

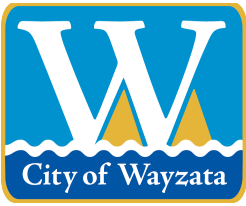
HOUSING AND REDEVELOPMENT AUTHORITY

Meeting Agenda

Wayzata City Hall Community Room, 600 Rice Street

Thursday, July 25, 2019
7:30 AM

- 1. Call to Order**
- 2. Roll Call**
- 3. Approval of Agenda**
- 4. Approval of Minutes**
 - a. Consider Approval of HRA Minutes of March 5, 2019
- 5. Old Business**
 - a. Consider Approval of Amendments to Tax Increment Financing Agreement (TIF) with Swans Corner, LLC at 305 thru 309 Lake Street East
- 6. New Business**
 - a. Consider Receipt of 2018 HRA Financial Report
 - b. Consider Appointment of Sub-Committee to Review HRA Bylaws
 - c. Review of Development Updates
- 7. Next Meeting Date: October 24, 2019**
- 8. Adjournment**



City of Wayzata Housing and Redevelopment Authority Agenda Report

MEETING DATE: July 25, 2019	AGENDA ITEM: 4.a.
TITLE: Consider Approval of HRA Minutes of March 5, 2019	
PROPOSED MOTION: To Approve the HRA Meeting Minutes of March 5, 2019	
PREPARED BY: Kathy Leervig, City Clerk	
REVIEWED BY: Jeff Dahl, Executive Director	

ACTION REQUESTED:

Staff recommends approval of the attached minutes.

FINANCIAL OR BUDGET CONSIDERATION:

N/A

BACKGROUND:

N/A

ATTACHMENTS:

1. March 5, 2019 Meeting Minutes DRAFT

1 HRA members present: T. Shaver, B. Ambrose, and S. Tyacke

2 HRA members absent and excused: R. Wothe, and S. Fox

3 City Staff present: City Manager Jeff Dahl, Director of Planning and Development Jeff
4 Thomson, City Clerk Kathy Lervig, Assistant City Planner Nick Kieser, and City
5 Attorney David Schelzel

6 Others present: Stacie Kvilvang, Ehlers & Associates

8 Chairman Shaver called the meeting of the HRA to order at 7:39 am.

10 APPROVAL OF AGENDA

12 Tyacke motioned to approve the March 5, 2019 meeting agenda as presented,
13 seconded by Ambrose. The motion passed 3/0 by voice vote.

15 APPROVAL OF MINUTES

17 a. Approval of HRA Minutes of October 25, 2018

19 Ambrose stated on page 3, line 14, Parks and Trails Commission should be Parks and
20 Trails Board.

22 Ambrose motioned to approve the minutes of October 25, 2018 as amended, seconded
23 by Tyacke. The motion passed 3/0 by voice vote.

25 OLD BUSINESS

27 None.

29 NEW BUSINESS

31 a. Election of Officers

33 Ambrose motioned to approve Mr. Shaver as Chair, Mr. Wothe as Vice Chair.

35 Shaver amended the motion to include approving Mr. Ambrose as Secretary, seconded
36 by Tyacke. The motion passed 3/0 by voice vote.

38 b. Appointment of Executive Director

40 Tyacke motioned to approve Mr. Dahl as the Executive Director for the HRA, seconded
41 by Ambrose. The motion passed 3/0 by voice vote.

43 c. Discussion of Bylaws

45 Dahl stated there were no urgent changes to the Bylaws. If the HRA wants to make
46 changes he would recommend assigning a subcommittee for this project.

1 Ambrose suggested changing the wording for the original goal “exploit the natural
2 advantages of Lake Minnetonka”. He asked if the HRA’s involvement in the Lake Effect
3 Project would be covered by these goals.

4
5 Dahl stated the word “exploit” has a different meaning than it may have had when it was
6 originally used. He stated this is something that could be changed and it may make
7 sense for the Commission to update these.

8
9 Tyacke pointed out that the goals did not include any mention of the Comprehensive
10 Plan and this is something that guides the HRAs decisions. He would recommend a
11 subcommittee to review these goals.

12
13 Shaver asked if anyone would be interested in serving on this subcommittee.

14
15 Dahl suggested waiting until all the members of the Commission had a chance to
16 express interest.

17
18 Shaver suggested adding this as an agenda item for the next meeting.

- 19
20 d. Consider Approval of Tax Increment Financing Agreement (TIF) between
21 the Housing and Redevelopment Authority (HRA) and Swan’s Corner,
22 LLC at 305 thru 309 Lake Street East

23
24 Dahl stated the HRA established TIF District #6 to help offset eligible costs of
25 development such as parking, public infrastructure, site preparation, environmental
26 mitigation, and soil stabilization. Over the past year, the City has worked with Lowell
27 Zitzloff on a development plan that would incorporate a three-story boutique office
28 building with underground parking. Unique components of this development are that it
29 will connect to the existing building to the east and that the bank façade had been
30 incorporated into the architecture of the building.

31
32 Ms. Stacie Kvilvang, Ehlers and Associates, stated they had reviewed the project based
33 on general industry standards for construction, land and project costs; lease rates and;
34 developer profit. The development pro forma assumptions were generally reasonable,
35 with acquisition costs being higher due to the existing buildings, and higher construction
36 costs due to the site constraints, need for underground parking and additional costs to
37 save the existing bank façade. Based on this review, recommendation for TIF
38 assistance and agreement by the Developer, they are recommending \$1 million in TIF
39 on a pay-as-you-go-basis over a 20-year period. She reviewed the details of the
40 agreement.

41
42 Tyacke asked what would happen if it cost more than the estimated \$400,000 for the
43 bank façade.

44
45 Ms. Kvilvang stated there is \$1 million in eligible expenses and these figures are flexible
46 and based on the costs for the other parts of the project.

1 Ambrose asked Ms. Kvilvang to explain why the total construction costs are estimated at
2 \$16.9 million but the anticipated project valuation when redeveloped would be at least
3 \$8,662,000.

4
5 Ms. Kvilvang explained total development costs and what the assessor places the value
6 at are two different figures. The development costs are higher because it is a
7 redevelopment.

8
9 Tyacke stated Section 5.02.a needed to be updated: the written number should be
10 changed to read one-million.

11
12 Ambrose motioned to approve the TIF agreement between the HRA and Swan's
13 Corner, LLC at 305 thru 309 Lake Street East, seconded by Tyacke. The motion
14 passed 3/0 by voice vote.

15
16 e. Development Updates

17
18 Dahl provided an update on pending developments including Broadway Place, Ventana
19 Condos and Hughes development project. He stated the Planning Commission
20 approved the Chase Bank project.

21
22 Tyacke clarified the Boatworks project would be subject the City's building height
23 requirements.

24
25 Dahl stated this is correct and this project does meet the blight criteria and could be
26 included in TIF District #6. The Boatworks developer may request TIF financing if they
27 move forward with the project. He also provided an update on the public parking lot at
28 Barry and Lake Street, the Lake Effect, and the Special Services District/Parking
29 Assessment.

30
31 Thomson provided an update on the 2040 Comprehensive Plan.

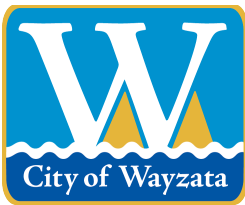
32
33 NEXT MEETING DATE: APRIL 25, 2019

34
35 ADJOURNMENT

36
37 There being no further business; Tyacke motioned to adjourn at 8:54 a.m., seconded by
38 Ambrose. The motion passed 3/0 by voice vote.

39
40 Respectfully submitted,

41
42
43 Drafted by Jenny Groess, *TimeSaver Off Site Secretarial, Inc.*



City of Wayzata Housing and Redevelopment Authority Agenda Report

MEETING DATE: July 25, 2019	AGENDA ITEM: 5.a.
TITLE: Consider Approval of Amendments to Tax Increment Financing Agreement (TIF) with Swans Corner, LLC at 305 thru 309 Lake Street East	
PROPOSED MOTION: To Approve the Amended TIF Agreement with Swans Corner, LLC	
PREPARED BY: Jeff Dahl, Executive Director	
REVIEWED BY: N/A	

ACTION REQUESTED:

Staff recommends approval of the amended TIF Agreement.

FINANCIAL OR BUDGET CONSIDERATION:

The results of the amendments should have no negative financial impact to the HRA.

BACKGROUND:

In March, the HRA approved a TIF Agreement with Swans Corner for the construction of its 3-story office building at the corner of Barry Avenue and Lake Street East. In summary, the Swans Corner will receive up to \$1,000,000 in increment to reimburse eligible costs up until 2041.

Since then, after obtaining financing for the project, Swans Corner has requested amendments to the agreement regarding Section 5.02 (f) which is the "look back" requirement. This paragraph was changed from a coverage test for the first mortgage to a cash-on-cash (COC) return analysis. The prior look back stated that if the project met a 120% debt service coverage for 2 consecutive years, the TIF Note would be terminated. It now states that within 60 days of the earliest of stabilization (90% occupied), date of any transfer of the project; or three years after the date of completion of the project (evidenced by a CO), if the cumulative COC exceeds an 8% return, then the TIF Note will be reduced by 50% of the amount that results in a stabilized COC return equal to 8%. If it does not exceed this threshold, then the principal amount of the TIF Note amount will remain the same.

