Series 2002		North Quadrant Phase II Tax Increment Bonds, Series 2002		Drake Marble Tax Increment Bonds, Series 2002		9th Street Lofts Tax Increment Bonds, Series 2004	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ -	\$ 61,725	\$ -	\$ 68,040	\$ -	\$ 66,420	\$ -	\$ 64,579
2018	-	61,725	-	68,040	-	66,420	-	64,579
2019	-	61,725	-	68,040	-	66,420	-	64,579
2020	-	61,725	-	68,040	-	66,420	-	64,579
2021	-	61,725	-	68,040	-	66,420	-	64,579
2022	-	61,725	-	68,040	-	66,420	-	64,579
2023	-	61,725	-	68,040	-	66,420	-	64,579
2024	-	61,725	-	68,040	-	66,420	-	64,579
2025	-	61,725	-	68,040	-	66,420	-	64,579
2026	-	61,725	-	68,040	-	66,420	-	64,579
2027	-	61,725	-	68,040	-	66,420	-	64,579
2028	823,000	30,863	972,000	34,020	984,000	33,210	1,013,000	32,287
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
Totals	<u>\$ 823,000</u>	<u>\$ 709,838</u>	<u>\$ 972,000</u>	<u>\$ 782,460</u>	<u>\$ 984,000</u>	<u>\$ 763,830</u>	<u>\$ 1,013,000</u>	<u>\$ 742,656</u>

Continued

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

December 31, 2016
 (Amounts in dollars)

Year	JJ Hill Tax Increment Bonds, Series 2004		Neighborhood Scattered Site Tax Increment Bonds, Series 2005		RiverCentre Parking Facility Lease Revenue Bonds, Series 2009		Koch Mobil Tax Increment Refunding Bonds, Series 2010A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 153,000	\$ 172,156	\$ 1,110,000	\$ 30,247	\$ 440,000	\$ 155,638	\$ 105,000	\$ 66,431
2018	163,000	162,438	-	-	455,000	139,387	110,000	63,820
2019	173,000	152,094	-	-	475,000	120,788	110,000	60,878
2020	184,000	141,094	-	-	495,000	101,387	115,000	57,697
2021	195,000	129,438	-	-	510,000	81,288	120,000	54,230
2022	209,000	117,031	-	-	535,000	60,387	125,000	50,493
2023	221,000	103,782	-	-	555,000	37,894	130,000	46,475
2024	236,000	89,750	-	-	580,000	13,050	130,000	42,250
2025	250,000	74,781	-	-	-	-	135,000	37,810
2026	266,000	58,906	-	-	-	-	140,000	33,065
2027	283,000	42,031	-	-	-	-	150,000	27,915
2028	301,000	24,063	-	-	-	-	155,000	22,347
2029	158,000	4,938	-	-	-	-	160,000	16,440
2030	-	-	-	-	-	-	165,000	10,100
2031	-	-	-	-	-	-	170,000	3,400
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
Totals	<u>\$ 2,792,000</u>	<u>\$ 1,272,502</u>	<u>\$ 1,110,000</u>	<u>\$ 30,247</u>	<u>\$ 4,045,000</u>	<u>\$ 709,819</u>	<u>\$ 2,020,000</u>	<u>\$ 593,351</u>

Continued

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

December 31, 2016
(Amounts in dollars)

Year	Emerald Gardens Tax Increment Bonds, Series 2010		US Bank Tax Increment Refunding Bonds, Series 2011G		Upper Landing Tax Increment Refunding Bonds, Series 2012		Snelling-University General Obligation Taxable Refunding Bonds Series 2014D	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 260,000	\$ 324,144	\$ 580,000	\$ 276,143	\$ 650,000	\$ 679,750	\$ 670,000	\$ 4,187
2018	280,000	308,957	600,000	258,744	680,000	646,875	-	-
2019	300,000	292,644	615,000	240,744	720,000	612,375	-	-
2020	325,000	275,066	635,000	222,294	810,000	576,000	-	-
2021	350,000	254,987	655,000	203,244	915,000	533,500	-	-
2022	380,000	232,175	675,000	183,594	960,000	487,125	-	-
2023	405,000	207,644	695,000	163,344	1,010,000	438,500	-	-
2024	440,000	181,238	715,000	140,756	1,065,000	387,375	-	-
2025	475,000	152,644	740,000	116,625	1,115,000	333,500	-	-
2026	510,000	121,225	770,000	90,725	1,175,000	277,000	-	-
2027	550,000	86,775	795,000	62,812	1,235,000	217,500	-	-
2028	590,000	49,725	825,000	33,000	1,295,000	155,000	-	-
2029	470,000	15,275	-	-	2,125,000	53,125	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
Totals	<u>\$ 5,335,000</u>	<u>\$ 2,502,499</u>	<u>\$ 8,300,000</u>	<u>\$ 1,992,025</u>	<u>\$ 13,755,000</u>	<u>\$ 5,397,625</u>	<u>\$ 670,000</u>	<u>\$ 4,187</u>

Continued

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

December 31, 2016
 (Amounts in dollars)

Year	HUD Section 108 Note, Series 2003-A		Upper Landing Tax Increment Revenue Note, Series 2008		Catholic Charities Midway Residence POPSHP Loan		LAAND Initiative Metropolitan Council Loan Saxon Site	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 300,000	\$ 26,269	\$ 208,140	\$ 42,082	\$ -	\$ -	\$ -	\$ -
2018	300,000	36,668	220,280	29,942	-	-	1,000,000	-
2019	300,000	20,528	233,128	17,094	-	-	-	-
2020	75,000	4,148	121,616	3,497	-	-	-	-
2021	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	10,599,852	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
Totals	<u>\$ 975,000</u>	<u>\$ 87,613</u>	<u>\$ 783,164</u>	<u>\$ 92,615</u>	<u>\$ 10,599,852</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>

Continued

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

December 31, 2016
 (Amounts in dollars)

Year	LAAND Initiative Family Housing Fund Midway Chev Site		Housing 5000 Program Saint Paul Foundation Loan Model Cities Brownstone Project		Parking Revenue Bonds, Series 1997A		Block 39 Tax Increment Refunding Bonds, Series 2009G	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ -	\$ 17,400	\$ -	\$ 23,320	\$ 1,005,000	\$ 67,837	\$ 1,800,000	\$ 593,581
2018	580,000	17,400	93,856	23,320	-	-	1,850,000	520,581
2019	-	-	95,776	22,368	-	-	1,855,000	455,756
2020	-	-	97,619	21,455	-	-	1,920,000	397,931
2021	-	-	99,735	20,407	-	-	1,985,000	336,916
2022	-	-	101,776	19,396	-	-	2,055,000	269,938
2023	-	-	103,859	18,364	-	-	2,125,000	196,788
2024	-	-	105,890	17,358	-	-	2,225,000	120,663
2025	-	-	108,152	16,237	-	-	2,335,000	40,863
2026	-	-	1,493,337	13,896	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
Totals	\$ 580,000	\$ 34,800	\$ 2,300,000	\$ 196,121	\$ 1,005,000	\$ 67,837	\$ 18,150,000	\$ 2,933,017

Continued

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

December 31, 2016

(Amounts in dollars)

Year	Parking Revenue Refunding Bonds, Series 2010A		Parking Revenue Refunding Bonds, Series 2010B		TOTAL BONDS AND NOTES	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 715,000	\$ 939,806	\$ 385,000	\$ 485,282	\$ 8,381,140	\$ 4,165,037
2018	745,000	911,206	395,000	473,250	7,472,136	3,853,352
2019	765,000	886,994	410,000	459,425	6,051,904	3,602,452
2020	800,000	856,393	425,000	444,050	6,003,235	3,361,776
2021	830,000	824,394	440,000	427,050	6,099,735	3,126,218
2022	865,000	791,193	460,000	409,450	6,365,776	2,881,546
2023	895,000	756,594	480,000	390,475	6,619,859	2,620,624
2024	935,000	719,675	500,000	370,075	6,931,890	2,342,954
2025	975,000	679,938	520,000	348,825	6,653,152	2,061,987
2026	1,015,000	638,500	545,000	326,075	16,514,189	1,820,156
2027	1,065,000	587,750	570,000	300,869	4,648,000	1,586,416
2028	1,120,000	534,500	595,000	274,506	8,673,000	1,223,521
2029	1,175,000	478,500	620,000	246,987	4,708,000	815,265
2030	1,235,000	419,750	650,000	218,312	2,050,000	648,162
2031	1,295,000	358,000	680,000	188,250	2,145,000	549,650
2032	1,360,000	293,250	715,000	154,250	2,075,000	447,500
2033	1,430,000	225,250	750,000	118,500	2,180,000	343,750
2034	1,500,000	153,750	790,000	81,000	2,290,000	234,750
2035	1,575,000	78,750	830,000	41,500	2,405,000	120,250
Totals	<u>\$ 20,295,000</u>	<u>\$ 11,134,193</u>	<u>\$ 10,760,000</u>	<u>\$ 5,758,131</u>	<u>\$ 108,267,016</u>	<u>\$ 35,805,366</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

SCHEDULE OF INTERGOVERNMENTAL REVENUE, OPERATING GRANTS, AND CAPITAL GRANTS

ALL FUNDS

For the Fiscal Year Ended December 31, 2016

(Amounts in dollars)

	Federal	State	City	Other	Total
<u>HRA GRANTS FUND</u>					
Community Homeownership Impact Fund	\$ -	\$ 126,345	\$ -	\$ -	\$ 126,345
Metropolitan Council Grant - Special Projects	-	-	-	37,095	37,095
Total HRA Grants Fund	\$ -	\$ 126,345	\$ -	\$ 37,095	\$ 163,440
<u>HRA DEBT SERVICE FUND</u>					
Financing for Jimmy Lee Recreation Facility Lease Revenue Bonds	\$ -	\$ -	\$ 5,857,355	\$ -	\$ 5,857,355
<u>HRA DEVELOPMENT CAPITAL PROJECTS FUND</u>					
Assessment Financing for Demolitions	\$ -	\$ -	\$ 96,695	\$ -	\$ 96,695
Minnesota Housing Agency Economic Development and Housing Challenge	-	146,668	-	-	146,668
Minnesota Department of Employment and Economic Development Palace Theatre	-	4,846,083	-	-	4,846,083
Metropolitan Council Grant - Special Projects	-	-	-	18,832	18,832
Total HRA Development Capital Projects Fund	\$ -	\$ 4,992,751	\$ 96,695	\$ 18,832	\$ 5,108,278
<u>HRA LOAN ENTERPRISE FUND</u>					
Bond Financing for Predevelopment	\$ -	\$ -	\$ 400,000	\$ -	\$ 400,000
Interest on Advance	-	-	9,293	-	9,293
Housing Counseling Assistance Program - Minnesota Home Ownership Center	21,835	-	-	-	21,835
National Foreclosure Mitigation Counseling Program - Minnesota Housing Finance Agency	6,980	-	-	-	6,980
Mortgage Foreclosure Prevention Assistance Program - State Administered	-	354,043	-	-	354,043
Home Ownership Counseling and Training - Minnesota Home Ownership Center	-	-	-	3,140	3,140
Total HRA Loan Enterprise Fund	\$ 28,815	\$ 354,043	\$ 409,293	\$ 3,140	\$ 795,291
TOTAL INTERGOVERNMENTAL REVENUE, OPERATING GRANTS, AND CAPITAL GRANTS	\$ 28,815	\$ 5,473,139	\$ 6,363,343	\$ 59,067	\$ 11,924,364

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

SCHEDULE OF INTERGOVERNMENTAL EXPENDITURES AND EXPENSES

ALL FUNDS

For the Fiscal Year Ended December 31, 2016

(Amounts in dollars)

	<u>City</u>
<u>HRA GENERAL FUND</u>	
Financing for Planning and Economic Development Operating Costs	\$ 127,414
Financing for HRA Board Salaries and Expenses	183,233
Financing for Policy Analyst	84,322
Financing for Right Track Program	66,437
Financing for Citizen Participation Program	<u>18,486</u>
Total HRA General Fund	<u>479,892</u>
<u>HRA GRANTS FUND</u>	
Financing for Neighborhood Sales Tax Revitalization (STAR) Program	<u>37,095</u>
<u>HRA DEBT SERVICE FUND</u>	
Financing for Payoff of Jimmy Lee Lease Revenue Bonds, Series 2008	<u>12,668</u>
<u>HRA TAX INCREMENT CAPITAL PROJECTS FUND</u>	
Financing for Sanitary Sewer Study at West Side Flats Site	34,911
Financing for RiverCentre Arena Revenue Bonds	<u>2,302,892</u>
Total HRA Tax Increment Capital Projects Fund	<u>2,337,803</u>
<u>HRA LOAN ENTERPRISE FUND</u>	
Financing for Payoff of Highland National Gross Revenue Bonds, Series 2005	4,298,550
Financing for Disparity Study	300,000
Financing for Minority Business Development	<u>784,048</u>
Total HRA Loan Enterprise Fund	<u>5,382,598</u>
<u>HRA LOFTS ENTERPRISE FUND</u>	
Financing for Youth Bank Program	15,000
Financing for Police Ambassadors Program	150,000
Financing for Cleveland Avenue Bike Lane Improvements	200,000
Financing for Safe Routes to Schools Plan Development	46,000
Financing for Pedestrian Safety and Traffic Improvements	<u>25,000</u>
Total HRA Lofts Enterprise Fund	<u>436,000</u>
<u>HRA PARKING ENTERPRISE FUND</u>	
Financing for Parking Meter Operations	745,000
Financing for Parking Signs	80,000
Financing for Safe Routes to Schools Program	104,000
Financing for Farmers Market Parking Operations	25,946
Financing for Lawson Retail Operations	<u>46,405</u>
Total HRA Parking Enterprise Fund	<u>1,001,351</u>
TOTAL INTERGOVERNMENTAL EXPENDITURES AND EXPENSES	<u>\$ 9,687,407</u>

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STATISTICAL SECTION

This part of the HRA's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the HRA's overall financial health.

	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the HRA's financial performance and well-being have changed over time.	118-133
Revenue Capacity	
These schedules contain trend information to help the reader assess the HRA's most significant local revenue sources.	135-145
Debt Capacity	
These schedules present information to help the reader assess the affordability of the HRA's current levels of outstanding debt and the HRA's ability to issue additional debt in the future.	146-161
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the HRA's activities take place.	162-163
Operating Information	
These schedules contain service and capital asset data to help the reader understand how the information in the HRA's financial report relates to the services the HRA provides and the activities it performs.	164-167

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 7,193,628	\$ 8,784,001	\$ 10,540,586	\$ 9,888,295
Restricted	5,644,230	5,187,806	5,266,362	5,548,931
Unrestricted	<u>(57,581,243)</u>	<u>(50,473,041)</u>	<u>(45,504,293)</u>	<u>(43,143,612)</u>
Total Governmental Activities Net Position (a)	<u>(44,743,385)</u>	<u>(36,501,234)</u>	<u>(29,697,345)</u>	<u>(27,706,386)</u>
Business-type Activities				
Net Investment in Capital Assets	22,141,220	21,467,557	23,496,206	26,573,501
Restricted	14,386,423	6,722,704	8,763,988	13,786,889
Unrestricted	<u>26,967,821</u>	<u>36,762,770</u>	<u>33,349,092</u>	<u>27,002,634</u>
Total Business-type Activities Net Position	<u>63,495,464</u>	<u>64,953,031</u>	<u>65,609,286</u>	<u>67,363,024</u>
Total Saint Paul HRA				
Net Investment in Capital Assets	29,334,848	30,251,558	34,036,792	36,461,796
Restricted	20,030,653	11,910,510	14,030,350	19,335,820
Unrestricted	<u>(30,613,422)</u>	<u>(13,710,271)</u>	<u>(12,155,201)</u>	<u>(16,140,978)</u>
Total Housing & Redevelopment Authority Net Position	<u>\$ 18,752,079</u>	<u>\$ 28,451,797</u>	<u>\$ 35,911,941</u>	<u>\$ 39,656,638</u>

(a) The deficit in governmental activities net position is explained in Management's Discussion and Analysis and Note 4.E. to the financial statements.

