



October 25, 2013

Mr. Kurt Ulrich
City Administrator
City of Ramsey
7550 Sunwood Drive NW
Ramsey, MN 55303

RE: Proposal for Tax Increment Financing Services

Dear Mr. Ulrich:

Northland Securities appreciates the opportunity to present our financial planning services to the City of Ramsey. Northland has built its reputation on being attentive to client needs and responding with creative and prudent ideas. It is that philosophy, combined with our experienced personnel, and our sincere interest in working diligently with you to achieve your objectives, that will help accomplish the goals for the city. We look forward to the opportunity to provide excellent service to the City.

Northland desires to furnish services to the City as described in this letter. The City may decide to use Northland for any or all of these services at its sole discretion.

BACKGROUND

The City of Ramsey issued a Request for Proposals (RFP) on October 16, 2013, seeking proposals from qualified firms to perform the following tasks related to Tax Increment Financing District No. 14 (the "COR"):

1. Meet with City staff to revise development scenarios and timing of development.
2. Update overall COR project costs to date and anticipated costs.
3. Prepare updated Tax Increment Financing (TIF) runs for each area and update overall TIF district model to determine:
 - a. Amount of TIF available through the term of the district to repay the City/HRA for their investment in the land and public improvements to date.
 - b. Amount of TIF available for any future public improvements in the TIF district.
 - c. Amount of TIF available for Residence at the COR (Apartment Complex Project) bond and pay-as-you-go obligations; and
 - d. Amount of TIF available for any future third party obligations (amount of TIF that is not needed to pay for existing or future City/HRA obligations).

4. Determine what parcels could be decertified from the TIF district and impact of their removal.
5. Provide an analysis of impacts of changing the fiscal disparities election to inside the district.
6. Prepare analysis and drafting of potential special legislation the City may need for the TIF District. (The city received special legislation in regards to the creation of the district.)
7. Attend meeting with City Council/HRA to overview findings and facilitate discussion on options.

OUR FIRM

Northland Securities is committed to keeping local governments informed of the latest tools, issues and trends in public finance. Northland's Public Finance Group specializes in the public finance needs of municipalities and governmental agencies across the Upper Midwest. Our public finance professionals have the depth of experience in the industry that serves our clients well, as they navigate through the complexities of planning for development, infrastructure improvements, and the financial markets.

As a diversified financial services firm, we provide financial advisory services and are also a significant underwriter of municipal debt. This provides a distinct advantage to our clients. Not only can they draw upon our experience to develop a sound finance plan, but also our expertise in the credit markets, to get firsthand market information useful in the structuring and timing of their financing.

Our mission is to "provide direction and produce results." Northland Public Finance is committed to developing long-term client relationships by providing sound advice, creative solutions, and the desired results.

Northland provides a complete array of services related to the use of tax increment financing. From the evaluation of potential projects to the creation of TIF districts to the management of existing districts, we provide the assistance needed to make effective use of this powerful development tool.

SCOPE OF SERVICES

Northland will provide the following services to the City of Ramsey, referred to herein as Phase I and Phase II.

Phase I

1. **Initial Meeting.** Meet with city staff to confirm project objectives and to discuss revised development scenarios and timing of development.
2. **Estimated Public Costs.** Prepare schedule of actual costs incurred to date and future estimated costs by year, reported by tax increment reporting categories.

3. **Estimated Sources of Revenue.** Prepare updated TIF projections for each area and update overall TIF district model to determine TIF available to pay public costs, both incurred and obligated. Analysis will consider the financial impact of the following:
 - a. Four-year knock down rule (TIF Plan anticipates the City seeking special legislation for exemption from the four-year rule) .
 - b. Five-year rule (extended to ten years under special legislation).
4. **Parcel Review.** An analysis of parcels within the district will be completed to determine the financial impact (i.e., potential loss of tax increment revenue and increase in general tax base) of removal of certain parcels. The four-year rule analysis from Task 3 above will provide input and inform this review for Task 4.
5. **Fiscal Disparities.** Provide an analysis of impacts of changing the fiscal disparities election to inside the district.
 - a. Analysis will provide an estimate of the reduction in estimated tax increment to be collected within the District, should the fiscal disparities election be changed – requiring tax capacity from within the District to contribute to the fiscal disparities pool.
6. **Meeting to Review Results of Phase I.** Meet with City staff to review the analysis and results from Phase I.
 - a. Memorandum with conclusions and recommendations will be prepared with analysis (reports) included as attachments.

Phase II

7. **Special Legislation.** Prepare analysis and drafting of potential special legislation the City may need for the TIF District.
 - a. City received special tax increment financing legislation, Session Laws 2010, Chapter 389.
 - b. Adopted TIF Plan states the City proposes to seek special legislation for an exemption from or redefinition of the requirements of the four-year rule.
 - c. Analysis will inform the discussion about special legislation and what other considerations may be of benefit and necessary for the District to meet its objectives.
8. **Presentation to City Council/HRA.** Northland will attend a meeting with the City Council/HRA to overview findings and facilitate discussion on options.

The proposed scope of services includes three meetings; other meetings and services will be defined and added at the direction of the City.

REFERENCES AND QUALIFICATIONS

References will be provided on request. Northland staff that will provide service to the City of Ramsey has performed similar tax increment analysis and assisted with drafting of special legislation for other cities and would welcome the opportunity for city staff from these cities to comment on our work. We have work product, including comprehensive TIF management planning, for other cities that we can share with you upon request to demonstrate our qualifications to undertake this work.

COMPENSATION

The proposed compensation reflects Northland's long tenured relationship with Ramsey and the efficiency this will bring to the completion of the proposed tasks. For the services specified, NSI shall be paid an amount not to exceed \$5,920 for Phase I and \$1,480 for Phase II. The total amounts are based on the estimated number of hours required to complete these tasks at an hourly billing rate of \$185 per hour plus reimbursable expenses for travel, printing and mailing. NSI will bill on a monthly basis for actual services performed and reimbursable expenses. The actual amount billed may be less than but shall not exceed the stated amounts for Phase I and Phase II.

The City may at its discretion authorize NSI to undertake additional tasks, including meeting attendance, beyond the tasks listed above. Additional planning services will be billed monthly at a rate of \$185 per hour.

Invoices will detail the work performed, requested compensation for the period and show amounts previously billed.

ASSIGNED NORTHLAND EMPLOYEE

The NSI employee responsible for providing services and for the services performed is Tammy Omdal.

Thank you for the opportunity to submit this letter and proposal to provide service to the City of Ramsey. Northland's financial planning service to Ramsey is grounded in significant experience helping cities in Minnesota establish and manage tax increment financing districts. I would be happy to answer any questions or concerns regarding our proposal for service to the City. Please contact me at 612-851-4964 or by email at tomdal@northlandsecurities.com.

Sincerely,



Tammy Omdal
Manager Northland Strategies/Sr. VP