In addition, they requested a few minor changes as noted below:

- Changed sq/ft of office from 28,362 to 30,900
- Section 2.02 Developer Representations: Increased minimum market value from \$8,662,000 to \$9,695,000 due to increase in sq/ft of the building 3.
- Section 3.02 Commencement of construction: Deleted the words "on or about" (so it reads that by July 15, 2019 they will start construction).

Attached is a redlined copy of the TIF agreement from March that show the proposed amendments. The City's financial advisor, Ehlers and Associates, as well as its Bond Counsel, has been working with Swans Corner on the attached revised agreement. They will be in attendance to answer any questions.

ATTACHMENTS:

1. TIF Redevelopment Agreement

REDEVELOPMENT AGREEMENT

IN

CENTRAL AREA REDEVELOPMENT DISTRICT

AND

TAX INCREMENT FINANCING DISTRICT NO. 6 – DOWNTOWN WEST

WAYZATA,
HENNEPIN COUNTY, MINNESOTA

By and Among

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF WAYZATA,
CITY OF WAYZATA, MINNESOTA

And

SWANS CORNER LLC

for the

SWANS CORNER LLC PROJECT

Dated as of [_____] 1, 2019

This Document Was Drafted By:

DORSEY & WHITNEY LLP (GIT)
Suite 1500
50 South Sixth Street
Minneapolis, Minnesota 55402

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REDEVELOPMENT AGREEMENT

THIS Redevelopment Agreement (this “Agreement”), made and entered into as of this 1st day of [____], 2019, by and among the HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF WAYZATA, a body corporate and politic, duly organized under the laws of the State of Minnesota (the “HRA”), the CITY OF WAYZATA, a municipal corporation and political subdivision of the State of Minnesota (the “City”), and SWANS CORNER LLC, a Minnesota limited liability company (the “Developer”).

WITNESSETH:

WHEREAS, the HRA has designated a Redevelopment District in the City denominated the Central Area Redevelopment District (the “Redevelopment District”) and adopted a Redevelopment Plan (the “Redevelopment Plan”) therefor, pursuant to and in accordance with Minnesota Statutes (“M.S.”), Sections 469.001 through 469.047, as amended; and

WHEREAS, the HRA adopted a resolution establishing Tax Increment Financing District No. 6 - Downtown West, a “redevelopment district” (the “TIF District”) pursuant to M.S., Section 469.174, Subdivision 10, and approved a Tax Increment Financing Plan therefor (the “TIF Plan”); and

WHEREAS, in order to achieve the objectives of the Redevelopment Plan and the TIF Plan, the HRA intends to provide assistance to the Developer through tax increment financing, as described in M.S., Sections 469.174 through 469.1794 (the “TIF Act”), to finance construction of an approximately ~~28,362~~30,900 square foot office and retail complex (the “Project”);

WHEREAS, the HRA has determined that, in order to accomplish the purposes specified in and to carry out the Redevelopment Plan and the TIF Plan, it is necessary and desirable for the HRA to reimburse the Developer for certain costs to be incurred and paid by the Developer in connection with the Project; and

WHEREAS, the City will apply tax increment revenues generated from the TIF District to (i) pay or reimburse the City for administrative expenses relating to the TIF District to the extent permitted by the TIF Act and (ii) reimburse the Developer, with interest, for certain costs incurred in connection with the construction of the Minimum Improvements (defined below) associated with the Project; and

WHEREAS, the HRA and the City believe that the development activities associated with the Project pursuant to this Agreement are in the best interests of the City and benefit the health, safety, morals and welfare of its residents, and comply with the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual obligations set forth in this Agreement, the parties hereto hereby agree as follows:

ARTICLE 1
Definitions

1.01. Definitions.

In this Agreement, unless a different meaning clearly appears from the context:

“Act” means M.S., Sections 469.001 through 469.047.

“Agreement” means this Agreement, as the same may be from time to time modified, amended or supplemented.

“Available Tax Increment” means 90 percent (90%) of the tax increment revenues generated by the Project as computed pursuant to M.S., Section 469.177, as amended from time to time.

“Business Subsidies Act” means M.S., Sections 116J.993 through 116J.995.

“Certificate of Completion” means a certification in the form attached hereto as Exhibit D, to be provided to the Developer pursuant to this Agreement.

“City” means the City of Wayzata, Minnesota.

“City Council” means the City Council of the City.

“Construction Plans” means the plans, specifications, drawings and related documents for the construction work to be performed by the Developer on the Development Property.

“County” means the County of Hennepin, Minnesota, a political subdivision of the State of Minnesota.

“Default Notice” means written notice from the City to the Developer setting forth the Event of Default and the action required to remedy the same.

“Developer” means Swans Corner LLC, a limited liability company under the laws of the State of Minnesota.

“Development Property” means the real property described in Exhibit A attached hereto.

“Event of Default” means as any of the events set forth in Section 7.01 hereof.

“HRA” means the Housing and Redevelopment Authority of the City of Wayzata, a body corporate and politic, duly organized under the laws of the State.

“Legal and Administrative Expenses” means the fees and expenses incurred by the City or HRA in connection with review and analysis of the development proposed under this Agreement with the adoption and administration of the TIF Plan and establishment of the TIF District, the preparation of this Agreement and the issuance of the TIF Note including, but not limited to, attorney and municipal advisor fees and expenses;

“Minimum Improvements” means the minimum improvements to be undertaken by the Developer as a part of the Project on the Development Property all as further described in Exhibit C attached hereto.

“Mortgage” means any mortgage made by the Developer which covers, in whole or in part, the Development Property.

“Mortgagee” means the owner or holder of a Mortgage.

“M.S.” means Minnesota Statutes.

“Project” means the construction of an approximately ~~28,362~~30,900 square foot office and retail complex with associated underground parking.

“Property” means the Property described in Exhibit A to this Agreement.

“Public Assistance” means the Available Tax Increment to be paid under Article 5 hereof.

“Qualified Costs” means costs incurred by Developer in connection with construction of the Minimum Improvements that are reimbursable from tax increment pursuant to Sections 469.174, Subd. 10 and 469.1761 of the TIF Act, which are shown on Exhibit C to this Agreement. The total principal amount of any and all tax increment notes issued to reimburse the Developer for Qualified Costs of the Project will not exceed \$1,000,000.

“Redevelopment District” means Central Area Redevelopment District, designated pursuant to the Act.

“Redevelopment Plan” means the Redevelopment Plan developed for Central Area Redevelopment District.

“Restrictions” means the easements, covenants, conditions and restrictions set forth in Exhibit B attached hereto.

“Section” means a Section of this Agreement, unless used in reference to M.S..

“State” means the State of Minnesota.

“Termination Date” means the earlier of (i) February 1, 2041, (ii) the date the TIF Note is paid in full, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms;

“TIF Act” means M.S., Sections 469.174 through 469.1794, as amended.

“TIF District” means Tax Increment Financing District No. 6 - Downtown West, a redevelopment district, established by the City Council on December 19, 2017.

“TIF Note” means the Tax Increment Revenue Note (Swans Corner, LLC) to be executed by the HRA and delivered to the Developer pursuant to Article 5 hereof, the form of which is attached hereto as Exhibit E

“TIF Plan” means the Tax Increment Financing Plan for the TIF District approved by the City Council and HRA.

“Unavoidable Delay” means a failure or delay in a party’s performance of its obligations under this Agreement, or during any cure period specified in this Agreement which does not entail the mere payment of money, not within the party’s reasonable control, including but not limited to acts of God, governmental agencies, the other party, strikes, labor disputes (except disputes which could be resolved by using union labor), fire or other casualty, or lack of materials; provided that within ten (10) days after a party impaired by the delay has knowledge of the delay it shall give the other party notice of the delay and the estimated length of the delay, and shall give the other party notice of the actual length of the delay within ten (10) days after the cause of the delay has ceased to exist. The parties shall pursue with reasonable diligence the avoidance and removal of any such delay. Unavoidable Delay shall not extend performance of any obligation unless the notices required in this definition are given as herein required.

ARTICLE 2

Representations and Warranties

2.01. HRA Representations.

The HRA makes the following representations to the Developer:

(a) The HRA is a body corporate and politic, duly organized and existing under the laws of the State. Under the provisions of the Act, the HRA has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The HRA has designated the Redevelopment District and has adopted the Redevelopment Plan in accordance with the provisions of the Act and has created the TIF District and adopted the TIF Plan in accordance with the provisions of the TIF Act.

2.02. Developer Representations.

The Developer represents and warrants that:

(a) The Developer is a Minnesota limited liability company and has power to enter into this Agreement and has duly authorized, by all necessary corporate action, the execution and delivery of this Agreement.

(b) Developer will, to the extent required by this Agreement, construct the Minimum Improvements in accordance with the terms of this Agreement, the TIF Plan and all local, state and federal laws and regulations.

(c) It is anticipated that the Project will be constructed so that when completed the Development Property will have a market value as determined pursuant to Minnesota Statutes, Section 273.11, of at least ~~\$8,662,000~~ 2,695,000.