(b) Restated

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
(b)		(b)			
\$ 9,356,032	\$ 8,680,756	\$ 8,005,434	\$ 7,330,112	\$ 9,793,139	\$ 20,498,706
14,346,114	12,230,743	12,372,431	30,974,146	27,664,863	35,179,415
<u>(54,824,532)</u>	<u>(57,967,763)</u>	<u>(54,404,315)</u>	<u>(31,972,604)</u>	<u>(23,821,849)</u>	<u>(21,151,005)</u>
<u>(31,122,386)</u>	<u>(37,056,264)</u>	<u>(34,026,450)</u>	<u>6,331,654</u>	<u>13,636,153</u>	<u>34,527,116</u>
(b)		(b)			
30,569,951	42,227,870	54,190,603	47,512,699	46,591,094	33,066,408
4,726,217	4,610,890	4,430,646	5,571,110	4,698,504	4,766,231
<u>33,102,047</u>	<u>33,211,597</u>	<u>26,801,902</u>	<u>34,574,716</u>	<u>39,875,937</u>	<u>43,048,001</u>
<u>68,398,215</u>	<u>80,050,357</u>	<u>85,423,151</u>	<u>87,658,525</u>	<u>91,165,535</u>	<u>80,880,640</u>
39,925,983	50,908,626	62,196,037	54,842,811	56,384,233	53,565,114
19,072,331	16,841,633	16,803,077	36,545,256	32,363,367	39,945,646
<u>(21,722,485)</u>	<u>(24,756,166)</u>	<u>(27,602,413)</u>	<u>2,602,112</u>	<u>16,054,088</u>	<u>21,896,996</u>
<u>\$ 37,275,829</u>	<u>\$ 42,994,093</u>	<u>\$ 51,396,701</u>	<u>\$ 93,990,179</u>	<u>\$ 104,801,688</u>	<u>\$ 115,407,756</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>
EXPENSES			
Governmental Activities:			
Housing and Economic Development	\$ 22,227,153	\$ 24,163,156	\$ 30,430,746
Interest on Long-Term Debt	11,141,352	10,945,951	10,264,402
Total Governmental Activities Expenses	<u>33,368,505</u>	<u>35,109,107</u>	<u>40,695,148</u>
Business-type Activities:			
Development Loan Programs	14,768,515	6,444,810	5,194,227
Parking Operations	12,990,561	12,628,706	11,864,859
Lofts	-	-	-
Penfield	-	-	-
Total Business-type Activities Expenses	<u>27,759,076</u>	<u>19,073,516</u>	<u>17,059,086</u>
Total Saint Paul HRA Expenses	<u>61,127,581</u>	<u>54,182,623</u>	<u>57,754,234</u>
PROGRAM REVENUES			
Governmental Activities:			
Charges for Services:			
Housing and Economic Development	4,410,071	2,811,075	1,715,578
Operating Grants and Contributions	37,517,617	21,744,714	20,874,019
Capital Grants and Contributions	-	1,861,975	271,305
Total Governmental Activities Program Revenues	<u>41,927,688</u>	<u>26,417,764</u>	<u>22,860,902</u>
Business-type Activities:			
Charges for Services:			
Development Loan Programs	429,076	1,164,671	1,748,389
Parking Operations	10,691,896	11,779,690	11,204,743
Lofts	-	-	-
Penfield	-	-	-
Operating Grants and Contributions	938,546	3,765,808	1,352,810
Capital Grants and Contributions	11,412,775	-	-
Total Business-type Activities Program Revenues	<u>23,472,293</u>	<u>16,710,169</u>	<u>14,305,942</u>
Total Saint Paul HRA Program Revenues	<u>65,399,981</u>	<u>43,127,933</u>	<u>37,166,844</u>
NET (EXPENSE) REVENUE			
Governmental Activities	8,559,183	(8,691,343)	(17,834,246)
Business-type Activities	<u>(4,286,783)</u>	<u>(2,363,347)</u>	<u>(2,753,144)</u>
Total Saint Paul HRA Net (Expense) Revenue	<u>\$ 4,272,400</u>	<u>\$ (11,054,690)</u>	<u>\$ (20,587,390)</u>

Unaudited

2010	2011	2012	2013	2014	2015	2016
	(1)					
\$ 53,868,777	\$ 41,241,422	\$ 38,347,251	\$ 35,650,269	\$ 25,470,071	\$ 18,308,894	\$ 21,848,201
10,132,800	11,037,746	9,027,333	8,442,342	10,166,094	5,931,537	6,169,591
<u>64,001,577</u>	<u>52,279,168</u>	<u>47,374,584</u>	<u>44,092,611</u>	<u>35,636,165</u>	<u>24,240,431</u>	<u>28,017,792</u>
1,462,546	4,515,981	3,090,554	2,826,743	1,802,462	4,380,104	9,039,259
11,610,535	11,584,599	11,105,306	11,779,363	11,938,124	13,469,087	13,389,604
-	-	-	-	1,122,190	1,168,300	438,769
-	-	-	-	3,777,489	4,587,216	3,685,094
<u>13,073,081</u>	<u>16,100,580</u>	<u>14,195,860</u>	<u>14,606,106</u>	<u>18,640,265</u>	<u>23,604,707</u>	<u>26,552,726</u>
<u>77,074,658</u>	<u>68,379,748</u>	<u>61,570,444</u>	<u>58,698,717</u>	<u>54,276,430</u>	<u>47,845,138</u>	<u>54,570,518</u>
5,104,319	1,465,054	3,651,135	1,659,753	3,586,141	2,602,414	2,254,099
37,531,003	23,644,851	24,344,903	24,700,142	46,968,517	2,039,549	1,040,493
27,711	148,459	-	-	-	-	4,846,083
<u>42,663,033</u>	<u>25,258,364</u>	<u>27,996,038</u>	<u>26,359,895</u>	<u>50,554,658</u>	<u>4,641,963</u>	<u>8,140,675</u>
504,286	2,478,443	919,137	968,535	606,581	3,820,711	174,557
11,394,497	12,140,085	12,186,953	13,525,771	13,669,640	14,856,306	15,828,064
-	-	-	-	1,013,404	964,050	590
-	-	-	-	2,745,170	4,924,670	3,820,113
317,340	647,787	983,084	2,673,781	2,223,684	576,559	795,291
534,591	1,592,480	15,713	17,971	-	-	-
<u>12,750,714</u>	<u>16,858,795</u>	<u>14,104,887</u>	<u>17,186,058</u>	<u>20,258,479</u>	<u>25,142,296</u>	<u>20,618,615</u>
<u>55,413,747</u>	<u>42,117,159</u>	<u>42,100,925</u>	<u>43,545,953</u>	<u>70,813,137</u>	<u>29,784,259</u>	<u>28,759,290</u>
(21,338,544)	(27,020,804)	(19,378,546)	(17,732,716)	14,918,493	(19,598,468)	(19,877,117)
<u>(322,367)</u>	<u>758,215</u>	<u>(90,973)</u>	<u>2,579,952</u>	<u>1,618,214</u>	<u>1,537,589</u>	<u>(5,934,111)</u>
<u>\$ (21,660,911)</u>	<u>\$ (26,262,589)</u>	<u>\$ (19,469,519)</u>	<u>\$ (15,152,764)</u>	<u>\$ 16,536,707</u>	<u>\$ (18,060,879)</u>	<u>\$ (25,811,228)</u>

Continued

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental Activities:			
HRA Property Tax	\$ 992,320	\$ 1,123,627	\$ 2,172,763
Property Tax Increments	16,148,760	14,177,905	21,153,837
Hotel-Motel Tax	220,000	-	-
State Market Value Homestead Credit	232,816	246,796	305,835
Investment Income	2,201,832	1,881,031	1,340,151
Transfers	12,345,680	(495,865)	(2,131,339)
Total Governmental Activities	<u>32,141,408</u>	<u>16,933,494</u>	<u>22,841,247</u>
Business-type Activities			
HRA Property Tax	-	-	-
Property Tax Increments	1,276,002	1,193,871	1,178,925
Investment Income	2,102,439	794,694	99,135
Interest Earned - Other	-	-	-
Gain on Sale of Capital Assets	-	1,336,484	-
Transfers	(12,345,680)	495,865	2,131,339
Special Item (Note 2.R.)	-	-	-
Total Business-type Activities	<u>(8,967,239)</u>	<u>3,820,914</u>	<u>3,409,399</u>
Total Saint Paul HRA General Revenues and Other Changes in Net Position	<u>23,174,169</u>	<u>20,754,408</u>	<u>26,250,646</u>
CHANGES IN NET POSITION			
Governmental Activities	40,700,591	8,242,151	5,007,001
Business-type Activities	(13,254,022)	1,457,567	656,255
Total Saint Paul HRA Changes in Net Position	<u>\$ 27,446,569</u>	<u>\$ 9,699,718</u>	<u>\$ 5,663,256</u>

Notes:

Large housing and development expenses were incurred and large operating grants, contributions, and direct appropriations were received during 2010 for tax credit assistance and exchange.

(1) Restated

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
	(1)					
\$ 2,990,745	\$ 3,174,596	\$ 2,678,548	\$ 2,462,066	\$ 2,515,651	\$ 2,534,187	\$ 3,240,341
20,984,261	19,794,753	20,437,440	19,277,414	19,828,634	20,129,392	21,946,057
-	-	-	-	-	-	-
354,395	347,852	-	-	-	-	-
1,062,612	1,900,121	370,954	(681,645)	1,405,439	644,865	593,254
<u>(2,062,510)</u>	<u>(188,087)</u>	<u>(10,042,274)</u>	<u>(994,613)</u>	<u>1,689,887</u>	<u>3,594,523</u>	<u>14,988,428</u>
<u>23,329,503</u>	<u>25,029,235</u>	<u>13,444,668</u>	<u>20,063,222</u>	<u>25,439,611</u>	<u>26,902,967</u>	<u>40,768,080</u>
-	-	257,046	618,035	650,730	656,206	-
1,258,761	1,242,838	1,181,563	1,120,132	1,102,365	1,124,374	1,099,375
305,311	733,407	259,732	(221,893)	553,952	219,249	1,587
-	-	-	-	-	-	191,184
-	-	2,500	31,681	-	-	-
2,062,510	188,087	10,042,274	994,613	(1,689,887)	(3,594,523)	(14,988,428)
-	-	-	-	-	3,564,115	9,345,498
<u>3,626,582</u>	<u>2,164,332</u>	<u>11,743,115</u>	<u>2,542,568</u>	<u>617,160</u>	<u>1,969,421</u>	<u>(4,350,784)</u>
<u>26,956,085</u>	<u>27,193,567</u>	<u>25,187,783</u>	<u>22,605,790</u>	<u>26,056,771</u>	<u>28,872,388</u>	<u>36,417,296</u>
1,990,959	(1,991,569)	(5,933,878)	2,330,506	40,358,104	7,304,499	20,890,963
<u>3,304,215</u>	<u>2,922,547</u>	<u>11,652,142</u>	<u>5,122,520</u>	<u>2,235,374</u>	<u>3,507,010</u>	<u>(10,284,895)</u>
<u>\$ 5,295,174</u>	<u>\$ 930,978</u>	<u>\$ 5,718,264</u>	<u>\$ 7,453,026</u>	<u>\$ 42,593,478</u>	<u>\$ 10,811,509</u>	<u>\$ 10,606,068</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

PROGRAM REVENUES BY FUNCTIONS / PROGRAMS

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Housing and Economic Development				
Charges for Services	\$ 4,410,071	\$ 2,811,075	\$ 1,715,578	\$ 5,104,319
Operating Grants and Contributions	37,517,617	21,744,714	20,874,019	37,531,003
Capital Grants and Contributions	-	1,861,975	271,305	27,711
Total Housing and Economic Development	<u>41,927,688</u>	<u>26,417,764</u>	<u>22,860,902</u>	<u>42,663,033</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>41,927,688</u>	<u>26,417,764</u>	<u>22,860,902</u>	<u>42,663,033</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
Development Loan Programs				
Charges for Services	429,076	1,164,671	1,748,389	504,286
Operating Grants and Contributions	938,546	3,765,808	1,352,810	317,340
Capital Grants and Contributions	-	-	-	534,591
Total Development Loan Programs	<u>1,367,622</u>	<u>4,930,479</u>	<u>3,101,199</u>	<u>1,356,217</u>
Parking Operations				
Charges for Services	10,691,896	11,779,690	11,204,743	11,394,497
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	11,412,775	-	-	-
Total Parking Operations	<u>22,104,671</u>	<u>11,779,690</u>	<u>11,204,743</u>	<u>11,394,497</u>
Lofts				
Charges for Services	-	-	-	-
Operating Grants and Contributions	-	-	-	-
Total Lofts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Penfield				
Charges for Services	-	-	-	-
Operating Grants and Contributions	-	-	-	-
Total Penfield	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>23,472,293</u>	<u>16,710,169</u>	<u>14,305,942</u>	<u>12,750,714</u>
TOTAL - ALL FUNCTIONS / PROGRAMS	<u>\$ 65,399,981</u>	<u>\$ 43,127,933</u>	<u>\$ 37,166,844</u>	<u>\$ 55,413,747</u>