(d) At such time or times as may be required by law, the Developer will have complied with all local, state and federal environmental laws and regulations applicable to the Minimum Improvements, and will have obtained any and all necessary environmental reviews, licenses and clearances. The Developer has received no written notice or communication from any local, state or federal official that the activities of the Developer or the HRA with respect to the Development Property may be or will be in violation of any environmental law or regulation. The Developer is aware of no facts the existence of which would cause it to be in violation of any local, state or federal environmental law, regulation or review procedure with respect to the Development Property.

(e) Neither the execution or delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented by, limited by, conflicts with, or results in a breach of, any restriction, agreement or instrument to which the Developer is now a party or by which the Developer is bound.

(f) The Developer has no knowledge or information that any member of the HRA, City Council, or any other officer of the HRA or City has any direct or indirect financial interest in the Developer, the Development Property, or the Project.

(g) The Developer will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all local, state and federal laws and regulations which must be obtained or met in connection with the Minimum Improvements. Without limitation to the foregoing, the Developer will request and seek to obtain from the HRA or the City all necessary variances, conditional use permits and zoning changes.

(h) The Developer would not undertake the Project without the financial assistance to be provided by the City pursuant to this Agreement and the TIF Plan.

(i) Apart from the assistance to be provided under this Agreement, the Developer shall pay all standard charges and fees due with respect to real estate developments and allocable to the Development Property under City ordinances and the City Code, including but not limited to special assessments for local improvements, sewer and water use charges, building permit fees, plat fees, inspection fees, storm water fees and the like used against the Development Property.

2.03. Use, Ownership of Development Property; Restrictions; Use of Development Property. The Developer's use of the Development Property shall be subject to and in compliance with all of the conditions, covenants, restrictions and limitations imposed by this Agreement, the Restrictions, and all applicable laws, ordinances and regulations.

2.04. Ownership of Development Property. The Developer hereby represents and warrants that it is the owner in fee simple of the Development Property and that there are no liens, defects or other encumbrances upon title to the Development Property that would hinder the development of the Development Property by the Developer as contemplated by this Agreement.

2.05. Declaration of Restrictive Covenants. The Developer shall prepare, execute, and record on the title to the Development Property a Declaration of Restrictive Covenants, in form approved by the City, which includes the Restrictions set forth in Exhibit B. If the Developer determines that operation of the Development Property and the Minimum Improvements would endanger the financial viability thereof, the Developer may request the HRA or City Council to consent to the amendment, modification or termination of any of the restrictions in any respect. The HRA and the City are under no obligation to amend, modify or terminate any of the restrictions and may, in their sole and absolute discretion, refuse to do so.

2.06. Damage or Destruction. Subject to any mortgage requirements that would require the Developer to act sooner, upon any damage or destruction of the Project, or any portion thereof, by fire or other casualty, the Developer shall within one hundred twenty (120) days after such damage or destruction, commence the process required to repair, reconstruct and restore the damaged or destroyed Project, or portion thereof, to substantially the same condition or utility value as existed prior to the event causing such damage or destruction and shall diligently pursue such repair, reconstruction and restoration.

2.07. Relocation Costs. The Developer shall pay all relocation costs or expenses required under federal or state law to be paid to any owner or occupant of the Development Property as a result of the Project, and shall indemnify and hold harmless the HRA and the City, their governing body members, officers, and agents including the independent contractors, consultants, and legal counsel, servants and employees thereof from any such relocation costs and expenses in accordance with the provisions of Section 4.01.

ARTICLE 3 Construction of Project

3.01. Construction Plans. Prior to commencing construction of the Minimum Improvements for the Project, the Developer shall make available to the City for review Construction Plans for the Project. The Construction Plans shall provide for construction of the Project in conformity with the Redevelopment Plan, the TIF Plan, this Agreement, and all applicable state and local laws and regulations. The City shall approve the Construction Plans in writing if, in the reasonable discretion of the City, the Construction Plans: (a) conform to the Redevelopment Plan, the Modification, the TIF Plan, this Agreement, and to any subsequent amendments thereto approved by the City; (b) conform to all applicable federal, state and local laws, ordinances, rules and regulations; (c) are adequate to provide for construction of the Minimum Improvements; and (d) no Event of Default has occurred.

No approval by the City shall relieve the Developer of the obligation to comply with the terms of this Agreement, applicable federal, state and local laws, ordinances, rules and regulations, or to properly construct the Project. No approval by the City shall constitute a

waiver of an Event of Default. Any disapproval of the Construction Plans shall set forth the reasons therefore and shall be made within thirty (30) days after the date of their receipt by the City. If the City rejects the Construction Plans, in whole or in part, the Developer shall submit new or corrected Construction Plans within thirty (30) days after written notification to the Developer of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the City.

3.02. Undertaking of Minimum Improvements.

(a) Subject to Unavoidable Delay, Developer shall commence the Project by ~~June 1, 2019~~, July 15, 2019, and cause the Project to be completed in accordance with the terms of this Agreement by ~~December 31, 2020~~, May 1, 2021.

(b) All work with respect to the Minimum Improvements shall be in substantial conformity with the Construction Plans approved by the City.

(c) The Developer shall not interfere with, or construct any improvements over, any public street or utility easement without the prior written approval of the City. All connections to public utility lines and facilities shall be subject to approval of the City and any private utility Developer involved. Except for public improvements, which are undertaken by the City or other governmental body and assessed against benefited properties, all street and utility installations, relocations, alterations and restorations shall be at the Developer's expense and without expense to the City. The Developer, at its own expense, shall replace any public facilities or utilities damaged during the Project by the Developer or its agents or by others acting on behalf of or under the direction or control of the Developer.

3.03. Certificate of Occupancy; Certificate of Completion.

(a) Upon the Developer's request following the City's issuance of a certificate of occupancy with respect to the Project, the City will furnish the Developer with a Certificate of Completion for the Project, in substantially the form attached hereto as Exhibit D, as conclusive evidence of satisfaction and termination of the agreements and covenants of this Agreement with respect to the obligations of the Developer to complete the Project. The furnishing by the City of such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any Mortgagee.

(b) If the City shall refuse or fail to provide a Certificate of Completion following the Developer's request, the City shall, within ten (10) days after the Developer's request, provide the Developer with a written statement specifying in what respects the Developer has failed to complete the Project in accordance with this Agreement, or is otherwise in default, and what measures or acts will be necessary, in the reasonable opinion of the City, for the Developer to obtain the Certificate of Completion.

3.04. Progress Reports. Until the Certificate of Completion is issued for the Project, the Developer shall make, in such detail as may reasonably be required by the HRA or the City, and

forward to the HRA and the City, upon demand by either or both the HRA and the City, a written report as to the actual progress of construction.

3.05. Access to Development Property. The Developer agrees to permit the City and HRA and any of their officers, employees or agents access to the Development Property at all reasonable times for the purpose of inspection of all work being performed in connection with the Project; provided, however, that neither the City nor HRA shall have an obligation to inspect such work.

3.06. Modification; Subordination. The HRA agrees to subordinate its rights under this Agreement to the holder of any Mortgage securing construction or permanent financing, in accordance with the terms of a subordination agreement in a form reasonably acceptable to the HRA.

ARTICLE 4 Defense of Claims; Insurance

4.01. Defense of Claims.

(a) The Developer shall indemnify and hold harmless the HRA, the City, their governing body members, officers, and agents including the independent contractors, consultants, and legal counsel, servants and employees thereof (hereinafter, for the purposes of this Section, collectively the “Indemnified Parties”) for any expenses (including attorneys’ fees), loss, damage to property, or death of any person occurring at or about, or resulting from any defect in, the Project; provided, however, the Developer shall not be required to indemnify any Indemnified Party for any claims or proceedings arising from any negligent or unlawful acts or omissions of such Indemnified Party. Promptly after receipt by the HRA or the City of notice of the commencement of any action in respect of which indemnity may be sought against the Developer under this Section 4.01, such person will notify the Developer in writing of the commencement thereof, and, subject to the provisions hereinafter stated, the Developer shall assume the defense of such action (including the employment of counsel, who shall be counsel reasonably satisfactory to the HRA and the City) and the payment of expenses insofar as such action shall relate to any alleged liability in respect of which indemnity may be sought against the Developer. The HRA and the City shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of the Developer unless the employment of such counsel has been specifically authorized by the Developer. Notwithstanding the foregoing, if the HRA or the City has been advised by independent counsel that there may be one or more legal defenses available to it which are different from or in addition to those available to the Developer, the Developer shall not be entitled to assume the defense of such action on behalf of the HRA or the City, but the Developer shall be responsible for the reasonable fees, costs and expenses (including the employment of counsel) of the HRA and the City in conducting their defense. The Developer shall not be liable to indemnify any person for any settlement of any such action effected without the Developer’s consent. The omission to notify the Developer as

herein provided will not relieve the Developer from any liability which they may have to any Indemnified Party pursuant hereto, otherwise than under this Section.

(b) The Developer agrees to protect and defend the Indemnified Parties, and further agrees to hold the aforesaid harmless, from any claim, demand, suit, action or other proceeding whatsoever by any person or entity arising or purportedly arising from the actions or inactions of the Developer (or other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided that this indemnification shall not apply to the warranties made or obligations undertaken by the HRA or the City in this Agreement or to any actions undertaken by the HRA or the City which are not contemplated by this Agreement but shall, in any event, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the HRA or the City at a rate equal to the prime rate) as a result of the Project, as constructed and operated by the Developer, causing the TIF District to cease to qualify as a “redevelopment district” under the TIF Act or to violate limitations as to the use of the revenues therefrom as set forth in the TIF Act.

(c) All covenants, stipulations, promises, agreements and obligations of the HRA and the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the HRA and the City and not of any governing body member, officer, agent, servant or employee of the HRA or the City, as the case may be.

4.02. Insurance.

(a) Subject to the terms of any Mortgage relating to the Development Property, the Developer shall keep and maintain the Development Property and Minimum Improvements at all times insured against such risks and in such amounts, with such deductible provisions, as are customary in connection with facilities of the type and size comparable to the Minimum Improvements, and the Developer shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for direct damage insurance covering all risks of loss, including, but not limited to, the following:

1. fire
2. extended coverage perils
3. vandalism and malicious mischief
4. boiler explosion (but only if steam boilers are present)
5. collapse

on a replacement cost basis in an amount equivalent to the full insurable value thereof. (“Full insurable value” shall include the actual replacement cost of the Minimum Improvements, exclusive of foundations and footings, without deduction for architectural, engineering, legal or administrative fees or for depreciation.) Insurance in effect with respect to any portion of the Minimum Improvements to be rehabilitated or renovated as a part of the Project prior to the issuance by the City of a Certificate of Completion under Section 3.03 hereof with respect thereto shall be maintained on an “all-risk” builder’s risk

basis during the course of construction. The policies required by this Section 4.02 shall be subject to a no coinsurance clause or contain an agreed amount clause, and may contain a deductibility provision not exceeding \$25,000.

(b) Subject to the terms of any Mortgage relating to the Development Property, policies of insurance required by this Section 4.02 shall insure and be payable to the Developer, and shall provide for release of insurance proceeds to the Developer for restoration of loss. The City shall be furnished certificates showing the existence of such insurance. In case of loss, the Developer is hereby authorized to adjust the loss and execute proof thereof in the name of all parties in interest. On an annual basis and from time to time at the City or the HRA's request, the Developer shall file with the City or the HRA, as applicable, a certificate of insurance for each of the policies required under this Section.

ARTICLE 5

Public Assistance

5.01. Development Costs. The Developer has agreed to and shall be responsible to pay all of its respective costs of the Project, as herein provided. However, the HRA, in order to encourage the Developer to proceed with the construction of the Minimum Improvements, and to assist the Developer in paying the costs thereof, is willing to provide the Public Assistance and thereby reimburse the Developer for Qualified Costs, as permitted by the TIF Act and in accordance with the TIF Plan, that will be incurred by the Developer to construct the Minimum Improvements.

5.02. Reimbursement for Qualified Costs.

The HRA agrees to reimburse the Developer, using Available Tax Increment on a pay-as-you-go basis, for Qualified Costs of the Project. The City shall, upon completion of the Minimum Improvements of the Project and the issuance of a the Certificate of Completion therefor, make reimbursement payments pursuant to a limited revenue tax increment note for the Project, the form of which is attached hereto as Exhibit E, with said payments of principal and interest to be made on the dates (the "Payment Dates") specified in the TIF Note, subject to the following terms and conditions:

(a) The total principal amount of any and all TIF notes issued for the Project will not exceed one million dollars (\$1,000,000).

(b) The unpaid principal of the TIF Note shall bear simple non-compounding interest from the date of issuance of the TIF Note, at the lesser of 5.00% per annum or the interest rate on the financing that the Developer obtains for the construction of the Project. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

(c) No payments shall be made by the HRA to the Developer unless and until the Developer has provided written evidence reasonably satisfactory to the HRA that (i) Qualified Costs in the amount to be reimbursed from the Available Tax Increment have

been incurred for the Project and paid by the Developer and (ii) the Certificate of Completion has been issued as contemplated in Section 3.03 hereof.

(d) The HRA shall be obligated to make the payments to the Developer required pursuant to this Section 5.02 *only from and to the extent of* the Available Tax Increment actually received from the TIF District for any tax year, and such payments shall never be considered to be a general obligation or indebtedness of the HRA.

(e) The HRA will retain 10% of the Tax Increment generated for administrative costs and apply the retained Tax Increment first to pay any administrative expenses relating to the Development Property to the extent permitted by the Tax Increment Act and to the extent that such expenses have not been paid or reimbursed to the HRA by the Developer. Any of the retained Tax Increment remaining after the payment of any administrative expenses then due and owing (the "Available Tax Increment") shall be paid to the Developer for reimbursement of the Qualified Costs plus interest on the Payment Dates.

~~(f) In addition to the public assistance described herein, the Developer will receive private financing for the Project secured by a first mortgage on the Development Property. As a condition to receiving the private financing, the Developer is required, for the fiscal year immediately preceding the date on which such calculation is made, to maintain net income available for debt service of at least 120% of maximum principal and interest requirement on existing indebtedness incurred for the Project (the "Debt Service Coverage Covenant"). The Developer is required to review the Debt Service Coverage Covenant annually and provide to the HRA by January 15th of each year a report setting forth and detailing the Developer's debt service coverage for the prior fiscal year and the current year's debt service coverage ratio (the "Coverage Report"). Notwithstanding any other provision herein, in order to assist the Developer in meeting the Debt Service Coverage Covenant, the HRA shall reduce the amount of tax increment to be paid to the Developer in a given year by an amount sufficient so that the Developer complies with the Debt Service Coverage Covenant for that year. If, for 2 consecutive years, the Coverage Report shows the Developer in compliance with the Debt Service Coverage Covenant, then the HRA will immediately terminate the TIF Note and any remaining tax increment payments after the January 15th date in which the Coverage Report is received. — On the Calculation Date, as defined below, the amount of the TIF assistance provided pursuant to this Agreement will be subject to adjustment based on a targeted Cash-On-Cash Return of 9%. By the Calculation Date, the Developer must deliver to the HRA's Consultant evidence of its Cash-On-Cash Return. The Cash-On-Cash Return shall be calculated by the HRA's Consultant based on the Developer's pro forma financial statements submitted to the HRA's Consultant.~~

If the Cash-On-Cash Return exceeds 9%, then the principal amount of the Note issued to the Developer will be reduced by 50% of the amount that results in a stabilized Cash-On-Cash Return equal to 9% over the term of the Note, in which case the Developer shall deliver the Note to the HRA in exchange for a new Note in the adjusted principal amount upon the HRA's written request.

For the purposes of this Section, the following terms have the following meanings:

“Calculation Date” means 60 days after the earliest of (i) the date of Stabilization, as defined below, of the Project; (ii) the date of any transfer of the Project (provided that the Developer and the HRA agree that the Calculation Date will occur prior to the actual transfer); or (iii) three years after the date of completion of the Project, as evidenced by the City’s issuance of a final certificate of occupancy.

“Cash Flow” means Net Operating Income less debt service with respect to the first mortgage loan.

“Cash on Cash Return” means Cash Flow divided by the sum of Developer’s actual equity, which excludes any grants or City, HRA, Federal or State funds received by the Developer, and the principal amount of the Note.

“Net Operating Income” means total income and other project-derived revenue, including payments under the Note, less Operating Expenses.

“Operating Expenses” means reasonable and customary expenses incurred in operating the Project, including deposits to capital replacement reserves.

“Stabilization” is defined when the project has achieved 90% occupancy.

(g) Upon thirty (30) days’ written notice to the Developer, the HRA may prepay all or a portion of the outstanding principal balance due to the Developer pursuant to this Section 5.02 without penalty, on any date at a prepayment price equal to the outstanding principal balance to be prepaid plus accrued interest to the prepayment date.

(h) The HRA shall not be obligated to make any payments hereunder subsequent to the termination of this Agreement as provided in Section 8.06 hereof, and any amounts remaining unpaid as of such date (other than by reason of failure of the HRA to comply with the terms of this Agreement) shall be considered forgiven by the Developer and shall cease to be owing.

(i) The Developer may assign its rights under this Agreement (including the payments to be made to the Developer hereunder) to secure financing incurred by the Developer to pay costs of the Project, including but not limited to any Mortgagee, or, after Certificate of Completion has been issued by the City, to third parties.

5.03. Conditions Precedent to Provision of Public Assistance.

Upon payment by the Developer of Qualified Costs for the Project, the Developer will deliver to the HRA an instrument executed by the Developer (i) specifying the amount and nature of the Qualified Costs of the Minimum Improvements for the Project to be reimbursed and (ii) certifying that such costs have been paid to third parties unrelated to the Developer, or if any costs have been paid to third parties related to the Developer, that such costs do not exceed the reasonable and customary costs of services, labor or materials of comparable quality,

dependability, availability and other pertinent criteria and that such costs have not previously been contained in an instrument furnished to the City pursuant to this Section 5.03. Together with such instrument, the Developer shall deliver to the HRA evidence reasonably satisfactory to the HRA of the payment by the Developer of such costs to be reimbursed. Thereafter, the HRA will provide to the Developer reimbursement for the Project, constituting a portion of the Public Assistance described in this Article 5, paid up to the maximum amount then due and payable, in accordance with Section 5.02.