(1) Restated

Unaudited

<u>2011</u> (1)	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 1,465,054	\$ 3,651,135	\$ 1,659,753	\$ 3,586,141	\$ 2,602,414	\$ 2,254,099
23,644,851	24,344,903	24,700,142	46,968,517	2,039,549	1,040,493
148,459	-	-	-	-	4,846,083
<u>25,258,364</u>	<u>27,996,038</u>	<u>26,359,895</u>	<u>50,554,658</u>	<u>4,641,963</u>	<u>8,140,675</u>
<u>25,258,364</u>	<u>27,996,038</u>	<u>26,359,895</u>	<u>50,554,658</u>	<u>4,641,963</u>	<u>8,140,675</u>
2,478,443	919,137	968,535	606,581	3,820,711	174,557
647,787	983,084	1,673,781	721,925	419,430	795,291
1,592,480	15,713	-	-	-	-
<u>4,718,710</u>	<u>1,917,934</u>	<u>2,642,316</u>	<u>1,328,506</u>	<u>4,240,141</u>	<u>969,848</u>
12,140,085	12,186,953	13,525,771	13,669,640	14,856,306	15,828,064
-	-	1,000,000	82,945	-	-
-	-	17,971	-	-	-
<u>12,140,085</u>	<u>12,186,953</u>	<u>14,543,742</u>	<u>13,752,585</u>	<u>14,856,306</u>	<u>15,828,064</u>
-	-	-	1,013,404	964,050	590
-	-	-	157,299	157,129	-
-	-	-	<u>1,170,703</u>	<u>1,121,179</u>	<u>590</u>
-	-	-	2,745,170	4,924,670	3,820,113
-	-	-	1,261,515	-	-
-	-	-	<u>4,006,685</u>	<u>4,924,670</u>	<u>3,820,113</u>
<u>16,858,795</u>	<u>14,104,887</u>	<u>17,186,058</u>	<u>20,258,479</u>	<u>25,142,296</u>	<u>20,618,615</u>
<u>\$ 42,117,159</u>	<u>\$ 42,100,925</u>	<u>\$ 43,545,953</u>	<u>\$ 70,813,137</u>	<u>\$ 29,784,259</u>	<u>\$ 28,759,290</u>

Unaudited

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
HRA General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	688,545	801,534	742,647	731,031
Unreserved	<u>7,992,919</u>	<u>10,881,369</u>	<u>9,614,435</u>	<u>9,133,372</u>
Total HRA General Fund	<u>\$ 8,681,464</u>	<u>\$ 11,682,903</u>	<u>\$ 10,357,082</u>	<u>\$ 9,864,403</u>
All Other HRA Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Reserved	25,459,895	22,956,178	25,366,854	31,047,251
Unreserved	<u>33,663,265</u>	<u>31,037,525</u>	<u>28,496,659</u>	<u>21,230,536</u>
Total All Other HRA Funds	<u>\$ 59,123,160</u>	<u>\$ 53,993,703</u>	<u>\$ 53,863,513</u>	<u>\$ 52,277,787</u>
TOTAL - ALL HRA FUNDS				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	26,148,440	23,757,712	26,109,501	31,778,282
Unreserved	<u>41,656,184</u>	<u>41,918,894</u>	<u>38,111,094</u>	<u>30,363,908</u>
Total All HRA Funds	<u>\$ 67,804,624</u>	<u>\$ 65,676,606</u>	<u>\$ 64,220,595</u>	<u>\$ 62,142,190</u>
2013 Restatements (2)				
Total All HRA Funds, Restated				

(1) The implementation of Governmental Accounting Standards Board Statement No. 54 in 2011 resulted in a significant change in the Authority's fund balance classifications.

(2) The implementation of a new fund structure related to the City's implementation of the new finance system on January 1, 2014 resulted in a significant change in the Authority's fund balance classifications.

2011 (1)	2012	2013	2014	2015	2016
\$ 717,599	\$ 717,599	\$ 717,599	\$ 692,050	\$ 1,047,962	\$ -
4,448,812	6,168,246	5,814,724	6,370,768	7,172,276	6,148,400
1,414,495	597,945	1,224,283	4,959,422	4,245,483	4,937,447
4,242,795	4,145,023	4,147,129	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 10,823,701</u>	<u>\$ 11,628,813</u>	<u>\$ 11,903,735</u>	<u>\$ 12,022,240</u>	<u>\$ 12,465,721</u>	<u>\$ 11,085,847</u>
\$ -	\$ -	\$ -	\$ 3,047,078	\$ 3,658,385	\$ -
44,696,696	32,446,803	30,156,288	28,709,493	29,116,951	51,524,185
562,349	562,349	241,165	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 45,259,045</u>	<u>\$ 33,009,152</u>	<u>\$ 30,397,453</u>	<u>\$ 31,756,571</u>	<u>\$ 32,775,336</u>	<u>\$ 51,524,185</u>
\$ 717,599	\$ 717,599	\$ 717,599	\$ 3,739,128	\$ 4,706,347	\$ -
44,696,696	32,446,803	30,156,288	28,709,493	29,116,951	51,524,185
4,448,812	6,168,246	5,814,724	6,370,768	7,172,276	6,148,400
1,976,844	1,160,294	1,465,448	4,959,422	4,245,483	4,937,447
4,242,795	4,145,023	4,147,129	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 56,082,746</u>	<u>\$ 44,637,965</u>	<u>42,301,188</u>	<u>\$ 43,778,811</u>	<u>\$ 45,241,057</u>	<u>\$ 62,610,032</u>
		<u>(3,120,079)</u>			
		<u>\$ 39,181,109</u>			

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUES				
Taxes	\$ 18,258,162	\$ 17,752,965	\$ 23,145,710	\$ 23,568,364
Intergovernmental	37,048,241	22,475,134	20,330,468	35,188,892
Fees, Sales and Services	4,748,864	3,396,565	2,676,402	5,556,017
Investment Income	2,233,360	1,892,081	1,322,681	1,074,507
Miscellaneous	<u>802,192</u>	<u>902,476</u>	<u>543,551</u>	<u>2,448,040</u>
Total Revenues	<u>63,090,819</u>	<u>46,419,221</u>	<u>48,018,812</u>	<u>67,835,820</u>
EXPENDITURES				
Housing and Economic Development	7,760,374	10,655,374	15,705,363	37,390,286
Intergovernmental	13,755,067	25,488,058	17,133,134	16,142,704
Capital Outlay	-	1,186,100	-	-
Debt Service:				
Interest	11,353,161	11,098,149	10,353,912	10,089,143
Principal	7,924,001	8,911,675	5,671,147	9,227,737
Issuance Costs & Fiscal Charges	6,777	274,195	141,085	384,506
Debt Prepayment Penalty	-	-	-	-
Total Expenditures	<u>40,799,380</u>	<u>57,613,551</u>	<u>49,004,641</u>	<u>73,234,376</u>
Excess of Revenues over (under) Expenditures	22,291,439	(11,194,330)	(985,829)	(5,398,556)
OTHER FINANCING SOURCES (USES)				
Proceeds from Borrowing	-	9,635,761	-	6,595,000
Proceeds from Refunding	3,939,831	-	7,003,608	2,682,662
Redemption of Refunded Bonds	(3,895,000)	-	(4,970,000)	(3,895,000)
Transfers In	16,281,547	1,092,065	2,154,432	7,462,416
Transfers Out	<u>(3,935,867)</u>	<u>(1,661,514)</u>	<u>(4,658,222)</u>	<u>(9,524,926)</u>
Total Other Financing Sources (Uses)	<u>12,390,511</u>	<u>9,066,312</u>	<u>(470,182)</u>	<u>3,320,152</u>
Net Change in Fund Balance	<u>\$ 34,681,950</u>	<u>\$ (2,128,018)</u>	<u>\$ (1,456,011)</u>	<u>\$ (2,078,404)</u>
Debt Service as a Percentage of Noncapital Expenditures	47.2%	35.5%	32.7%	26.4% (a)

(a) In 2010, a balloon payment of \$3,450,000 was made on the HUD Section 108 Note, Series 2003-B.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 23,240,973	\$ 24,402,731	\$ 21,775,071	\$ 22,383,553	\$ 22,724,508	\$ 25,197,511
22,421,293	23,229,228	23,854,124	44,599,377	1,471,179	11,129,073
2,008,781	4,248,416	2,154,654	2,922,779	3,944,542	3,165,531
1,904,956	413,264	(705,720)	1,238,909	598,355	547,786
<u>1,223,558</u>	<u>1,115,675</u>	<u>846,018</u>	<u>2,910,215</u>	<u>983,295</u>	<u>1,029,548</u>
<u>50,799,561</u>	<u>53,409,314</u>	<u>47,924,147</u>	<u>74,054,833</u>	<u>29,721,879</u>	<u>41,069,449</u>
23,993,249	31,220,168	18,857,958	14,445,892	15,138,425	16,926,287
16,896,257	16,209,356	16,197,775	9,732,751	2,652,900	2,867,458
-	-	-	-	3,129,938	11,372,429
11,311,119	9,493,948	8,286,020	10,468,007	6,105,479	6,326,420
6,580,944	7,588,309	5,924,558	37,692,841	4,796,830	10,526,669
139,665	297,016	-	56,887	30,584	29,639
-	-	-	757,271	-	-
<u>58,921,234</u>	<u>64,808,797</u>	<u>49,266,311</u>	<u>73,153,649</u>	<u>31,854,156</u>	<u>48,048,902</u>
(8,121,673)	(11,399,483)	(1,342,164)	901,184	(2,132,277)	(6,979,453)
-	-	-	-	-	9,360,000
12,085,316	16,785,330	-	2,006,611	-	-
(9,835,000)	(17,141,000)	-	-	-	-
20,745,170	9,712,248	7,659,365	7,169,198	4,173,451	16,819,094
<u>(20,933,258)</u>	<u>(9,401,876)</u>	<u>(8,653,978)</u>	<u>(5,479,311)</u>	<u>(578,928)</u>	<u>(1,830,666)</u>
<u>2,062,228</u>	<u>(45,298)</u>	<u>(994,613)</u>	<u>3,696,498</u>	<u>3,594,523</u>	<u>24,348,428</u>
<u>\$ (6,059,445)</u>	<u>\$ (11,444,781)</u>	<u>\$ (2,336,777)</u>	<u>\$ 4,597,682</u>	<u>\$ 1,462,246</u>	<u>\$ 17,368,975</u>
30.4%	26.4%	28.8%	66.9%	38.0%	46.0%

Unaudited

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

NET POSITION - PROPRIETARY FUNDS

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
HRA Loan Enterprise Fund				
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ (21,292)
Restricted	6,823,402	1,148,967	1,072,523	7,250,562
Unrestricted	<u>16,159,536</u>	<u>21,385,035</u>	<u>21,645,396</u>	<u>17,267,290</u>
Total HRA Loan Enterprise Fund	<u>22,982,938</u>	<u>22,534,002</u>	<u>22,717,919</u>	<u>24,496,560</u>
HRA Parking Enterprise Fund				
Net Investment in Capital Assets	22,141,220	21,467,557	23,496,206	26,594,793
Restricted	7,563,021	5,573,737	7,691,465	6,536,327
Unrestricted	<u>10,808,285</u>	<u>15,377,735</u>	<u>11,703,696</u>	<u>9,735,344</u>
Total HRA Parking Enterprise Fund	<u>40,512,526</u>	<u>42,419,029</u>	<u>42,891,367</u>	<u>42,866,464</u>
HRA Lofts Enterprise Fund				
Net Investment in Capital Assets	-	-	-	-
Restricted	-	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total HRA Lofts Enterprise Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
HRA Penfield Enterprise Fund				
Net Investment in Capital Assets	-	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total HRA Penfield Enterprise Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL - ALL PROPRIETARY FUNDS				
Net Investment in Capital Assets	22,141,220	21,467,557	23,496,206	26,573,501
Restricted	14,386,423	6,722,704	8,763,988	13,786,889
Unrestricted	<u>26,967,821</u>	<u>36,762,770</u>	<u>33,349,092</u>	<u>27,002,634</u>
Total Net Position - All Proprietary Funds	<u>\$ 63,495,464</u>	<u>\$ 64,953,031</u>	<u>\$ 65,609,286</u>	<u>\$ 67,363,024</u>
2013 Restatements (2)				
Total Net Position - All Proprietary Funds, Restated				

(1) Restated

(2) The implementation of a new fund structure related to the City's implementation of the new finance system on January 1, 2014 resulted in a significant change in the Authority's fund balance classifications.

Unaudited

2011	2012	2013	2014	2015	2016
(1)					
\$ 1,530,300	\$ 14,015,074	\$ 25,145,183	\$ -	\$ -	\$ -
393,566	256,756	414,569	773,865	815,483	834,754
<u>23,048,381</u>	<u>22,371,117</u>	<u>13,396,478</u>	<u>16,496,404</u>	<u>18,830,554</u>	<u>22,881,556</u>
<u>24,972,247</u>	<u>36,642,947</u>	<u>38,956,230</u>	<u>17,270,269</u>	<u>19,646,037</u>	<u>23,716,310</u>
27,152,295	28,212,796	29,045,420	30,153,360	31,490,755	33,066,408
4,332,651	4,354,134	4,016,077	4,273,882	3,883,021	3,931,477
<u>11,941,022</u>	<u>10,840,480</u>	<u>13,155,150</u>	<u>14,245,591</u>	<u>15,920,392</u>	<u>17,780,311</u>
<u>43,425,968</u>	<u>43,407,410</u>	<u>46,216,647</u>	<u>48,672,833</u>	<u>51,294,168</u>	<u>54,778,196</u>
-	-	-	1,774,510	-	-
-	-	-	523,363	-	-
-	-	-	174,812	971,985	-
-	-	-	<u>2,472,685</u>	<u>971,985</u>	-
-	-	-	15,584,829	15,100,339	-
-	-	-	<u>3,657,909</u>	<u>4,153,006</u>	<u>2,386,134</u>
-	-	-	<u>19,242,738</u>	<u>19,253,345</u>	<u>2,386,134</u>
28,682,595	42,227,870	54,190,603	47,512,699	46,591,094	33,066,408
4,726,217	4,610,890	4,430,646	5,571,110	4,698,504	4,766,231
<u>34,989,403</u>	<u>33,211,597</u>	<u>26,551,628</u>	<u>34,574,716</u>	<u>39,875,937</u>	<u>43,048,001</u>
<u>\$ 68,398,215</u>	<u>\$ 80,050,357</u>	85,172,877	<u>\$ 87,658,525</u>	<u>\$ 91,165,535</u>	<u>\$ 80,880,640</u>
		250,274			
		<u>\$ 85,423,151</u>			

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

CHANGES IN NET POSITION - PROPRIETARY FUNDS**Last Ten Fiscal Years***(Accrual Basis of Accounting)*

	2007	2008	2009	2010
OPERATING REVENUES				
Fees, Sales and Services:				
Loan Programs	\$ 291,776	\$ 388,149	\$ 1,329,083	\$ 139,364
Apartment Facilities	-	-	-	-
Parking Facilities	10,691,896	11,779,690	11,204,743	11,394,497
Interest Earned on Loans	137,300	776,522	419,306	364,922
Total Operating Revenues	<u>11,120,972</u>	<u>12,944,361</u>	<u>12,953,132</u>	<u>11,898,783</u>
OPERATING EXPENSES				
Development Loan Programs	4,892,487	3,581,561	2,970,167	710,321
Costs of Parking and Apartment Facility Operation	4,264,292	5,497,193	5,043,784	5,425,658
Depreciation	2,455,650	2,758,238	2,766,036	2,846,729
Bad Debt Expense on Loans	5,996,934	365,486	187,588	309,257
Forgivable Loan Expense	944,676	1,920,551	1,708,022	161,365
Total Operating Expenses	<u>18,554,039</u>	<u>14,123,029</u>	<u>12,675,597</u>	<u>9,453,330</u>
OPERATING INCOME (LOSS)	(7,433,067)	(1,178,668)	277,535	2,445,453
NONOPERATING REVENUES (EXPENSES)				
Property Tax Increments	1,276,002	1,193,871	1,178,925	1,258,761
Operating Grants	134,746	84,539	427,828	294,329
Gain on Sale of Capital Assets	-	1,336,484	-	-
Noncapital Contributions	803,800	3,681,269	924,982	23,011
Investment Income	2,102,439	794,694	99,134	305,311
Interest Earned - Other	-	-	-	-
Miscellaneous Revenue	-	-	-	-
Revaluation of Land Held for Resale	(1,867,546)	(270,345)	-	-
Interest on Long-Term Debt	(4,968,483)	(4,493,159)	(3,909,476)	(3,162,276)
Intergovernmental Expenses	(2,256,955)	(76,483)	(357,244)	(312,089)
Intergovernmental Revenues	-	-	-	-
Non-operating Costs	-	-	-	-
Loss on Retirement of Assets	-	-	-	-
Litigation Mediation - Noncash Advance	-	-	-	(412,753)
Amortization of Debt Issuance Costs (1)	(112,053)	(110,500)	(116,768)	(145,386)
Total Non-operating Revenues (Expenses)	<u>(4,888,050)</u>	<u>2,140,370</u>	<u>(1,752,619)</u>	<u>(2,151,092)</u>
Capital Contributions	11,412,775	-	-	947,344
Transfers In	1,416,433	600,316	2,528,208	2,078,822
Transfers Out	(13,762,113)	(104,451)	(396,869)	(16,312)
Special Item (Note 2.R.)	-	-	-	-
Change in Net Position	<u>\$ (13,254,022)</u>	<u>\$ 1,457,567</u>	<u>\$ 656,255</u>	<u>\$ 3,304,215</u>
2013 Restatements (3)				
Change in Net Position, Restated				

(1) In 2012, with adoption of GASB 65, total debt issuance cost for the year is expensed, not amortized.