5.04. Satisfaction of Conditions Precedent. Notwithstanding anything to the contrary contained herein, the City's obligation to reimburse the Developer for Qualified Costs shall be subject to satisfaction, or waiver in writing by the HRA, of all of the following conditions precedent:

- (a) the conditions precedent in this Section 5.04 hereof have been satisfied;
- (b) the Developer shall have cured any title defects with respect to the Development Property;
- (c) the Developer shall not be in default under the terms of this Agreement beyond any applicable cure period;
- (d) the Developer shall have executed and recorded on the title to the Development Property, the Declaration of Restrictive Covenants, required by Section 2.05 hereof, as set forth in Exhibit B; and
- (e) the Developer shall have closed on or received commitments in financing sufficient to pay all costs to be incurred in connection with the Project.

In the event that all of the above conditions required to be satisfied as provided in this Section 5.04 have not been satisfied by December 31, 2020, either the HRA or the Developer may terminate this Agreement. Upon such termination, the provisions of this Agreement relating to the Minimum Improvements shall terminate and, except as provided in Article 8, neither the Developer nor the HRA shall have any further liability or obligation to the other hereunder.

5.05. Notice of Default. Whenever the HRA or the City shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in its obligations or covenants under this Agreement, the HRA or the City shall at the same time forward a copy of such notice or demand to each investor, lender, or holder of any permitted mortgage, lien or other similar encumbrance at the last address of such holder shown in the records of the HRA or the City. Each such investor, lender, or holder shall have the right, at its option, to cure or remedy such breach or default and to add the cost thereof to the mortgage debt and the lien of its mortgage; provided that if the breach or default is with respect to construction of the Project, nothing contained in this Agreement shall be deemed to permit or authorize such holder, either before or after foreclosure or action in lieu thereof, to undertake or continue the construction or completion of the Project without first having expressly assumed the obligation to the HRA and the City, by written agreement satisfactory to the HRA and the City, to complete the construction the Project in accordance with the plans and specifications therefor and this Agreement. Any such holder who shall properly complete the construction of the Project shall be entitled, upon

written request made to the HRA and the City, to a certification by the HRA and the City to such effect in the manner provided in Section 3.03.

5.06. Real Property Taxes. Prior to the Termination Date, the Developer shall pay all real property taxes payable with respect to all and any parts of the Development Property acquired and owned by it until the Developer's obligations have been assumed by any other person pursuant to the provisions of this Agreement.

The Developer agrees that prior to the Termination Date:

(1) It will not seek administrative review or judicial review of the applicability of any tax statute relating to the ad valorem property taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the inapplicability of any such tax statute as a defense in any proceedings with respect to the Development Property, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(2) It will not seek administrative review or judicial review of the constitutionality of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the unconstitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings with respect to the Development Property; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(3) It will not seek any tax deferral or abatement, either presently or prospectively authorized under M.S., Section 469.1813, or any other State or federal law, of the ad valorem property taxation of the Development Property between the date of execution of this Agreement and the Termination Date.

5.07 Action to Reduce Taxes. The Developer may seek through petition or other means to have the market value for the Development Property reduced. Until the TIF Note is fully paid, such activity must be preceded by written notice from the Developer. Upon receiving such notice, or otherwise learning of the Developer's intentions, the City may suspend payments due under the TIF Note until the actual amount of the reduction is determined, whereupon the City will make the suspended payments less any amount that the City is required to repay the County as a result any reduction in market value of the Development Property. During the period that the payments are subject to suspension, the City may make partial payments on the TIF Note if it determines, in its sole and absolute discretion, that the amount retained will be sufficient to cover any repayment which the County may require. The City's suspension of payments on the TIF Note pursuant to this Section shall not be considered a default under this Agreement.

5.08 Legal and Administrative Expenses. The Developer shall pay all Legal and Administrative Expenses in excess of the initial deposit of \$10,000 paid to the City by the Developer.

ARTICLE 6
Prohibitions Against Assignment and Transfer

6.01. Transfer of Property and Assignment. Other than leases made in the ordinary course of business, the Developer has not made and will not make, or suffer to be made, any total or partial sale, assignment, conveyance, lease, or other transfer, with respect to this Agreement, the Project or Property or any part thereof or any interest therein (other than any Mortgage or Mortgages securing financing for the Project or other than any assignment of the payments to be made to the Developer under Section 5.02 hereof that is permitted under Section 5.02 hereof), or any contract or agreement to do any of the same, without the prior written approval of the HRA and the City, which shall not be unreasonably withheld or delayed. The HRA and the City shall be entitled to require as conditions to any such approval that: (i) the proposed transferee have the qualifications and financial responsibility, as reasonably determined by the HRA and the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer; (ii) the proposed transferee, by recordable instrument satisfactory to the HRA and the City shall, for itself and its successors and assigns, assume all of the obligations of the Developer under this Agreement. No transfer of, or change with respect to, ownership in the Project or Property or any part thereof, or any interest therein, however consummated or occurring and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the HRA or the City of or with respect to any rights or remedies or controls provided in or resulting from this Agreement with respect to the Project or Property and the completion of the Project that the HRA or the City would have had, had there been no such transfer or change. There shall be submitted to the HRA and the City for review all legal documents relating to the transfer.

Notwithstanding the foregoing, this Section 6.01 shall not apply to any transfer or assignment to (i) any entity controlling, controlled by or under common control with the Developer or (ii) any entity in which the majority equity interest is owned by the parties that have a majority equity interest in the Developer.

Provided that no Event of Default exists hereunder, any such transfer or assignment shall release the Developer from its obligations hereunder upon execution and delivery to the HRA and the City by the transferee or assignee of an instrument in form and substance satisfactory to the HRA and the City by which the transferee or assignee assumes the obligations of the Developer hereunder.

In the absence of specific written agreement by the HRA and the City to the contrary, no such transfer or approval by the HRA and the City thereof shall be deemed to relieve the Developer, or any other party bound in any way by this Agreement or otherwise with respect to the completion of the Project, from any of their obligations with respect thereto.

6.02. Termination of Limitations on Transfer. The provisions of Section 6.01 shall terminate at such time as the Certificate of Completion has been issued by the City under Section 3.03 of this Agreement with respect to the Project; provided, however, that any assignment of the payments to be made to the Developer under Section 5.02 may only be assigned as permitted under Section 5.02 hereof.

ARTICLE 7
Event of Default; Fees

7.01. Events of Default. Subject to Unavoidable Delay, the following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any one or more of the following events which occurs and continues for more than thirty (30) days after written notice by the defaulting party of such default (and the term “default” shall mean any event which would with the passage of time or giving of notice, or both, be an “Event of Default” hereunder):

(a) Failure of the Developer to construct or reconstruct the Minimum Improvements as required hereunder.

(b) Failure of the Developer to furnish the Construction Plans as required hereunder.

(c) Failure of the Developer to pay to the HRA any amounts required to be paid by the Developer hereunder.

(d) Failure of the Developer or the HRA to observe and perform any other covenant, condition, obligation or agreement on its part to be observed or performed hereunder.

(e) Failure of the Developer to pay any taxes on the Development Property as they become due.

(f) Filing of any voluntary petition in bankruptcy or similar proceedings by the Developer; general assignment for the benefit of creditors made by the Developer or admission in writing by the Developer of inability to pay its debts generally as they become due; or filing of any involuntary petition in bankruptcy or similar proceedings against the Developer which are not dismissed or stayed within sixty (60) days.

7.02. Remedies on Default. In the event the HRA or the City desires to exercise any of its rights or remedies as provided herein or otherwise available to the HRA or the City at law or in equity, the HRA or the City shall first provide written notice to Developer setting forth with specific particularity the Event of Default and the action required to cure or remedy the same (the “Default Notice”). Developer or any transferee or assignee under Section 6.01 hereof, shall have thirty (30) days from receipt of a Default Notice to cure or remedy the Event of Default specified in the Default Notice, or such longer period as may be reasonably required to complete the cure as soon as reasonably possible under the circumstances. If, following Developer’s receipt of a Default Notice, Developer does not cure or remedy the Event of Default therein specified within the time provided above, the HRA or the City may take any one or more of the following actions at any time prior to Developer’s curing or remedying the Event of Default:

(a) Suspend its performance under this Agreement until it receives assurances from Developer, deemed adequate by the HRA or the City, that Developer will cure its default and continue its performance under this Agreement.

(b) In the case of a material default that is not cured within a reasonable period of time, Terminate all rights of Developer under this Agreement.

(c) Withhold the Certificate of Completion.

(d) Take whatever action at law or in equity may appear necessary or desirable to the HRA or the City to enforce performance and observance of any obligation, agreement, or covenant of Developer under this Agreement.

In the event the HRA or City should fail to observe or perform any covenant, agreement or obligation of the HRA or City on their part to be observed and performed under this Agreement, Developer may take any one or more of the following actions:

(a) Suspend its performance under this Agreement until it receives assurances from the HRA or City deemed adequate by Developer, that the HRA or City will cure its default and continue its performance under this Agreement.

(b) In the case of a material default that is not cured within a reasonable period of time, Terminate all rights of the HRA or the City under this Agreement.

(c) Take whatever action at law or in equity may appear necessary or desirable to Developer to enforce performance and observance of any obligation, agreement, or covenant of the HRA or the City under this Agreement.

7.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the HRA, the City, or to the Developer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the HRA, the City, or Developer to exercise any remedy reserved to them, it shall not be necessary to give notice, other than such notice as may be required under this Agreement.

7.04. Waivers. All waivers by any party to this Agreement shall be in writing. If any provision of this Agreement is breached by any party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

7.05. Agreement to Pay Attorneys' Fees. Whenever any Event of Default occurs and the HRA or the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, on demand therefor, pay to the HRA or the City the reasonable fees of such attorneys and such other expenses so incurred by the HRA or the City.

ARTICLE 8
General Provisions

8.01. Conflicts of Interest; HRA and City Representatives Not Individually Liable. No member, official, employee, or consultant or employee of a consultant of the HRA or the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, consultant or the consultant's employees or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested. No member, official, consultant or consultant's employee, or employee of the HRA or the City shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by the HRA or the City or for any amount which may become due to Developer or successors or on any obligations under the terms of this Agreement.

8.02. Equal Employment Opportunity. Developer, for itself and its successors and assigns, agrees that during the construction of the Project it will comply with any applicable affirmative action and nondiscrimination laws or regulations.

8.03. Restrictions on Use. Developer agrees for itself, and its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that Developer, and such successors and assigns, shall devote the Development Property to, and only to and in accordance with, the uses specified in the Redevelopment Plan, this Agreement and other agreements entered into between the Developer and the City, and shall not discriminate upon the basis of race, color, creed, religion, national origin, sex, marital status, disability, status with regard to public assistance, sexual orientation, and familial status in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

8.04. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

8.05. Business Subsidies Act.

The Developer warrants and represents that the Developer's investment in the purchase of the Development Property and in site preparation equals at least 70% of the City Assessor's finalized market value of the Development Property for the 2018 assessment year (the most recent year for which finalized values are available), calculated as follows:

Aggregate cost of acquisition of Development Property.....	\$3,200,000
<i>Plus</i> Estimated cost of site preparation.....	\$1,000,000
<i>Less</i> site preparation costs reimbursed by the Authority.....	(\$1,000,000)
<i>Equals</i> net land and site preparation cost.....	\$3,245,000

Assessor's finalized market value
of Development Property (2018).....\$1,817,000

\$3,245,000 (net acquisition and site preparation cost) is 178.59% of \$1,817,000
(Assessor's finalized fair market value of the Development Property for 2018).

Accordingly, the parties agree and understand that the financial assistance described in this Agreement does not constitute a business subsidy within the meaning of the Business Subsidy Act. The Developer releases and waives any claim against the HRA and its governing body members, officers, agents, servants and employees thereof arising from application of the Business Subsidy Act to this Agreement, including without limitation any claim that the HRA failed to comply with the Business Subsidy Act with respect to this Agreement.

8.06. Term of Agreement. This Agreement shall terminate upon the earlier to occur of (i) February 1, 2041, (ii) the date the TIF Note is paid in full, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms; it being expressly agreed and understood that the provisions of this Agreement are intended to survive the expiration and satisfaction of any security instruments placed of record contemporaneously with this Agreement, if such expiration and satisfaction occurs prior to the expiration of the term of this Agreement, as stated in this Section 8.06.

8.07. Provisions Surviving Termination. Sections 4.01 and 7.05 hereof shall survive any termination, rescission, or expiration of this Agreement with respect to or arising out of any event, occurrence, or circumstance existing prior to the date thereof.

ARTICLE 9 Administrative Provisions

9.01. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under this Agreement by any party to another party shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally as follows:

(a) in the case of Developer, addressed to or delivered personally to:

Swans Corner LLC
319 Barry Ave .South
Suite 301
Wayzata, MN 55391
Attention: Lowell Zitzloff/Rick Zitzloff

(b) in the case of the City, addressed or delivered personally to:

City of Wayzata
Wayzata City Hall
600 Rice Street East

Wayzata, MN 55391
Attention: City Manager

(c) in the case of the HRA, addressed or delivered personally to:

Housing and Redevelopment Authority
of the City of Wayzata
600 Rice Street East
Wayzata, MN 55391
Attention: Executive Director

The HRA, City and the Developer, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications should be sent.

9.02. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

9.03. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the HRA, the City and the Developer and their respective successors and assigns.

9.04. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

9.05. Amendments, Changes and Modifications. This Agreement may be amended or any of its terms modified only by written amendment authorized and executed by the HRA, the City, and the Developer. The Chair and Executive Director of the HRA are authorized to execute and deliver amendments and any documents related to this Agreement on behalf of the HRA. The Mayor and City Manager are authorized to execute and deliver amendments and any documents related to this Agreement on behalf of the City.

9.06. Further Assurances and Corrective Instruments. The HRA, the City, and the Developer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Development Property or the Minimum Improvements or for carrying out the expressed intention of this Agreement.

9.07. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope of intent of any provisions or Sections of this Agreement.

9.08. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota without giving effect to the conflicts-of-laws principles thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

HOUSING AND REDEVELOPMENT
AUTHORITY OF THE CITY OF WAYZATA

By _____
Thomas Shaver, Chair

And _____
Jeffrey Dahl, Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me on this ____ day of _____, 2019, by Thomas Shaver, the Chair, and Jeffrey Dahl, the Executive Director, of the Housing and Redevelopment Authority of the City of Wayzata, a body politic and corporate under the laws of the state of Minnesota, on behalf of the Authority.

IN WITNESS WHEREOF, I have set my hand and my official seal this ____ day of _____, 2019.

Notary Public

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

CITY OF WAYZATA, MINNESOTA

By _____
Kenneth Willcox, Mayor

And _____
Jeffrey Dahl, City Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me on this ____ day of _____, 2019, by Kenneth Willcox, the Mayor, and Jeffrey Dahl, the City Manager, of the City of Wayzata, a Minnesota municipal corporation, on behalf of the corporation.

IN WITNESS WHEREOF, I have set my hand and my official seal this ____ day of _____, 2019.

Notary Public

SWANS CORNER LLC, a Minnesota limited liability company

By: _____
Lowell Zitzloff

Its: President

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me on this ____ day of _____, 2019, by Lowell Zitzloff, the President of Swans Corner LLC, a Minnesota limited liability company, on behalf of the company.

IN WITNESS WHEREOF, I have set my hand and my official seal this ____ day of _____, 2019.

Notary Public

EXHIBIT A

DEVELOPMENT PROPERTY

The real property and interests in such property located in the County of Hennepin, State of Minnesota and described as follows:

Parcel Numbers

0611722310006

0611722310005

0611722310004

EXHIBIT B

COVENANTS AND RESTRICTIONS

During the term of that certain Redevelopment Agreement between the Wayzata Housing and Redevelopment Authority, the City of Wayzata, and Swans Corner LLC, dated [_____] 1, 20[___] and recorded in the Office of the Hennepin County Registrar as Document No. [_____] on [_____] 20[___], the Property shall be subject to the following covenants and restrictions:

1. The Property shall not be exempt from real estate taxes notwithstanding the ownership or use of the land.

2. The Property shall not be sold, transferred, conveyed or leased to any of the following parties:

- (a) An institution of purely public charity;
- (b) A church or ancillary tax-exempt housing;
- (c) A public hospital;
- (d) A public school district;
- (e) An organization exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, if as a result of such sale, transfer, conveyance or lease the Property would become exempt from real estate taxes; or
- (f) A Minnesota cooperative association organized under Minnesota Statutes, Section 308.05 and 308.18 for the purpose of complying with the provisions of Minnesota Statutes, Section 273.133, subdivision 3, or any other party that would cause the Property to be valued and assessed for real estate tax purposes at a lower percentage of its market value than the Property is then being valued and assessed for real estate tax purposes or would result in the Property becoming exempt from real estate taxes.

3. The Property shall not be used for any of the following purposes:

- (a) The operation of a public charity;
- (b) A church or house of worship;
- (c) The operation of a public hospital;
- (d) The operation of a public schoolhouse, academy, college, university or seminary of learning; or

- (e) Any other use which would cause the Property to be valued and assessed for real estate tax purposes at a lower percentage of its market value than the Property is then being valued and assessed for real estate tax purposes or would result in the Property becoming exempt from real estate taxes.

4. The Property shall be devoted to uses consistent with a “redevelopment district” under Minnesota Statutes, Sections 469.174 through 469.1794.

5. The Property owner shall:

- (a) not discriminate on the basis of color, creed, national origin, or sex in the sale, lease, use or occupancy of the Property, the Minimum Improvements or any part thereof;
- (b) develop the Development Property in an orderly manner consistent with the City’s zoning ordinances and comprehensive plan.