(2) Restated

(3) The implementation of a new fund structure related to the City's implementation of the new finance system on January 1, 2014 resulted in a significant change in the Authority's fund balance classifications.

Unaudited

2011	2012	2013	2014	2015	2016
(2)					
\$ 1,466,278	\$ 726,949	\$ 1,081,783	\$ 524,197	\$ 3,482,030	\$ 142,618
-	-	-	3,758,574	5,888,720	3,820,703
12,140,085	12,101,480	13,485,208	13,669,640	14,856,306	15,828,064
1,012,165	277,661	(72,685)	82,384	338,681	31,939
<u>14,618,528</u>	<u>13,106,090</u>	<u>14,494,306</u>	<u>18,034,795</u>	<u>24,565,737</u>	<u>19,823,324</u>
2,929,465	639,686	949,697	1,040,210	3,589,939	3,626,474
5,229,275	5,652,432	6,370,512	7,661,228	8,650,210	8,508,630
2,937,220	3,187,169	3,246,852	4,586,554	4,652,169	4,080,855
5,994	-	-	-	-	-
609,833	-	-	-	-	-
<u>11,711,787</u>	<u>9,479,287</u>	<u>10,567,061</u>	<u>13,287,992</u>	<u>16,892,318</u>	<u>16,215,959</u>
2,906,741	3,626,803	3,927,245	4,746,803	7,673,419	3,607,365
1,242,838	1,438,609	1,738,167	1,753,095	1,780,580	1,099,375
519,025	681,284	1,172,384	869,931	567,266	385,998
-	2,500	31,681	-	-	-
128,762	301,800	501,397	-	-	-
733,407	259,732	(221,893)	553,952	219,249	1,587
-	-	-	-	-	191,184
-	-	-	-	-	-
-	-	-	-	-	-
(3,313,774)	(3,201,470)	(3,079,041)	(4,151,237)	(4,110,741)	(3,072,558)
(467,116)	(402,201)	(822,616)	(770,432)	(2,204,113)	(6,819,949)
-	-	1,000,000	1,353,753	9,293	409,293
-	-	-	(254,256)	(269,133)	(165,574)
(405,036)	(117,091)	(137,388)	(176,348)	(128,402)	(278,686)
-	-	-	-	-	-
(2,090,223)	(995,811)	-	-	-	-
<u>(3,652,117)</u>	<u>(2,032,648)</u>	<u>182,691</u>	<u>(821,542)</u>	<u>(4,136,001)</u>	<u>(8,249,330)</u>
1,592,480	10,368,359	17,971	-	-	-
195,190	2,377,524	2,709,828	1,903,282	2,858,575	14,640,594
(7,103)	(2,687,896)	(1,715,215)	(3,593,169)	(6,453,098)	(29,629,022)
-	-	-	-	3,564,115	9,345,498
<u>\$ 1,035,191</u>	<u>\$ 11,652,142</u>	<u>5,122,520</u>	<u>\$ 2,235,374</u>	<u>\$ 3,507,010</u>	<u>\$ (10,284,895)</u>
		<u>250,274</u>			
		<u>\$ 5,372,794</u>			

Unaudited

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HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>HRA Property Tax Levy</u>	<u>Property Tax Increments</u>	<u>Hotel - Motel</u>	<u>Total Tax Revenue</u>
2007	\$997,821	\$17,040,341	\$220,000	\$18,258,162
2008	1,157,506	16,595,459	-	17,752,965
2009	2,129,936	21,015,774	-	23,145,710
2010	2,797,136	20,771,228	-	23,568,364
2011	3,185,612	20,055,361	-	23,240,973
2012	2,866,172	21,536,559	-	24,402,731
2013	2,463,327	19,311,744	-	21,775,071
2014	2,548,212	19,835,341	-	22,383,553
2015	2,544,885	20,179,623	-	22,724,508
2016	3,246,045	21,951,466	-	25,197,511
Change 2007-2016	225.3%	28.8%	-100.0%	38.0%

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

HRA PROPERTY TAX LEVIES, PROPERTY VALUES, AND RATES
Last Ten Fiscal Years

LEVY - PAYABLE	2007	2008	2009	2010
Tax Capacity*				
Real Property*			\$ 247,182,526	\$ 234,400,482
Personal Property*			6,885,304	5,850,737
Fiscal Disparities*			25,238,471	26,101,435
Total Net Tax Capacity*	253,000,058	275,575,863	279,306,301	266,352,654
Taxable Market Value*	21,103,230,000	23,071,399,600	22,776,772,200	21,551,886,800
Tax Capacity Rate	0.4140%	0.4470%	0.8980%	1.2720%
State Law Maximum Levy Rate (% of Taxable Market Value)	0.0144%	0.0144%	0.0185%	0.0185%
Maximum Tax Levy per State Law	\$ 3,038,865	\$ 3,322,282	\$ 4,213,703	\$ 3,987,099
Actual Tax Levy Certified	\$ 1,057,307	\$ 1,215,903	\$ 2,278,148	\$ 3,178,148
Actual Levy under Maximum	\$ 1,981,558	\$ 2,106,379	\$ 1,935,555	\$ 808,951
% of Actual Levy to Maximum	34.79%	36.60%	54.07%	79.71%

Data for this table is obtained from the City of Saint Paul Comprehensive Annual Financial Report, the Housing and Redevelopment Authority of the City of Saint Paul Comprehensive Annual Financial Report, and the City of Saint Paul Office of Financial Services.

Data for Real Property, Personal Property, and Fiscal Disparities prior to 2009 is not available.

* Amounts are in Dollars. Real and Personal Property, Fiscal Disparity, and Taxable Market Value. Beginning in 2013, Taxable Market Value is replaced by Estimated Market Value. The levy is based on the prior year's estimated market value but applies to the current year's net tax capacity.

2011	2012	2013	2014	2015	2016
\$ 217,930,655	\$ 197,620,962	\$ 186,461,109	\$ 187,239,027	\$ 201,250,561	\$ 232,125,615
7,032,252	6,062,185	6,816,827	6,953,340	7,153,758	7,462,143
26,457,028	25,556,968	23,150,886	24,580,157	25,956,548	29,541,926
251,419,935	229,240,115	216,428,822	218,772,524	234,360,867	269,129,684
20,065,253,800	18,163,450,800	18,187,359,400	18,388,992,700	18,425,451,200	19,709,227,700
1.2620%	1.4180%	1.4824%	1.4445%	1.3860%	1.3110%
0.0185%	0.0185%	0.0185%	0.0185%	0.0185%	0.0185%
\$ 3,712,072	\$ 3,360,238	\$ 3,364,661	\$ 3,401,964	\$ 3,408,708	\$ 3,646,207
\$ 3,178,148	\$ 3,178,148	\$ 3,178,148	\$ 3,178,148	\$ 3,278,148	\$ 3,278,148
\$ 533,924	\$ 182,090	\$ 186,513	\$ 223,816	\$ 130,560	\$ 368,059
85.62%	94.58%	94.46%	93.42%	96.17%	89.91%

HRA PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total Taxes Levied for Current Fiscal Year	\$ 1,057,307	\$ 1,215,903	\$ 2,278,148	\$ 3,178,148
Collection of Current Year Tax Levy				
From Taxpayers	\$ 819,668	\$ 953,678	\$ 1,874,829	\$ 2,259,765
Fiscal Disparity Aid	169,430	183,574	223,759	493,367
State Credits and Aids	44,056	44,437	87,974	115,779
Closed TIF District Adj.	-	-	-	194,065
Total Current Year Tax Levy Collection	<u>\$ 1,033,154</u>	<u>\$ 1,181,689</u>	<u>\$ 2,186,562</u>	<u>\$ 3,062,976</u> (1)
Actual Percent of Current Year Levy	97.72%	97.19%	95.98%	96.38%
Collection of Delinquent Taxes for Subsequent Years				
1st Year Delinquent	\$ 18,191	\$ 28,026	\$ 41,495	\$ 14,489
2nd Year Delinquent	2,101	2,991	9,941	(8,660)
3rd Year Delinquent	(157)	(4,334)	(654)	(1,867)
4th Year Delinquent	699	349	276	1,259
5th Year Delinquent	18	353	1,095	(1,904)
6th Year & Prior Delinquent	504	492	(8,768)	1,693
Total Delinquent Taxes Collection	<u>\$ 21,356</u>	<u>\$ 27,877</u>	<u>\$ 43,385</u>	<u>\$ 5,010</u>
Total Tax Collections	<u>\$ 1,054,510</u>	<u>\$ 1,209,566</u>	<u>\$ 2,229,947</u>	<u>\$ 3,067,986</u>
Total Percent of Levy Collected	99.74%	99.48%	97.88%	96.53%

(1) Revaluation downward of property in a closed Tax Increment Finance District reduced net levy collected by HRA by 6.11%

Note: Collections do not include Tax Increment Districts.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 3,178,148	\$ 3,178,148	\$ 3,178,148	\$ 3,178,148	\$ 3,278,148	\$ 3,278,148
\$ 2,470,269 693,746 108,652 -	\$ 2,476,585 633,373 - -	\$ 2,464,092 662,508 70 -	\$ 2,432,640 696,821 - -	\$ 2,481,531 725,135 - -	\$ 2,505,951 723,429 166 -
<u>\$ 3,272,667</u>	<u>\$ 3,109,958</u>	<u>\$ 3,126,670</u>	<u>\$ 3,129,461</u>	<u>\$ 3,206,666</u>	<u>\$ 3,229,546</u>
102.97%	97.85%	98.38%	98.47%	97.82%	98.52%
\$ 21,851 (4,284) (3,642) (2,854) 932 -	\$ (40,292) (5,424) (4,229) 1,604 - -	\$ 75,700 (6,309) (949) - - -	\$ 18,489 (3,895) - - - -	\$ 17,114 - - - - -	\$ - - - - - -
<u>\$ 12,003</u>	<u>\$ (48,341)</u>	<u>\$ 68,442</u>	<u>\$ 14,594</u>	<u>\$ 17,114</u>	<u>\$ -</u>
<u>\$ 3,284,670</u>	<u>\$ 3,061,617</u>	<u>\$ 3,195,112</u>	<u>\$ 3,144,055</u>	<u>\$ 3,223,780</u>	<u>\$ 3,229,546</u>
103.35%	96.33%	100.53%	98.93%	98.34%	98.52%

Unaudited

PROPERTY TAX INCREMENT LEVIES AND COLLECTIONS
Last Ten Fiscal Years

	2007	2008	2009	2010
TOTAL - ALL TAX INCREMENT DISTRICTS				
Original Tax Capacity Before Development - All Tax Increment Districts	\$4,134,886	\$4,547,218	\$4,332,382	\$4,491,122
Current Tax Capacity - All Tax Increment Districts	\$25,130,439	\$29,852,423	\$30,308,177	\$29,809,160
Captured Tax Capacity Retained by HRA / Port Authority	\$22,973,236	\$27,910,718	\$25,975,795	\$25,318,038
Tax capacity rate (Watershed district)	103.573%	102.306%	106.465%	120.820%
Tax Increment Spread	\$23,710,560	\$28,448,140	\$27,268,157	\$28,705,815
Tax Increment Collected:				
Current	\$23,569,649	\$24,466,765	\$26,337,565	\$27,171,525
Delinquent	\$108,908	\$159,896	\$128,882	(\$592,694)
Developer Shortfall Payments	\$478,743	\$178,011	\$252,345	-
Homestead Credit	\$216,482	\$228,422	\$217,861	\$238,616
Total Tax Increment Collected	\$24,373,782	\$25,033,094	\$26,936,653	\$26,817,447
Percentage of Tax Increment Collected to Tax Increment Spread	102.80%	88.00%	98.78%	93.42%
Delinquent Tax Increment Receivable at December 31	\$455,265	\$399,845	\$746,588	\$696,706
Percentage of Delinquent Tax Increment Receivable to Tax Increment Spread	1.92%	1.41%	2.74%	2.43%
Percentage of Captured Tax Capacity to Saint Paul Total Tax Capacity	8.32%	9.22%	8.52%	8.67%

Note: This table includes data from both Saint Paul Housing and Redevelopment Authority and Saint Paul Port Authority administered tax increment financing districts. The percentage of Total Captured Tax Capacity to Saint Paul Total Tax Capacity was adjusted for 2011.

2011	2012	2013	2014	2015	2016
\$4,838,654	\$4,977,370	\$4,900,569	\$4,918,344	\$4,671,951	\$4,532,616
\$27,664,571	\$26,928,860	\$25,718,660	\$25,654,138	\$25,562,017	\$26,768,060
\$22,825,917 133.883%	\$21,961,592 153.079%	\$20,826,379 162.369%	\$20,796,390 163.482%	\$20,745,503 152.350%	\$22,093,792 150.696%
\$27,278,203	\$27,580,222	\$25,932,396	\$25,973,141	\$25,364,445	\$27,075,751
\$26,021,565 (\$1,359,307)	\$26,690,452 \$495,150	\$25,144,638 (\$162,936)	\$25,817,771 (\$387,772)	\$25,092,583 (\$450,152)	\$26,721,385 (\$245,152)
-	-	-	\$88,360	\$23,097	-
\$239,200	-	-	-	-	-
\$24,901,458	\$27,185,602	\$24,981,702	\$25,518,359	\$24,665,528	\$26,476,233
91.29%	98.57%	96.33%	98.25%	97.24%	97.79%
\$1,188,906	\$459,660	\$322,048	\$254,843	\$207,659	\$174,789
4.36%	1.67%	1.24%	0.98%	0.82%	0.65%
9.23%	8.85%	9.75%	9.74%	9.71%	9.24%

Unaudited

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City of Saint Paul, Minnesota

PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Xcel Energy	\$ 6,308,135	1	2.55%	\$ 5,181,673	1	2.05%
Minnesota Mutual Life Insurance	2,092,374	2	0.85%	2,082,664	2	0.82%
St. Paul Tower LP (World Trade Center)	1,486,468	3	0.60%	1,082,850	6	0.43%
St. Paul Traveler's Insurance ¹⁾	1,358,486	4	0.55%			
U.S. Bank Corp. Property & U.S. Bancorp	1,103,128	5	0.45%	1,512,023	3	0.60%
BNSF Railway Co.	1,098,804	6	0.44%			
Behringer Harvard L C LLC (Lawson Software)	968,146	7	0.39%	1,054,938	7	0.42%
Ford Motor Company ²⁾	692,090	8	0.28%	1,270,572	4	0.50%
Court International LLC	685,194	9	0.28%			
BRE DDR Midway Marketplace LLC	619,128	10	0.25%			
St. Paul Fire & Marine Insurance Company				1,176,094	5	0.46%
3M				882,940	8	0.35%
CSM Corporation & Investors				803,236	9	0.32%
BNSF Railway Company				730,360	10	0.29%
	<u>\$ 16,411,953</u>		<u>6.64%</u>	<u>\$ 15,777,350</u>		<u>6.24%</u>

1) A portion of this office building complex was sold by St. Paul Traveler's Insurance to Ecolab in 2015.

2) Ford Motor Company closed its Highland Park plant in December 2011 and is in the process of completing the environmental cleanup of the site for future redevelopment.

HRA PARKING FACILITY REVENUES
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Block 7A Ramp				
Operating Revenues	\$ 942,753	\$ 1,015,628	\$ 993,836	\$ 1,008,924
Operating Expenses	494,551	480,518	508,861	491,015
Operating Income (Loss)	<u>\$ 448,202</u>	<u>\$ 535,110</u>	<u>\$ 484,975</u>	<u>\$ 517,909</u>
Seventh Street Ramp				
Operating Revenues	\$ 1,228,513	\$ 1,227,842	\$ 1,225,262	\$ 1,225,291
Operating Expenses	346,293	421,835	379,331	384,743
Operating Income (Loss)	<u>\$ 882,220</u>	<u>\$ 806,007</u>	<u>\$ 845,931</u>	<u>\$ 840,548</u>
Robert Street Ramp				
Operating Revenues	\$ 1,130,831	\$ 1,142,381	\$ 1,141,031	\$ 1,163,213
Operating Expenses	518,435	559,901	590,226	622,956
Operating Income (Loss)	<u>\$ 612,396</u>	<u>\$ 582,480</u>	<u>\$ 550,805</u>	<u>\$ 540,257</u>
Kellogg Street Ramp				
Operating Revenues	\$ 980,206	\$ 924,210	\$ 996,824	\$ 970,621
Operating Expenses	547,161	747,589	763,337	815,042
Operating Income (Loss)	<u>\$ 433,045</u>	<u>\$ 176,621</u>	<u>\$ 233,487</u>	<u>\$ 155,579</u>
Lowertown Ramp				
Operating Revenues	\$ 1,204,184	\$ 1,275,598	\$ 1,316,502	\$ 1,287,034
Operating Expenses	804,191	904,894	863,920	944,781
Operating Income (Loss)	<u>\$ 399,993</u>	<u>\$ 370,704</u>	<u>\$ 452,582</u>	<u>\$ 342,253</u>
Block 19 Ramp				
Operating Revenues	\$ 688,451	\$ 963,400	\$ 865,927	\$ 932,988
Operating Expenses	724,049	802,959	814,198	813,000
Operating Income (Loss)	<u>\$ (35,598)</u>	<u>\$ 160,441</u>	<u>\$ 51,729</u>	<u>\$ 119,988</u>
Block 39 - Lawson Ramp				
Operating Revenues	\$ 2,841,018	\$ 3,088,511	\$ 2,753,776	\$ 2,813,317
Operating Expenses	1,443,988	1,745,391	1,675,320	1,450,502
Operating Income (Loss)	<u>\$ 1,397,030</u>	<u>\$ 1,343,120</u>	<u>\$ 1,078,456</u>	<u>\$ 1,362,815</u>
Spruce Tree Ramp				
Operating Revenues	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Operating Expenses	62,276	86,720	69,191	81,139
Operating Income (Loss)	<u>\$ (32,276)</u>	<u>\$ (56,720)</u>	<u>\$ (39,191)</u>	<u>\$ (51,139)</u>
Smith Avenue Transit Hub				
Operating Revenues	\$ 291,410	\$ 824,582	\$ 774,855	\$ 844,516
Operating Expenses	355,323	1,112,112	1,029,106	1,013,551
Operating Income (Loss)	<u>\$ (63,913)</u>	<u>\$ (287,530)</u>	<u>\$ (254,251)</u>	<u>\$ (169,035)</u>
HRA Parking Lots / Miscellaneous				
Operating Revenues	\$ 1,354,530	\$ 1,287,538	\$ 1,106,731	\$ 1,118,591
Operating Expenses	1,423,675	1,393,512	1,116,330	1,655,659
Operating Income (Loss)	<u>\$ (69,145)</u>	<u>\$ (105,974)</u>	<u>\$ (9,599)</u>	<u>\$ (537,068)</u>
TOTAL PARKING FACILITIES				
Operating Revenues	\$ 10,691,896	\$ 11,779,690	\$ 11,204,744	\$ 11,394,495
Operating Expenses	6,719,942	8,255,431	7,809,820	8,272,388
Operating Income (Loss)	<u><u>\$ 3,971,954</u></u>	<u><u>\$ 3,524,259</u></u>	<u><u>\$ 3,394,924</u></u>	<u><u>\$ 3,122,107</u></u>

Unaudited

2011	2012	2013	2014	2015	2016
\$ 1,033,804 521,086 <u>\$ 512,718</u>	\$ 1,059,400 516,900 <u>\$ 542,500</u>	\$ 1,049,940 546,847 <u>\$ 503,093</u>	\$ 1,044,868 762,043 <u>\$ 282,825</u>	\$ 1,110,516 573,329 <u>\$ 537,187</u>	\$ 1,145,264 590,271 <u>\$ 554,993</u>
\$ 1,248,375 430,719 <u>\$ 817,656</u>	\$ 1,226,439 456,382 <u>\$ 770,057</u>	\$ 1,227,220 467,827 <u>\$ 759,393</u>	\$ 1,219,279 471,983 <u>\$ 747,296</u>	\$ 1,195,643 470,663 <u>\$ 724,980</u>	\$ 1,225,142 473,375 <u>\$ 751,767</u>
\$ 1,164,102 596,312 <u>\$ 567,790</u>	\$ 1,319,575 598,830 <u>\$ 720,745</u>	\$ 1,475,567 696,759 <u>\$ 778,808</u>	\$ 1,520,183 676,882 <u>\$ 843,301</u>	\$ 1,553,435 639,971 <u>\$ 913,464</u>	\$ 1,619,622 649,713 <u>\$ 969,909</u>
\$ 1,043,662 856,609 <u>\$ 187,053</u>	\$ 961,304 893,418 <u>\$ 67,886</u>	\$ 1,163,536 1,038,693 <u>\$ 124,843</u>	\$ 1,194,375 996,053 <u>\$ 198,322</u>	\$ 1,205,243 1,073,383 <u>\$ 131,860</u>	\$ 1,226,502 1,004,038 <u>\$ 222,464</u>
\$ 1,432,031 982,832 <u>\$ 449,199</u>	\$ 1,345,168 915,991 <u>\$ 429,177</u>	\$ 1,401,241 937,227 <u>\$ 464,014</u>	\$ 1,469,667 1,039,248 <u>\$ 430,419</u>	\$ 1,735,826 949,400 <u>\$ 786,426</u>	\$ 1,757,488 1,051,626 <u>\$ 705,862</u>
\$ 1,096,533 820,691 <u>\$ 275,842</u>	\$ 1,306,133 811,633 <u>\$ 494,500</u>	\$ 1,437,421 816,552 <u>\$ 620,869</u>	\$ 1,530,096 849,658 <u>\$ 680,438</u>	\$ 1,663,251 873,283 <u>\$ 789,968</u>	\$ 1,873,562 877,505 <u>\$ 996,057</u>
\$ 2,889,249 1,519,414 <u>\$ 1,369,835</u>	\$ 3,029,724 1,512,407 <u>\$ 1,517,317</u>	\$ 3,165,835 1,587,752 <u>\$ 1,578,083</u>	\$3,290,496 1,681,046 <u>\$ 1,609,450</u>	\$ 3,507,248 2,168,142 <u>\$ 1,339,106</u>	\$ 3,660,130 2,293,303 <u>\$ 1,366,827</u>
\$ 30,000 86,405 <u>\$ (56,405)</u>	\$ 30,025 94,876 <u>\$ (64,851)</u>	\$ 30,038 89,326 <u>\$ (59,288)</u>	\$ 30,000 87,822 <u>\$ (57,822)</u>	\$ 50,999 97,673 <u>\$ (46,674)</u>	\$ 50,000 100,760 <u>\$ (50,760)</u>
\$ 831,464 971,022 <u>\$ (139,558)</u>	\$ 660,969 977,159 <u>\$ (316,190)</u>	\$ 1,007,458 1,026,926 <u>\$ (19,468)</u>	\$ 943,745 1,031,141 <u>\$ (87,396)</u>	\$ 1,056,062 991,024 <u>\$ 65,038</u>	\$ 1,279,189 1,076,340 <u>\$ 202,849</u>
\$ 1,370,866 1,381,405 <u>\$ (10,539)</u>	\$ 1,162,743 1,483,691 <u>\$ (320,948)</u>	\$ 1,526,953 1,761,185 <u>\$ (234,232)</u>	\$ 1,426,929 1,702,331 <u>\$ (275,402)</u>	\$ 1,778,083 1,747,537 <u>\$ 30,546</u>	\$ 1,991,165 1,821,945 <u>\$ 169,220</u>
\$ 12,140,086 8,166,495 <u>\$ 3,973,591</u>	\$ 12,101,480 8,261,287 <u>\$ 3,840,193</u>	\$ 13,485,209 8,969,094 <u>\$ 4,516,115</u>	\$ 13,669,638 9,298,207 <u>\$ 4,371,431</u>	\$ 14,856,306 9,584,405 <u>\$ 5,271,901</u>	\$ 15,828,064 9,938,876 <u>\$ 5,889,188</u>

Unaudited

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-type Activities	
	Tax Increment Bonds	Sales Tax Bonds	Lease Revenue Bonds	Development Notes	Advances from Other Governments	Parking Revenue Bonds	Tax Increment Parking Bonds
2007	\$64,606,118	\$42,185,000	\$ 6,145,000	\$15,460,472	\$ -	\$ 52,060,230	\$ 33,260,000
2008	57,978,994	40,685,000	13,230,000	23,987,626	-	49,770,172	31,690,000
2009	55,112,460	39,080,000	14,210,000	23,818,370	-	47,372,393	30,281,683
2010	57,038,439	37,360,000	13,846,060	20,113,997	-	42,918,567	28,911,245
2011	55,695,011	35,520,000	13,256,820	19,532,701	-	41,344,761	27,260,807
2012	50,892,817	33,545,000	12,652,579	18,931,187	-	39,664,327	25,580,369
2013	48,228,892	31,430,000	12,028,339	18,310,491	-	37,910,580	23,864,931
2014	45,288,952	-	11,384,098	13,930,515	-	36,076,152	22,079,493
2015	41,886,032	-	10,719,857	13,104,685	-	34,156,723	20,358,434
2016	38,589,707	-	4,150,616	12,358,016	9,360,000	32,142,294	18,584,271
Change 2007-2016	-40.27%	-100.00%	-32.46%	-20.07%	100.00%	-38.26%	-44.12%

Notes:

Details regarding the HRA's outstanding debt can be found in the notes to the financial statements.

- (1) See the "Demographic and Economic Statistics" Table for population data. Beginning in 2016, the ratio is calculated using population for the current calendar year. Prior to 2016, the ratio is calculated using population for the prior calendar year.
- (2) See the "Demographic and Economic Statistics" Table for personal income data. Beginning in 2016, the ratio is calculated using personal income for the current year. Prior to 2016, the ratio is calculated using personal income for the prior calendar year.

Housing 5000 Land Assembly Bonds	Business-type Activities			Total Saint Paul HRA	Per Capita (1)	Percent of Household Personal Income (2)
	Limited Tax Bonds	Revenue Notes	Mortgages			
\$ 9,135,000	\$ -	\$1,155,190	\$ -	\$ 224,007,010	781.55	3.47%
6,440,000	-	1,085,190	-	224,866,982	781.69	3.39%
2,510,000	-	2,585,190	-	214,970,096	746.28	2.95%
-	7,855,000	1,775,190	-	209,818,498	729.70	3.02%
-	7,855,000	1,580,000	-	202,045,100	708.76	2.86%
-	7,855,000	1,580,000	25,000	190,726,279	666.02	2.68%
-	7,855,000	1,580,000	33,372,108	214,580,341	741.80	3.00%
-	7,755,000	1,580,000	40,464,920	178,559,130	605.55	2.34%
-	7,170,000	1,580,000	39,810,124	168,785,855	561.96	2.26%
-	-	3,880,000	-	119,064,904	391.09	1.50%
-100.00%	-100.00%	235.88%	0.00%	-46.85%		

SCHEDULE OF BOND COVERAGE
Last Ten Fiscal Years

Note: For TIF or levy supported debt issues, revenues available for debt service reflect taxes received in July and December of the fiscal year and debt service requirements reflect obligations during the fiscal year. Since the second half taxes are not received until December, they are used for the first debt payments of the following fiscal year; and second half taxes received in December of the prior fiscal year are used for the first debt payments of the current fiscal year.

	2007	2008	2009	2010
SPRUCE TREE CENTRE TAX INCREMENT BONDS, SERIES 1988A AND 2003				
Fund Servicing Debt - HRA Debt Service Fund				
Revenues Available for Debt Service				
Tax Increments	\$ 290,730	\$ 334,855	\$ 375,697	\$ 441,406
Developer Shortfall Payments	92,229	51,195	15,155	-
Net Investment Earnings	90,639	85,645	58,277	53,062
Total Revenues Available for Debt Service	<u>\$ 473,598</u>	<u>\$ 471,695</u>	<u>\$ 449,129</u>	<u>\$ 494,468</u>
Debt Service Requirements				
Principal	\$ 169,183	\$ 180,180	\$ 191,891	\$ 204,364
Interest	93,725	82,728	71,016	58,544
Total Debt Service Requirements	<u>\$ 262,908</u>	<u>\$ 262,908</u>	<u>\$ 262,907</u>	<u>\$ 262,908</u>
Coverage (Revenues / Debt Service)	1.80	1.79	1.71	1.88

MIDWAY MARKETPLACE TAX INCREMENT BONDS, SERIES 1995A / SNELLING-UNIVERSITY TAX INCREMENT BONDS, SERIES 2005C AND 2014D

Fund Servicing Debt - HRA Debt Service Fund

Revenues Available for Debt Service				
Tax Increments	\$ 1,416,074	\$ 1,427,457	\$ 1,563,981	\$ 1,197,542
Net Investment Earnings	110,707	151,489	127,478	133,263
Total Revenues Available for Debt Service	<u>\$ 1,526,781</u>	<u>\$ 1,578,946</u>	<u>\$ 1,691,459</u>	<u>\$ 1,330,805</u>
Debt Service Requirements				
Principal	\$ 355,000	\$ 370,000	\$ 380,000	\$ 395,000
Interest	218,742	203,780	187,463	169,923
Total Debt Service Requirements	<u>\$ 573,742</u>	<u>\$ 573,780</u>	<u>\$ 567,463</u>	<u>\$ 564,923</u>
Coverage (Revenues / Debt Service)	2.66	2.75	2.98	2.36

SALES TAX REVENUE BONDS, SERIES 1993 AND 1996

Fund Servicing Debt - HRA Debt Service Fund

Note: In 2014 the bonds were refunded and upon funding of the escrow and defeasance of the bonds in August 2014, sales tax revenue was no longer available for debt service.