6. The covenants and restrictions herein contained shall run with the title to the Property and shall be binding upon all present and future owners and occupants of the Property; provided, however, that the covenants and restrictions herein contained shall inure only to the benefit of the City and may be released or waived in whole or in part at any time, and from time to time, by the sole act of the City, and variances may be granted to the covenants and restrictions herein contained by the sole act of the City. These covenants and restrictions shall be enforceable only by the City, and only the City shall have the right to sue for and obtain an injunction, prohibitive or mandatory, to prevent the breach of the covenants and restrictions herein contained, or to enforce the performance or observance thereof.

7. The covenants and restrictions herein contained shall remain in effect until the later of (i) February 1, 2041, or (ii) the payment in full of principal of, and interest on, the limited revenue tax increment note issued in accordance with the Agreement, and thereafter shall be null and void.

EXHIBIT C

PROJECT DESCRIPTION; QUALIFIED COSTS

Project Description

The Project involves the construction of an approximately ~~28,362~~30,900 square foot office and retail complex.

Qualified Costs

The estimated public costs of the TIF District are listed below. Such costs (“Qualified Costs”) are eligible for reimbursement from tax increments of the TIF District. The categories below identify the categories of expenses that the parties agree may be reimbursed through tax increment financing. The amounts assigned to each category are estimates only and not independent limitations of Developer’s Qualified Costs.

Demolition	\$ 100,000
Environmental Remediation/Soils Correction	500,000
Façade Renovation	<u>400,000</u>
Total	\$1,000,000*

* Developer’s Qualified Cost. The total principal amount of any and all tax increment notes issued to reimburse the Developer for Qualified Costs of the Project will not exceed \$ 1,000,000.

EXHIBIT D

CERTIFICATE OF COMPLETION

WHEREAS, Swans Corner LLC, a Minnesota limited liability company (“the Developer”), is the owner and the Developer of the property in the County of Hennepin and State of Minnesota described on Exhibit A hereto and made a part hereof (the “Development Property”); and

WHEREAS, the Development Property is subject to the provisions of a certain Redevelopment Agreement (the “Agreement”) in the Central Area Redevelopment District and Tax Increment Financing District No. 6 - Downtown West, dated as of [_____] 1, 20[___], between the Developer, Housing and Redevelopment Authority of the City of Wayzata, and the City of Wayzata, Minnesota; and

WHEREAS, the Developer has fully and duly performed all of the covenants and conditions of Developer under the Agreement with respect to the completion of the Project (as defined in the Agreement);

NOW, THEREFORE, it is hereby certified that all requirements of the Developer under the Agreement with respect to the completion of the Project have been completed and duly and fully performed, and this instrument is to be conclusive evidence of the satisfactory termination of the covenants and conditions of the Agreement as they relate to the completion of the Project. All other covenants and conditions of the Agreement shall remain in effect and are not terminated hereby.

Dated this ____ day of _____, 20__.

CITY OF WAYZATA, MINNESOTA

By _____
Kenneth Willcox, Mayor

And _____
Jeffrey Dahl, City Manager

Exhibit A

Development Property

The real property and interests in such property located in the County of Hennepin, State of Minnesota and described as follows:

Parcel Numbers

0611722310006
0611722310005
0611722310004

EXHIBIT E

FORM OF LIMITED TAX INCREMENT REVENUE NOTE

No. R-_____

\$[_____]

**UNITED STATES OF AMERICA
STATE OF MINNESOTA
CITY OF WAYZATA
HOUSING AND REDEVELOPMENT AUTHORITY OF
THE CITY OF WAYZATA**

**LIMITED REVENUE TAXABLE TAX INCREMENT NOTE
(SWANS CORNER LLC PROJECT)**

PRINCIPAL AMOUNT:

\$ INTEREST RATE: [__]%

The Housing and Redevelopment Authority of the City of Wayzata (the “HRA”) for value received, promises to pay, but solely from the source, to the extent and in the manner hereinafter provided, to [Developer], or its registered assigns (the “Owner”), the principal sum of _____ (\$_____), in semi-annual installments payable on August 1, 2021, and on each February 1 and August 1 thereafter up to and including February 1, 2041 (each being a “Scheduled Payment Date”), together with interest on the outstanding and unpaid principal balance of this Note at the rate of [__] ([__]%) per annum. Installment payments shall be applied first to interest and then to a reduction of outstanding principal. Interest on the outstanding balance of this Note shall accrue from the date hereof as simple, non-compounding interest. Each payment on this Note is payable in any coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts and shall be made by check or draft made payable to the Owner and mailed to the Owner at the postal address within the United States designated from time to time by the Owner.

This Note is subject to prepayment on any Scheduled Payment Date at the option of the HRA, in whole or in part, upon payment to the Owner of the principal amount of the Note to be prepaid, without premium or penalty.

This Note is a special and limited obligation and not a general obligation of the HRA, which has been issued by the HRA in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including M.S., Sections 469.174 through 469.1794. This Limited Tax Increment Revenue Note (Swans Corner LLC Project) (or “Note”) is issued pursuant to the provisions of that certain Redevelopment Agreement, dated as of [Month] [Day], 20[__], as the same may be amended from time to time (the “Redevelopment Agreement”), by and between the HRA, the City of Wayzata, Minnesota (the “City”) and Swans Corner LLC (the “Developer”).

THIS NOTE IS NOT PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN PLEDGED TAX INCREMENT, AS DEFINED BELOW.

The Note Payment Amounts due hereon shall be payable solely from a portion of the tax increments, less the HRA's administrative fee of ten percent (10%), from the Development Property within the HRA's Tax Increment Financing District No. 6 – Downtown West (the "Tax Increment District") within its Central Area Redevelopment District, which are paid to the HRA and which the HRA is entitled to retain pursuant to the provisions of M.S., Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Available Tax Increment"). The HRA makes no representation or covenant, express or implied, that the Available Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The HRA shall pay to the Owner on each Scheduled Payment Date all Available Tax Increment on that date to the extent necessary to pay principal and interest then due and any past due installment. To the extent that the HRA is unable to pay the total principal and interest due on this Note at or prior to the February 1, 2041 maturity date hereof as a result of its having received as of such date insufficient Available Tax Increment, such failure shall not constitute a default under this Note and the HRA shall have no further obligation hereon.

This Note shall not be payable from or constitute a charge upon any funds of the HRA, and the HRA shall not be subject to any liability hereon or be deemed to have obligated itself to pay hereon from any funds except the Available Tax Increment, and then only to the extent and in the manner herein specified.

The Owner shall never have or be deemed to have the right to compel any exercise of any taxing power of the HRA or of any other public body, and neither the HRA nor any council member, officer, employee or agent of the HRA, nor any person executing or registering this Note shall be personally liable hereon by reason of the issuance or registration hereof or otherwise. The Owner may assign its rights hereunder, with notice thereof provided to HRA, in accordance with the associated TIF Agreement.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the HRA outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the HRA to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the Housing and Redevelopment Authority of the City of Wayzata has caused this Note to be executed by the manual signatures of the Chair and the Executive Director and has caused this Note to be dated as of _____, 20__.

Thomas Shaver, Chair

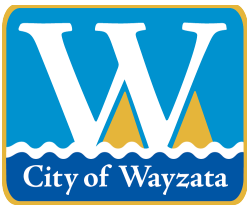
Jeffrey Dahl, Executive Director

Document comparison by Workshare Compare on Monday, July 22, 2019
1:16:53 PM

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Description	Wayzata - TIF Redevelopment Agreement 4845-7285-1585 v.8
Document 2 ID	file://C:\Users\Lindgren.Jay\Documents\Wayzata - TIF Redevelopment Agreement-v11.docx
Description	Wayzata - TIF Redevelopment Agreement-v11
Rendering set	Standard

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Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Moved to	0
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Total changes	23



City of Wayzata Housing and Redevelopment Authority Agenda Report

MEETING DATE: July 25, 2019	AGENDA ITEM: 6.a.
TITLE: Consider Receipt of 2018 HRA Financial Report	
PROPOSED MOTION: To Accept the 2018 HRA Financial Report	
PREPARED BY: Jeff Dahl, Executive Director	
REVIEWED BY: N/A	

ACTION REQUESTED:

Staff recommends acceptance of the 2018 HRA Financial Report.

FINANCIAL OR BUDGET CONSIDERATION:

See the attached report.

BACKGROUND:

Every year, the HRA reviews its financials based on a report from its financial consultant, AEM. Attached is a memo and an updated analysis as presented by Steve McDonald, from AEM, for your review. This item is a part of the City Audit process and therefore can only be approved after the audit is complete in June.

Jean McGann, from AEM, will be in attendance to provide a brief presentation and answer any questions.

ATTACHMENTS:

1. HRA Financials Memo for 12-31-18 - Published

MEMORANDUM

To: Jeff Dahl, City Manager
From: Steve McDonald, City Contracted Finance Director
Re: HRA Financial Statements -12-31-2018

Background

The Wayzata Housing and Redevelopment Authority (HRA) assists the City Council in addressing the City's housing and redevelopment goals and objectives in accordance with the Comprehensive Plan. It is a legally separate entity, of which the governing body consists of a five member board of commissioners approved, but not selected, by the City Council. With the exception of the City Council approving board members and the HRA's budget, the HRA has complete control over its own duties. However, all HRA administrative and financial functions are performed by City staff, and the HRA is fiscally dependent upon the City. It is these criterion that result in the HRA being reported as a discretely presented component unit. The HRA does not prepare separate financial statements. Information on the HRA's governmental funds are shown as attachments to this memo.