Revenues Available for Debt Service				
City Sales Tax Revenues	\$ 15,201,412	\$ 15,393,811	\$ 17,153,570	\$ 18,652,765
Net Investment Earnings	122,831	47,160	(2,940)	(3,252)
Total Revenues Available for Debt Service	<u>\$ 15,324,243</u>	<u>\$ 15,440,971</u>	<u>\$ 17,150,630</u>	<u>\$ 18,649,513</u>
Debt Service Requirements				
Principal	\$ 1,400,000	\$ 1,500,000	\$ 1,605,000	\$ 1,720,000
Interest	3,094,535	2,995,135	2,888,635	2,774,680
Total Debt Service Requirements	<u>\$ 4,494,535</u>	<u>\$ 4,495,135</u>	<u>\$ 4,493,635</u>	<u>\$ 4,494,680</u>
Coverage (Revenues / Debt Service)	3.41	3.44	3.82	4.15

2011	2012	2013	2014	2015	2016	Totals
\$ 480,427	\$ 392,445	\$ 484,506	\$ -	\$ -	\$ -	\$ 2,800,066
-	-	-	-	-	-	158,579
52,227	(52,150)	(11,161)	-	-	-	276,539
<u>\$ 532,654</u>	<u>\$ 340,295</u>	<u>\$ 473,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,235,184</u>
\$ 217,648	\$ 231,795	\$ 246,862	\$ -	\$ -	\$ -	\$ 1,441,923
45,260	31,113	16,046	-	-	-	398,432
<u>\$ 262,908</u>	<u>\$ 262,908</u>	<u>\$ 262,908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,840,355</u>
2.03	1.29	1.80	N/A	N/A	N/A	1.76
\$ 1,175,554	\$ 1,888,544	\$ 1,363,792	\$ 1,400,686	\$ 1,318,512	\$ 1,393,693	\$ 14,145,835
121,825	(81,945)	(49,832)	18,586	9,413	-	540,984
<u>\$ 1,297,379</u>	<u>\$ 1,806,599</u>	<u>\$ 1,313,960</u>	<u>\$ 1,419,272</u>	<u>\$ 1,327,925</u>	<u>\$ 1,393,693</u>	<u>\$ 14,686,819</u>
\$ 400,000	\$ 420,000	\$ 450,000	\$ 470,000	\$ 660,000	\$ 665,000	\$ 4,565,000
151,638	132,568	111,898	83,077	20,548	11,700	1,291,337
<u>\$ 551,638</u>	<u>\$ 552,568</u>	<u>\$ 561,898</u>	<u>\$ 553,077</u>	<u>\$ 680,548</u>	<u>\$ 676,700</u>	<u>\$ 5,856,337</u>
2.35	3.27	2.34	2.57	1.95	2.06	2.51
\$ 20,125,431	\$ 18,811,159	\$ 18,633,271	\$ 11,663,648	\$ -	\$ -	\$ 135,635,067
(3,379)	(3,940)	(3,994)	(1)	-	-	152,485
<u>\$ 20,122,052</u>	<u>\$ 18,807,219</u>	<u>\$ 18,629,277</u>	<u>\$ 11,663,647</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,787,552</u>
\$ 1,840,000	\$ 1,975,000	\$ 2,115,000	\$ 2,265,000	\$ -	\$ -	\$ 14,420,000
2,652,560	2,521,920	2,381,695	2,231,530	-	-	21,540,690
<u>\$ 4,492,560</u>	<u>\$ 4,496,920</u>	<u>\$ 4,496,695</u>	<u>\$ 4,496,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,960,690</u>
4.48	4.18	4.14	2.59	N/A	N/A	3.78

Continued

Unaudited

SCHEDULE OF BOND COVERAGE
Last Ten Fiscal Years

Note: For TIF or levy supported debt issues, revenues available for debt service reflect taxes received in July and December of the fiscal year and debt service requirements reflect obligations during the fiscal year. Since the second half taxes are not received until December, they are used for the first debt payments of the following fiscal year; and second half taxes received in December of the prior fiscal year are used for the first debt payments of the current fiscal year.

	2007	2008	2009	2010
DOWNTOWN TAX INCREMENT BONDS, SERIES 1993 AND 1998				
Fund Servicing Debt - HRA Debt Service Fund				
Revenues Available for Debt Service				
Tax Increments	\$ 5,309,827	\$ 3,189,751	\$ -	\$ -
Hotel-Motel Taxes	220,000	-	-	-
RiverCentre Revenues	100,000	200,000	-	-
N.O.C. Sales	12,871	-	-	-
Net Investment Earnings	292,631	148,288	-	-
Total Revenues Available for Debt Service	\$ 5,935,329	\$ 3,538,039	\$ -	\$ -
Debt Service Requirements				
Principal	\$ 2,400,000	\$ 3,830,000	\$ -	\$ -
Interest	363,052	223,775	-	-
Total Debt Service Requirements	\$ 2,763,052	\$ 4,053,775	\$ -	\$ -
Coverage (Revenues / Debt Service)	2.15	0.87	N/A	N/A

RIVERCENTRE PARKING FACILITY LEASE REVENUE BONDS, SERIES 2000 AND SERIES 2009
Fund Servicing Debt - HRA Debt Service Fund

Revenues Available for Debt Service				
Lease Payments from the City	\$ 758,559	\$ 835,943	\$ 1,098,963	\$ 580,367
Net Investment Earnings	11,728	5,022	27,744	19,761
Total Revenues Available for Debt Service	\$ 770,287	\$ 840,965	\$ 1,126,707	\$ 600,128
Debt Service Requirements				
Principal	\$ 425,000	\$ 525,000	\$ 650,000	\$ 360,000
Interest	375,956	348,988	290,673	240,800
Total Debt Service Requirements	\$ 800,956	\$ 873,988	\$ 940,673	\$ 600,800
Coverage (Revenues / Debt Service)	0.96	0.96	1.20	1.00

RIVERFRONT TAX INCREMENT BONDS, SERIES 1993C, 1993D, 2000D, AND 2002C
Fund Servicing Debt - HRA Debt Service Fund

Revenues Available for Debt Service				
Tax Increments	\$ 794,927	\$ 979,997	\$ 1,035,466	\$ 1,067,737
Tax Increment Pooling from Other Districts	520,420	368,455	319,165	214,049
Net Investment Earnings	11,242	1,890	(4,216)	(368)
Total Revenues Available for Debt Service	\$ 1,326,589	\$ 1,350,342	\$ 1,350,415	\$ 1,281,418
Debt Service Requirements				
Principal	\$ 970,000	\$ 1,035,000	\$ 1,095,000	\$ 1,150,000
Interest	309,934	262,028	210,591	155,899
Total Debt Service Requirements	\$ 1,279,934	\$ 1,297,028	\$ 1,305,591	\$ 1,305,899
Coverage (Revenues / Debt Service)	1.04	1.04	1.03	0.98

2011	2012	2013	2014	2015	2016	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,499,578
-	-	-	-	-	-	220,000
-	-	-	-	-	-	300,000
-	-	-	-	-	-	12,871
-	-	-	-	-	-	440,919
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,473,368</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,230,000
-	-	-	-	-	-	586,827
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,816,827</u>
N/A	N/A	N/A	N/A	N/A	N/A	1.39
\$ 586,422	\$ 607,712	\$ 604,005	\$ 586,204	\$ 583,745	\$ 582,903	\$ 6,824,823
19,596	20,075	20,820	22,536	22,069	24,385	193,736
<u>\$ 606,018</u>	<u>\$ 627,787</u>	<u>\$ 624,825</u>	<u>\$ 608,740</u>	<u>\$ 605,814</u>	<u>\$ 607,288</u>	<u>\$ 7,018,559</u>
\$ 370,000	\$ 380,000	\$ 390,000	\$ 405,000	\$ 415,000	\$ 425,000	\$ 4,345,000
229,850	218,600	207,050	195,125	182,825	169,694	2,459,561
<u>\$ 599,850</u>	<u>\$ 598,600</u>	<u>\$ 597,050</u>	<u>\$ 600,125</u>	<u>\$ 597,825</u>	<u>\$ 594,694</u>	<u>\$ 6,804,561</u>
1.01	1.05	1.05	1.01	1.01	1.02	1.03
\$ (223,653)	\$ 986,088	\$ 1,041,947	\$ -	\$ -	\$ -	\$ 5,682,509
702,798	296,000	-	-	-	-	2,420,887
(14,128)	(19,360)	32,466	-	-	-	7,526
<u>\$ 465,017</u>	<u>\$ 1,262,728</u>	<u>\$ 1,074,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,110,922</u>
\$ 1,215,000	\$ 1,295,000	\$ -	\$ -	\$ -	\$ -	\$ 6,760,000
97,255	33,366	-	-	-	-	1,069,073
<u>\$ 1,312,255</u>	<u>\$ 1,328,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,829,073</u>
0.35	0.95	N/A	N/A	N/A	N/A	1.04

Continued

Unaudited

SCHEDULE OF BOND COVERAGE
Last Ten Fiscal Years

Note: For TIF or levy supported debt issues, revenues available for debt service reflect taxes received in July and December of the fiscal year and debt service requirements reflect obligations during the fiscal year. Since the second half taxes are not received until December, they are used for the first debt payments of the following fiscal year; and second half taxes received in December of the prior fiscal year are used for the first debt payments of the current fiscal year.

	2007	2008	2009	2010
US BANK TAX INCREMENT BONDS, SERIES 2001, 2011F, AND 2011G				
Fund Servicing Debt - HRA Debt Service Fund				
Revenues Available for Debt Service				
Tax Increments	\$ 993,054	\$ 1,175,602	\$ 1,223,585	\$ 1,388,596
Net Investment Earnings	42,039	15,594	10,052	16,670
Total Revenues Available for Debt Service	<u>\$ 1,035,093</u>	<u>\$ 1,191,196</u>	<u>\$ 1,233,637</u>	<u>\$ 1,405,266</u>
Debt Service Requirements				
Principal	\$ 275,000	\$ 285,000	\$ 335,000	\$ 410,000
Interest	726,606	712,106	696,789	677,692
Total Debt Service Requirements	<u>\$ 1,001,606</u>	<u>\$ 997,106</u>	<u>\$ 1,031,789</u>	<u>\$ 1,087,692</u>
Coverage (Revenues / Debt Service)	1.03	1.19	1.20	1.29

NORTH QUADRANT TAX INCREMENT BONDS, SERIES 2000 AND 2002, AND 9TH STREET LOFTS TAX INCREMENT BONDS, SERIES 2004

Fund Servicing Debt - HRA Debt Service Fund				
Revenues Available for Debt Service				
Tax Increments	\$ 345,683	\$ 314,364	\$ 248,218	\$ 309,134
Net Investment Earnings	2,679	2,989	143	(956)
Total Revenues Available for Debt Service	<u>\$ 348,362</u>	<u>\$ 317,353</u>	<u>\$ 248,361</u>	<u>\$ 308,178</u>
Debt Service Requirements				
Principal	\$ 84,000	\$ 87,000	\$ 53,000	\$ 38,000
Interest	240,806	224,558	240,079	225,002
Total Debt Service Requirements	<u>\$ 324,806</u>	<u>\$ 311,558</u>	<u>\$ 293,079</u>	<u>\$ 263,002</u>
Coverage (Revenues / Debt Service)	1.07	1.02	0.85	1.17

UPPER LANDING TAX INCREMENT BONDS, SERIES 2002A, 2002B-1, 2002B-2, and 2012

Fund Servicing Debt - HRA Debt Service Fund				
Revenues Available for Debt Service				
Tax Increments	\$ 1,049,372	\$ 1,281,447	\$ 1,609,155	\$ 1,769,019
Developer Shortfall Payments	696,192	687,476	517,590	261,324
Net Investment Earnings	112,409	73,086	38,818	21,728
Total Revenues Available for Debt Service	<u>\$ 1,857,973</u>	<u>\$ 2,042,009</u>	<u>\$ 2,165,563</u>	<u>\$ 2,052,071</u>
Debt Service Requirements				
Principal	\$ -	\$ 267,000	\$ 389,000	\$ 415,000
Interest	1,321,100	1,311,999	1,289,644	1,262,249
Total Debt Service Requirements	<u>\$ 1,321,100</u>	<u>\$ 1,578,999</u>	<u>\$ 1,678,644</u>	<u>\$ 1,677,249</u>
Coverage (Revenues / Debt Service)	1.41	1.29	1.29	1.22

2011	2012	2013	2014	2015	2016	Totals
\$ 1,497,416	\$ 1,511,315	\$ 1,511,314	\$ 1,511,316	\$ 1,442,099	\$ 1,413,008	\$ 13,667,305
19,255	(26,204)	(3,845)	13,359	17,700	-	104,620
\$ 1,516,671	\$ 1,485,111	\$ 1,507,469	\$ 1,524,675	\$ 1,459,799	\$ 1,413,008	\$ 13,771,925
\$ 400,000	\$ 745,000	\$ 755,000	\$ 770,000	\$ 790,000	\$ 570,000	\$ 5,335,000
677,870	335,182	333,844	318,744	303,344	287,544	5,069,721
\$ 1,077,870	\$ 1,080,182	\$ 1,088,844	\$ 1,088,744	\$ 1,093,344	\$ 857,544	\$ 10,404,721
1.41	1.37	1.38	1.40	1.34	1.65	1.32
\$ 316,996	\$ 274,069	\$ 275,240	\$ 260,720	\$ 287,447	\$ 264,991	\$ 2,896,862
1,590	3,049	(2,931)	1,222	(550)	(748)	6,487
\$ 318,586	\$ 277,118	\$ 272,309	\$ 261,942	\$ 286,897	\$ 264,243	\$ 2,903,349
\$ 41,000	\$ 116,000	\$ 61,000	\$ 52,000	\$ 68,000	\$ 84,000	\$ 684,000
222,939	218,594	211,719	207,646	203,936	198,285	2,193,564
\$ 263,939	\$ 334,594	\$ 272,719	\$ 259,646	\$ 271,936	\$ 282,285	\$ 2,877,564
1.21	0.83	1.00	1.01	1.06	0.94	1.01
\$ 1,952,421	\$ 1,906,253	\$ 1,915,100	\$ 1,961,196	\$ 1,883,254	\$ 1,963,776	\$ 17,290,993
130,176	156,464	-	-	-	-	2,449,222
32,681	4,950	(234,242)	233,211	60,606	29,158	372,405
\$ 2,115,278	\$ 2,067,667	\$ 1,680,858	\$ 2,194,407	\$ 1,943,860	\$ 1,992,934	\$ 20,112,620
\$ 444,000	\$ 474,000	\$ -	\$ 825,000	\$ 590,000	\$ 620,000	\$ 4,024,000
1,232,981	1,563,948	550,457	776,000	741,000	711,125	10,760,503
\$ 1,676,981	\$ 2,037,948	\$ 550,457	\$ 1,601,000	\$ 1,331,000	\$ 1,331,125	\$ 14,784,503
1.26	1.01	3.05	1.37	1.46	1.50	1.36

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Unaudited

SCHEDULE OF BOND COVERAGE
Last Ten Fiscal Years

Note: For TIF or levy supported debt issues, revenues available for debt service reflect taxes received in July and December of the fiscal year and debt service requirements reflect obligations during the fiscal year. Since the second half taxes are not received until December, they are used for the first debt payments of the following fiscal year; and second half taxes received in December of the prior fiscal year are used for the first debt payments of the current fiscal year.

	2007	2008	2009	2010
DRAKE MARBLE TAX INCREMENT BONDS, SERIES 2002				
Fund Servicing Debt - HRA Debt Service Fund				
Note: trustee redeemed \$28,000 in 2014 for 2013 debt service.				
Revenues Available for Debt Service				
Tax Increments	\$ 180,593	\$ 180,044	\$ 236,731	\$ 177,334
Net Investment Earnings	1,684	1,737	1,373	183
Total Revenues Available for Debt Service	<u>\$ 182,277</u>	<u>\$ 181,781</u>	<u>\$ 238,104</u>	<u>\$ 177,517</u>
Debt Service Requirements				
Principal	\$ 36,000	\$ 38,000	\$ 74,000	\$ 57,000
Interest	114,953	113,130	109,890	104,186
Total Debt Service Requirements	<u>\$ 150,953</u>	<u>\$ 151,130</u>	<u>\$ 183,890</u>	<u>\$ 161,186</u>
Coverage (Revenues / Debt Service)	1.21	1.20	1.29	1.10

KOCH MOBIL TAX INCREMENT BONDS, SERIES 2004C, 2007B, AND 2010A

Fund Servicing Debt - HRA Debt Service Fund

Revenues Available for Debt Service				
Tax Increments	\$ 160,828	\$ 275,936	\$ 202,986	\$ 299,002
Developer Shortfall Payments	-	-	237,190	-
Net Investment Earnings	2,845	4,589	8,114	2,649
Total Revenues Available for Debt Service	<u>\$ 163,673</u>	<u>\$ 280,525</u>	<u>\$ 448,290</u>	<u>\$ 301,651</u>
Debt Service Requirements				
Principal	\$ 3,950,000	\$ -	\$ -	\$ -
Interest	127,207	165,538	165,538	124,419
Total Debt Service Requirements	<u>\$ 4,077,207</u>	<u>\$ 165,538</u>	<u>\$ 165,538</u>	<u>\$ 124,419</u>
Coverage (Revenues / Debt Service)	0.04	1.69	2.71	2.42

JJ HILL TAX INCREMENT BONDS, SERIES 2004

Fund Servicing Debt - HRA Debt Service Fund

Revenues Available for Debt Service				
Tax Increments	\$ 200,351	\$ 281,183	\$ 290,744	\$ 308,946
Trustee Reserve Funds	-	-	-	-
Net Investment Earnings	18,680	(11,069)	1,140	373
Total Revenues Available for Debt Service	<u>\$ 219,031</u>	<u>\$ 270,114</u>	<u>\$ 291,884</u>	<u>\$ 309,319</u>
Debt Service Requirements				
Principal	\$ 18,000	\$ 40,000	\$ 54,000	\$ 69,000
Interest	228,750	227,063	224,406	220,750
Total Debt Service Requirements	<u>\$ 246,750</u>	<u>\$ 267,063</u>	<u>\$ 278,406</u>	<u>\$ 289,750</u>
Coverage (Revenues / Debt Service)	0.89	1.01	1.05	1.07

2011	2012	2013	2014	2015	2016	Totals
\$ 219,640 (739)	\$ 213,154 (299)	\$ 181,391 (3,430)	\$ 191,471 2,254	\$ 201,974 913	\$ 200,074 (2,500)	\$ 1,982,406 1,176
<u>\$ 218,901</u>	<u>\$ 212,855</u>	<u>\$ 177,961</u>	<u>\$ 193,725</u>	<u>\$ 202,887</u>	<u>\$ 197,574</u>	<u>\$ 1,983,582</u>
\$ 61,000 101,723	\$ 96,000 96,019	\$ 48,000 89,505	\$ 119,000 85,320	\$ 92,000 78,300	\$ 107,000 71,888	\$ 728,000 964,914
<u>\$ 162,723</u>	<u>\$ 192,019</u>	<u>\$ 137,505</u>	<u>\$ 204,320</u>	<u>\$ 170,300</u>	<u>\$ 178,888</u>	<u>\$ 1,692,914</u>
1.35	1.11	1.29	0.95	1.19	1.10	1.17
\$ 269,163 - 5,005	\$ 241,305 - 8,734	\$ 241,732 - (7,285)	\$ 242,286 - 4,000	\$ 331,295 - 2,886	\$ 645,355 - 1,639	\$ 2,909,888 237,190 33,176
<u>\$ 274,168</u>	<u>\$ 250,039</u>	<u>\$ 234,447</u>	<u>\$ 246,286</u>	<u>\$ 334,181</u>	<u>\$ 646,994</u>	<u>\$ 3,180,254</u>
\$ 150,000 79,113	\$ 95,000 76,663	\$ 100,000 74,713	\$ 100,000 72,713	\$ 100,000 70,713	\$ 105,000 68,663	\$ 4,600,000 1,025,280
<u>\$ 229,113</u>	<u>\$ 171,663</u>	<u>\$ 174,713</u>	<u>\$ 172,713</u>	<u>\$ 170,713</u>	<u>\$ 173,663</u>	<u>\$ 5,625,280</u>
1.20	1.46	1.34	1.43	1.96	3.73	0.57
\$ 303,555 - 403	\$ 284,913 - 2,022	\$ 277,029 - (3,308)	\$ 284,200 3,205 3,100	\$ 310,208 33,156 15	\$ 323,453 2 (1,951)	\$ 2,864,582 36,363 9,405
<u>\$ 303,958</u>	<u>\$ 286,935</u>	<u>\$ 273,721</u>	<u>\$ 290,505</u>	<u>\$ 343,379</u>	<u>\$ 321,504</u>	<u>\$ 2,910,350</u>
\$ 81,000 216,250	\$ 94,000 211,000	\$ 108,000 204,906	\$ 124,000 197,906	\$ 136,000 189,906	\$ 144,000 181,281	\$ 868,000 2,102,218
<u>\$ 297,250</u>	<u>\$ 305,000</u>	<u>\$ 312,906</u>	<u>\$ 321,906</u>	<u>\$ 325,906</u>	<u>\$ 325,281</u>	<u>\$ 2,970,218</u>
1.02	0.94	0.87	0.90	1.05	0.99	0.98

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Unaudited

SCHEDULE OF BOND COVERAGE
Last Ten Fiscal Years

Note: For TIF or levy supported debt issues, revenues available for debt service reflect taxes received in July and December of the fiscal year and debt service requirements reflect obligations during the fiscal year. Since the second half taxes are not received until December, they are used for the first debt payments of the following fiscal year; and second half taxes received in December of the prior fiscal year are used for the first debt payments of the current fiscal year.

	2007	2008	2009	2010
NEIGHBORHOOD SCATTERED SITE TAX INCREMENT BONDS, SERIES 2005				
Fund Servicing Debt - HRA Debt Service Fund				
Revenues Available for Debt Service				
Tax Increments	\$ 1,869,289	\$ 2,170,482	\$ 2,352,017	\$ 2,252,256
Net Investment Earnings	123,020	139,301	166,523	189,872
Total Revenues Available for Debt Service	<u>\$ 1,992,309</u>	<u>\$ 2,309,783</u>	<u>\$ 2,518,540</u>	<u>\$ 2,442,128</u>
Debt Service Requirements				
Principal	\$ 485,000	\$ 480,000	\$ 485,000	\$ 510,000
Interest	336,702	314,761	292,700	269,762
Total Debt Service Requirements	<u>\$ 821,702</u>	<u>\$ 794,761</u>	<u>\$ 777,700</u>	<u>\$ 779,762</u>
Coverage (Revenues / Debt Service)	2.42	2.91	3.24	3.13

JIMMY LEE RECREATION FACILITY LEASE BONDS, SERIES 2008
Fund Servicing Debt - HRA Debt Service Fund

Revenues Available for Debt Service				
Lease Payments from the City	\$ -	\$ 222,980	\$ 538,560	\$ 521,579
Net Investment Earnings	-	72,671	(7,622)	69,224
Total Revenues Available for Debt Service	<u>\$ -</u>	<u>\$ 295,651</u>	<u>\$ 530,938</u>	<u>\$ 590,803</u>
Debt Service Requirements				
Principal	\$ -	\$ 75,000	\$ 190,000	\$ 195,000
Interest	-	146,188	348,600	342,900
Total Debt Service Requirements	<u>\$ -</u>	<u>\$ 221,188</u>	<u>\$ 538,600</u>	<u>\$ 537,900</u>
Coverage (Revenues / Debt Service)	N/A	1.34	0.99	1.10

EMERALD GARDENS TAX INCREMENT BONDS, SERIES 2010

Fund Servicing Debt - HRA TI Capital Projects Fund

Note: A portion of the listed tax increments are not pledged (10% of the Emerald-Metro).

Revenues Available for Debt Service				
Tax Increments	\$ -	\$ -	\$ -	\$ -
Net Investment Earnings	-	-	-	-
Total Revenues Available for Debt Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service Requirements				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total Debt Service Requirements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage (Revenues / Debt Service)	N/A	N/A	N/A	N/A

2011	2012	2013	2014	2015	2016	Totals
\$ 2,044,411	\$ 1,974,102	\$ 1,811,777	\$ 1,707,814	\$ 1,711,344	\$ 1,792,663	\$ 19,686,155
191,976	(152,884)	(66,738)	21,312	14,537	7	626,926
<u>\$ 2,236,387</u>	<u>\$ 1,821,218</u>	<u>\$ 1,745,039</u>	<u>\$ 1,729,126</u>	<u>\$ 1,725,881</u>	<u>\$ 1,792,670</u>	<u>\$ 20,313,081</u>
\$ 535,000	\$ 565,000	\$ 585,000	\$ 620,000	\$ 660,000	\$ 690,000	\$ 5,615,000
244,612	217,854	188,556	157,858	124,468	88,835	2,236,108
<u>\$ 779,612</u>	<u>\$ 782,854</u>	<u>\$ 773,556</u>	<u>\$ 777,858</u>	<u>\$ 784,468</u>	<u>\$ 778,835</u>	<u>\$ 7,851,108</u>
2.87	2.33	2.26	2.22	2.20	2.30	2.59
\$ 529,575	\$ 507,199	\$ 513,972	\$ 534,538	\$ 535,538	\$ 537,788	\$ 4,441,729
24,500	23,865	(5,480)	10,572	5,492	32,203	225,425
<u>\$ 554,075</u>	<u>\$ 531,064</u>	<u>\$ 508,492</u>	<u>\$ 545,110</u>	<u>\$ 541,030</u>	<u>\$ 569,991</u>	<u>\$ 4,667,154</u>
\$ 205,000	\$ 210,000	\$ 220,000	\$ 225,000	\$ 235,000	\$ 245,000	\$ 1,800,000
336,075	328,388	319,988	311,188	302,188	292,788	2,728,303
<u>\$ 541,075</u>	<u>\$ 538,388</u>	<u>\$ 539,988</u>	<u>\$ 536,188</u>	<u>\$ 537,188</u>	<u>\$ 537,788</u>	<u>\$ 4,528,303</u>
1.02	0.99	0.94	1.02	1.01	1.06	1.03
\$ 610,362	\$ 713,258	\$ 666,507	\$ 650,750	585,460	677,148	\$ 3,903,485
40,194	5,571	31	3,684	(772)	(24)	48,684
<u>\$ 650,556</u>	<u>\$ 718,829</u>	<u>\$ 666,538</u>	<u>\$ 654,434</u>	<u>\$ 584,688</u>	<u>\$ 677,124</u>	<u>\$ 3,952,169</u>
\$ 40,000	\$ 290,000	\$ 225,000	\$ 240,000	\$ 225,000	\$ 240,000	\$ 1,260,000
448,342	388,431	374,581	362,469	350,581	338,206	2,262,610
<u>\$ 488,342</u>	<u>\$ 678,431</u>	<u>\$ 599,581</u>	<u>\$ 602,469</u>	<u>\$ 575,581</u>	<u>\$ 578,206</u>	<u>\$ 3,522,610</u>
1.33	1.06	1.11	1.09	1.02	1.17	1.12

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Unaudited

SCHEDULE OF BOND COVERAGE
Last Ten Fiscal Years

Note: For TIF or levy supported debt issues, revenues available for debt service reflect taxes received in July and December of the fiscal year and debt service requirements reflect obligations during the fiscal year. Since the second half taxes are not received until December, they are used for the first debt payments of the following fiscal year; and second half taxes received in December of the prior fiscal year are used for the first debt payments of the current fiscal year.

	2007	2008	2009	2010
HOUSING 5000 LAND ASSEMBLY BONDS, SERIES 2004				
Fund Servicing Debt - HRA Loan Enterprise Fund				
Revenues Available for Debt Service				
Land Sales	\$ 3,483,470	\$ 2,477,716	\$ 2,358,000	\$ -
Net Investment Earnings	741,206	314,168	5,594	24,642
Total Revenues Available for Debt Service	<u>\$ 4,224,676</u>	<u>\$ 2,791,884</u>	<u>\$ 2,363,594</u>	<u>\$ 24,642</u>
Debt Service Requirements				
Principal	\$ 3,320,000	\$ 2,695,000	\$ 3,930,000	\$ 2,510,000
Interest	569,468	291,500	50,782	1,681
Total Debt Service Requirements	<u>\$ 3,889,468</u>	<u>\$ 2,986,500</u>	<u>\$ 3,980,782</u>	<u>\$ 2,511,681</u>
Coverage (Revenues / Debt Service)	1.09	0.93	0.59	0.01
PARKING REVENUE BONDS, SERIES 1997A				
Fund Servicing Debt - HRA Parking Enterprise Fund				
Revenues Available for Debt Service				
Ramp Lease Revenues	\$ 1,078,813	\$ 1,078,142	\$ 1,075,562	\$ 1,075,591
Net Investment Earnings	13,655	(1,480)	(3,993)	(4,018)
Total Revenues Available for Debt Service	<u>\$ 1,092,468</u>	<u>\$ 1,076,662</u>	<u>\$ 1,071,569</u>	<u>\$ 1,071,573</u>
Debt Service Requirements				
Principal	\$ 525,000	\$ 560,000	\$ 595,000	\$ 635,000
Interest	549,788	514,350	476,550	436,388
Total Debt Service Requirements	<u>\$ 1,074,788</u>	<u>\$ 1,074,350</u>	<u>\$ 1,071,550</u>	<u>\$ 1,071,388</u>
Coverage (Revenues / Debt Service)	1.02	1.00	1.00	1.00
BLOCK 39 TAX INCREMENT GENERAL OBLIGATION BONDS, SERIES 1998A, 1998B, 2009G AND 2009H				
Fund Servicing Debt - HRA Parking Enterprise Fund				
Revenues Available for Debt Service				
Tax Increments	\$ 889,488	\$ 1,067,054	\$ 1,159,081	\$ 1,236,563
Developer Shortfall Payments	386,514	126,816	-	-
Net Parking Revenues	1,958,727	1,929,248	1,640,037	1,924,977
Net Investment Earnings	261,767	138,493	37,016	152,120
Total Revenues Available for Debt Service	<u>\$ 3,496,496</u>	<u>\$ 3,261,611</u>	<u>\$ 2,836,134</u>	<u>\$ 3,313,660</u>
Debt Service Requirements				
Principal	\$ 1,445,000	\$ 1,570,000	\$ 2,340,000	\$ 1,295,000
Interest	1,804,069	1,712,473	1,954,043	763,015
Total Debt Service Requirements	<u>\$ 3,249,069</u>	<u>\$ 3,282,473</u>	<u>\$ 4,294,043</u>	<u>\$ 2,058,015</u>
Coverage (Revenues / Debt Service)	1.08	0.99	0.66	1.61

2011	2012	2013	2014	2015	2016	Totals
\$ 1,404,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,723,946
2,033	(4,057)	-	-	-	-	1,083,586
<u>\$ 1,406,793</u>	<u>\$ (4,057)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,807,532</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,455,000
-	-	-	-	-	-	913,431
<u>\$ -</u>	<u>\$ 13,368,431</u>					
N/A	N/A	N/A	N/A	N/A	N/A	0.81
\$ 1,077,475	\$ 1,076,739	\$ 1,077,520	\$ 1,038,283	\$ 1,069,187	\$ 1,120,692	\$ 10,768,004
(4,023)	(3,884)	(4,024)	6,457	17,949	(4,023)	12,616
<u>\$ 1,073,452</u>	<u>\$ 1,072,855</u>	<u>\$ 1,073,496</u>	<u>\$ 1,044,740</u>	<u>\$ 1,087,136</u>	<u>\$ 1,116,669</u>	<u>\$ 10,780,620</u>
\$ 680,000	\$ 725,000	\$ 775,000	\$ 825,000	\$ 880,000	\$ 940,000	\$ 7,140,000
393,525	347,625	298,687	246,375	190,688	131,288	3,585,264
<u>\$ 1,073,525</u>	<u>\$ 1,072,625</u>	<u>\$ 1,073,687</u>	<u>\$ 1,071,375</u>	<u>\$ 1,070,688</u>	<u>\$ 1,071,288</u>	<u>\$ 10,725,264</u>
1.00	1.00	1.00	0.98	1.02	1.04	1.01
\$ 1,226,734	\$ 1,181,563	\$ 1,120,132	\$ 1,102,365	\$ 1,124,373	\$ 1,099,375	\$ 11,206,728
-	-	-	-	-	-	513,330
1,946,959	2,121,341	2,165,993	2,236,509	1,441,510	1,745,163	19,110,464
184,762	(8,022)	(33,083)	66,618	38,950	360	838,981
<u>\$ 3,358,455</u>	<u>\$ 3,294,882</u>	<u>\$ 3,253,042</u>	<u>\$ 3,405,492</u>	<u>\$ 2,604,833</u>	<u>\$ 2,844,898</u>	<u>\$ 31,669,503</u>
\$ 1,575,000	\$ 1,605,000	\$ 1,640,000	\$ 1,710,000	\$ 1,650,000	\$ 1,725,000	\$ 16,555,000
935,129	885,839	835,542	783,616	727,847	664,082	11,065,655
<u>\$ 2,510,129</u>	<u>\$ 2,490,839</u>	<u>\$ 2,475,542</u>	<u>\$ 2,493,616</u>	<u>\$ 2,377,847</u>	<u>\$ 2,389,082</u>	<u>\$ 27,620,655</u>
1.34	1.32	1.31	1.37	1.10	1.19	1.15

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Unaudited

SCHEDULE OF BOND COVERAGE
Last Ten Fiscal Years

Note: For TIF or levy supported debt issues, revenues available for debt service reflect taxes received in July and December of the fiscal year and debt service requirements reflect obligations during the fiscal year. Since the second half taxes are not received until December, they are used for the first debt payments of the following fiscal year; and second half taxes received in December of the prior fiscal year are used for the first debt payments of the current fiscal year.

	2007	2008	2009	2010
PARKING REVENUE BONDS, SERIES 1992A, 1995A, 1995B, 2001A, 2002A, 2002B, 2005A, AND 2010A				
Fund Servicing Debt - HRA Parking Enterprise Fund				
Note: Revenues are pledged in aggregate for Parking Revenue Bonds, Series 2010A and 2010B, and have been adjusted for the Smith Avenue Transit Center bonds.				
Revenues Available for Debt Service				
Parking Facility Net Revenues	\$ 3,246,417	\$ 3,124,631	\$ 3,084,230	\$ 3,043,611
Parking Meter and Parking Fine Revenues	2,000,000	2,000,000	2,000,000	2,000,000
Net Investment Earnings	-	-	-	-
Total Revenues Available for Debt Service	\$ 5,246,417	\$ 5,124,631	\$ 5,084,230	\$ 5,043,611
Debt Service Requirements				
Principal	\$ 1,290,000	\$ 1,590,000	\$ 1,655,000	\$ 1,790,000
Interest	1,429,882	1,384,918	1,324,097	1,307,828
Total Debt Service Requirements	\$ 2,719,882	\$ 2,974,918	\$ 2,979,097	\$ 3,097,828
Coverage (Revenues / Debt Service)	1.93	1.72	1.71	1.63

PARKING REVENUE BONDS (SMITH AVENUE TRANSIT CENTER), SERIES 2005 AND 2010B

Fund Servicing Debt - HRA Parking Enterprise Fund

Note: Revenues are pledged in aggregate and have been adjusted for the Smith Avenue Transit Center bonds.

Revenues Available for Debt Service				
Parking & Transit Center Net Revenues	\$ 155,434	\$ 220,990	\$ 226,406	\$ 290,945
Parking Meter and Parking Fine Revenues	-	-	-	-
Net Investment Earnings	265,494	125,279	19,463	9,924
Total Revenues Available for Debt Service	\$ 420,928	\$ 346,269	\$ 245,869	\$ 300,869
Debt Service Requirements				
Principal	\$ -	\$ 120,000	\$ 125,000	\$ 130,000
Interest	619,200	619,200	614,525	406,450
Total Debt Service Requirements	\$ 619,200	\$ 739,200	\$ 739,525	\$ 536,450
Coverage (Revenues / Debt Service)	0.68	0.47	0.33	0.56

LOFTS AT FARMERS MARKET LIMITED TAX BONDS, SERIES 2010A AND 2010B

Fund Servicing Debt - HRA Lofts Enterprise Fund

Note: The bonds were defeased in 2015 using sales proceeds from the 12/14/2015 sale of the Lofts at Farmers Market Apartments.

Revenues Available for Debt Service				
HRA Tax Levy	\$ -	\$ -	\$ -	\$ -
Bond Proceeds - Capitalized Interest	-	-	-	569,786
Net Investment Earnings	-	-	-	-
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ 569,786
Debt Service Requirements				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -
Coverage (Revenues / Debt Service)	NA	NA	NA	NA

2011	2012	2013	2014	2015	2016	Totals
\$ 3,492,539	\$ 3,794,576	\$ 3,895,149	\$ 3,326,529	\$ 4,001,857	\$ 4,182,523	\$ 35,192,062
3,000,000	3,000,000	3,000,000	2,491,647	2,596,814	2,661,622	24,750,083
-	-	-	58,694	13,945	12,644	85,283
<u>\$ 6,492,539</u>	<u>\$ 6,794,576</u>	<u>\$ 6,895,149</u>	<u>\$ 5,876,870</u>	<u>\$ 6,612,616</u>	<u>\$ 6,856,789</u>	<u>\$ 60,027,428</u>
\$ 565,000	\$ 615,000	\$ 635,000	\$ 655,000	\$ 675,000	\$ 695,000	\$ 10,165,000
1,087,242	1,038,056	1,019,606	1,000,556	980,906	960,656	11,533,747
<u>\$ 1,652,242</u>	<u>\$ 1,653,056</u>	<u>\$ 1,654,606</u>	<u>\$ 1,655,556</u>	<u>\$ 1,655,906</u>	<u>\$ 1,655,656</u>	<u>\$ 21,698,747</u>
3.93	4.11	4.17	3.55	3.99	4.14	2.77
\$ 320,922	\$ 145,161	\$ 443,593	\$ 328,667	\$ 460,205	\$ 526,670	\$ 3,118,993
-	-	-	508,353	403,186	338,378	1,249,917
49,559	33,800	(14,339)	30,723	7,028	6,484	533,415
<u>\$ 370,481</u>	<u>\$ 178,961</u>	<u>\$ 429,254</u>	<u>\$ 867,743</u>	<u>\$ 870,419</u>	<u>\$ 871,532</u>	<u>\$ 4,902,325</u>
\$ 305,000	\$ 330,000	\$ 340,000	\$ 350,000	\$ 360,000	\$ 375,000	\$ 2,435,000
563,798	537,931	528,032	517,743	507,332	496,532	5,410,743
<u>\$ 868,798</u>	<u>\$ 867,931</u>	<u>\$ 868,032</u>	<u>\$ 867,743</u>	<u>\$ 867,332</u>	<u>\$ 871,532</u>	<u>\$ 7,845,743</u>
0.43	0.21	0.49	1.00	1.00	1.00	0.62
\$ -	\$ 257,047	\$ 618,035	\$ 650,730	\$ 656,206	\$ -	\$ 2,182,018
-	-	-	-	-	-	569,786
16,249	5,494	(6,048)	11,864	7,196	-	34,755
<u>\$ 16,249</u>	<u>\$ 262,541</u>	<u>\$ 611,987</u>	<u>\$ 662,594</u>	<u>\$ 663,402</u>	<u>\$ -</u>	<u>\$ 2,786,559</u>
\$ -	\$ -	\$ -	\$ 100,000	\$ 110,000	\$ -	\$ 210,000
312,740	514,093	514,093	511,918	507,350	-	2,360,194
<u>\$ 312,740</u>	<u>\$ 514,093</u>	<u>\$ 514,093</u>	<u>\$ 611,918</u>	<u>\$ 617,350</u>	<u>\$ -</u>	<u>\$ 2,570,194</u>
0.05	0.51	1.19	1.08	1.07	0.00	1.08

Unaudited

City of Saint Paul, Minnesota

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income</u>	<u>Personal Income (2)</u>	<u>Labor Force (3)</u>	<u>Unemployment Rate (3)</u>
2007	287,669	24,934	6,639,009,400	143,544	4.6%
2008	288,055	27,120	7,294,251,800	144,589	5.5%
2009	287,501	24,702	6,947,235,100	143,492	7.9%
2010	285,068	25,066	7,145,514,488	148,515	7.6%
2011	286,367	25,576	7,106,711,800	149,870	6.9%
2012	289,270	25,072	7,165,005,800	150,515	6.0%
2013	294,873	25,695	7,636,250,500	151,967	5.1%
2014	297,640	26,268	7,818,407,520	152,612	4.2%
2015	300,353	25,611	7,692,209,635	153,855	3.7%
2016	304,442	26,054	7,931,854,576	153,035	3.5%

Sources:

- (1) 2007-2009, 2011-2012 and 2016 data is based on Metropolitan Council estimates. 2010 and 2013-2015 data is based U.S. Census Bureau information.
- (2) 2007-2015 data provided by U.S. Census Bureau's Annual American Community Survey. 2016 data is provided by Minnesota Department of Employment and Economic Development (DEED).
- (3) Annual average - not seasonally adjusted. Data provided by Minnesota DEED. date is no longer available. The 2010-2016 data is now the aggregate household income provided by Minnesota Department of Employment and Economic Development (DEED).

City of Saint Paul, Minnesota

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

<u>Employers</u>	<u>2016</u>			<u>2007</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
University of Minnesota ¹⁾	18,000	1	11.86%			
State of Minnesota ¹⁾	14,173	2	9.34%	12,800	1	7.09%
3M Company	10,500	3	6.92%			
Health East ¹⁾²⁾	7,500	4	4.94%	2,969	7	1.64%
Saint Paul Public Schools	5,376	5	3.54%	5,245	2	2.90%
Regions Hospital	5,170	6	3.41%	4,376	4	2.42%
Ramsey County	4,427	7	2.92%	2,653	10	1.47%
United Hospital	3,600	8	2.37%	3,111	6	1.72%
City of Saint Paul ¹⁾	2,893	9	1.92%	2,877	8	1.59%
Ecolab	2,500	10	1.65%			
U.S. Bancorp				4,500	3	2.49%
United States Federal Government				4,184	5	2.32%
St. Paul Traveler's Insurance				2,700	9	1.50%
Total	74,139		48.87%	45,415		25.14%

¹⁾ Includes full- and part-time employees.

²⁾ Includes all home care clinics in its network

Sources: City Capital Partnership for 2007 data; 2016 data compiled by Springsted Inc. based on September 2016 telephone survey

OPERATING INDICATORS

Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>
New and Substantially Rehabilitated Single- and Multi-Family Housing Units	355	10	100
Number of Pedestrian Skyway Bridges	37	37	37

Source: City of Saint Paul, Department of Planning and Economic Development.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
96	100	106	99	774	316	1,600
37	37	37	37	37	37	37

Unaudited

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

CAPITAL ASSET STATISTICS
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Number of Parking Ramps	9	9	9	9
Number of Parking Lots	11	8	8	8
Number of Parking Spaces	9,042	7,958	7,958	7,958
Depreciated Cost of Parking Ramps, Lots, and Buildings	\$ 105,863,097	\$ 101,652,375	\$ 99,337,412	\$ 97,997,999
Number of Apartment Houses	-	-	-	-
Depreciated Cost of Apartment Houses and Land	-	-	-	-

Source: City of Saint Paul, Department of Planning and Economic Development.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
9	9	9	9	9	9
8	8	8	9	9	9
7,958	7,958	7,958	8,008	8,008	8,008
\$ 93,596,580	\$ 92,237,595	\$ 89,282,341	\$ 88,309,005	\$ 86,005,911	\$ 83,792,973
-	2	2	2	1	-
-	\$ 24,545,604	\$ 66,353,501	\$ 65,579,259	\$ 54,910,462	-

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