The HRA has three active and 1 complete funds to report activity. They are described below:

314 Widsten Tax Increment (TIF 3) - TIF District No. 3 was submitted for certification on February 22, 1995 and was certified March 1, 1996. TIF District No. 3 must be decertified no later than March 1, 2020. TIF District No. 3 was originally established in 1995 to facilitate the redevelopment of the Widsten Elementary School which had been vacated by I.S.D. No. 284 (Wayzata). Pursuant to the 1995 TIF Plan the City and HRA acquired certain parcels and completed public redevelopment activities including various utility and streetscape improvements. Acquired land on the Widsten block was resold for private redevelopment. An amendment to the TIF Plan for TIF District No. 3 was adopted February 21, 2001 authorizing increased expenditures for a municipal parking facility on Mill Street and addition storm sewer improvements.

This fund has completed its original purpose but obtained special legislation that would allow for broader use of existing and future tax increment. Future increment will be used to pay for debt service related to the Municipal Ramp. This obligation is evidenced by the \$1,534,266 due to the general fund of the City. The fund has a remaining commitment of \$1,122,303.

316 Bay Center Tax Increment (TIF 5) - The City Council of the City of Wayzata, Minnesota (the "City") and the Housing and Redevelopment Authority in and for the City (the "Authority") have determined that pursuant to the 2010 Wayzata TIF District No. 5 Special Law, it is necessary and in the best interests of the City to decertify Redevelopment Tax Increment Financing District No. 5, originally certified June 11, 2009, and adopt and implement a Tax Increment Financing TIF Plan ("TIF Plan") for Replacement Redevelopment TIF District No. 5 ("Replacement TIF District No. 5") and request a new Replacement TIF District No. 5 certification. Replacement TIF District No. 5 lies within the Central Area Redevelopment District (the "CARD"), which was established in 1977 and enlarged and modified by amendments to the Redevelopment Project Plan in 1979, 1986, 1992, 1995 and 1999, and 2008.

The 2010 Wayzata TIF District No. 5 Special Law was enacted by the Minnesota legislature in recognition of the detrimental impact of the 2008 economic downturn on real estate redevelopment projects such as the proposed redevelopment of the Wayzata Bay Center as described in the Agreement and TIF Plan for TIF District No. 5. The City and Authority were allowed additional flexibility, in part, as follows:

Any parcel is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (1), if the following conditions are met:

- 1) a building on the parcel was demolished by a developer or the city after the city council found the building to be structurally substandard upon approval of original tax increment financing plan for the district; and
- 2) the city decertifies Redevelopment Tax Increment Financing District No. 5, but files a request with the county auditor for certification of the parcel as part of a subsequent redevelopment or renewal and renovation district within ten years after the date of demolition.

This District will be used to fund pay as you go notes totaling \$23 million and approximately \$520,000 of annual debt service costs on the new municipal ramp. Currently there is a fund balance of \$122,028.

305 Downtown (TIF 6) - The District currently consists of 24 parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the construction of approximately 71 condos, 53,690 square feet of office space, 10,603 square feet of retail space, a public lot/ramp and road and streetscape improvements along Lake Street within the City. Currently, Wayzata Blu is under construction with 18 condos and approximately 3,500 sq./ft of retail located on four (4) parcels along Lake Street. The developer did not request, nor is the HRA providing assistance to this project. In addition, Homestead Properties is constructing 22 condos on the former Meyers Dairy site located at 105 Lake Street East. The developer did not request, nor is the HRA providing assistance to this project.

There are three other active redevelopments at different phases of the development process. 253 Lake Street has received all necessary planning and TIF approvals for a 16-unit condominium building called Ventana but has not commenced construction. 235 Lake Street has received planning approvals for a 3-story office building and has indicated that they would apply for TIF but has not submitted a completed application as of December 31, 2018. Lastly, 305 Lake Street, properties owned by Lowell Zitzloff, have received planning approvals in late 2018 for a 30,000 sf three story office building and staff is working on a draft TIF Agreement, but, as of December 31, 2018, an agreement has not been approved.

All potential TIF Agreements will be on a pay-as-you-go basis. The City intends to utilize TIF for purposes of paying for public improvements, including but not limited to, a new City parking lot/ramp, road, streetscape and utility improvements.

The current fund deficit of \$50,256 resulted from the initial costs to establish the district and some preliminary construction costs. It should be eliminated when increment begins in 2020.

440 Housing (TIF 2) - This fund represents the remaining pooled funds from the TIF 2 (Card) district. There are no current debt obligations for this fund.

A summary of the funds are shown below.

	Name of TIF District			
	TIF 2 Card	TIF 3 Widsten	TIF 5 Replacement	TIF 6 Downtown West
Current net tax capacity (assessment 2017, taxes pay 2018)	\$ 0	\$ 440,233	\$ 2,833,072	\$ 0
Original net tax capacity (assessment 2017, taxes pay 2018)	\$ 0	\$ 14,451	\$ 335,250	\$ 0
Captured net tax capacity (assessment 2017, taxes pay 2018)	\$ 0	\$ 425,782	\$ 2,497,822	\$ 0
Tax increment received in 2018	\$ 0	\$ 420,871	\$ 2,418,273	\$ 0
Tax increment expended in 2018	\$ 0	\$ 68,273	\$ 2,295,799	\$ 32,107
Month and year of first tax increment receipt (MM / YYYY)	6 / 1987	6 / 1997	5 / 2015	7 / 2020
Date of required decertification (MM / DD / YYYY)	12/31/2012	12/31/2022	12/01/2040	12/01/2045
Increased property tax imposed on other properties as a result of fiscal disparities contribution*	\$ 0	\$ 0	\$ 0	\$ 0

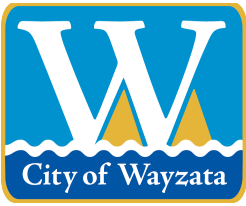
Overall - The financial activities of the HRA are consistent with the City expectations and there appears to be adequate resources to fund future activity. The deficit fund balances that exists will be eliminated based on current cash flow projections and are typical in the management of these districts.

Attachment: HRA 2018 Financials

City of Wayzata, Minnesota					
Housing and Redevelopment Authority					
(Discretely Presented Component Unit)					
Combining Balance Sheet					
December 31, 2018					
	Special Revenue	Debt Service	Capital Projects		
	440	314	316	305	
	Housing	Widsten Tax Increment	Bay Center Tax Increment	Downtown TIF 6	Total
Assets					
Cash and temporary investments	\$ 29,521	\$ 247,321	\$ 992,281	\$ -	\$ 1,269,123
Receivables					
Accrued interest	8,663	-	-	-	8,663
Taxes	-	10,674	34,497	-	45,171
Notes	19,250	-	-	-	19,250
Total Assets	\$ 57,434	\$ 257,995	\$ 1,026,778	\$ -	\$ 1,342,207
Liabilities					
Accounts payable	\$ -	\$ -	\$ 904,750	\$ 270	\$ 905,020
Accrued interest payable	-	18,398	-	-	18,398
Due to primary government	-	1,103,905	-	50,256	1,154,161
Deposits payable	703	-	-	-	703
Total Liabilities	703	1,122,303	904,750	50,526	2,078,282
Fund Balances					
Restricted for economic development	56,731	-	122,028	-	178,759
Unassigned	-	(864,308)	-	(50,526)	(914,834)
Total Fund Balances	56,731	(864,308)	122,028	(50,526)	(736,075)
Total Liabilities and Fund Balances	\$ 57,434	\$ 257,995	\$ 1,026,778	\$ -	\$ 1,342,207
Total Fund Balances Reported Above					\$ (736,075)
Amounts reported for the Housing and Redevelopment Authority in the statement of net position are different because					
Capital assets used in the Housing and Redevelopment Authority are not financial resources and therefore are not reported as assets in the funds.					
Cost of capital assets					2,092,900
Total Net Position - Housing and Redevelopment Authority					\$ 1,356,825

Attachment: HRA 2018 Financials (Continued)

City of Wayzata, Minnesota					
Housing and Redevelopment Authority					
(Discretely Presented Component Unit)					
Combining Statement of Revenues, Expenditures and					
Changes in Fund Balances					
For the Year Ended December 31, 2018					
	Special	Debt Service	Capital Projects		
	Revenue				
	440	314	316	305	
		Widsten	Bay Center	Downtown	
	Housing	Tax Increment	Tax Increment	TIF 6	Total
Revenues					
Tax increment	\$ -	\$ 420,871	\$ 2,418,273	\$ -	\$ 2,839,144
Investment earnings (charges)	900	4,841	7,645	(469)	12,917
Total Revenues	900	425,712	2,425,918	(469)	2,852,061
Expenditures					
Current					
Housing and economic development	-	14,075	2,295,799	32,107	2,341,981
Debt service					
Interest and other	-	54,198	-	-	54,198
Total Expenditures	-	68,273	2,295,799	32,107	2,396,179
Net Change in Fund Balances	900	357,439	130,119	(32,576)	455,882
Fund Balances, January 1	55,831	(1,221,747)	(8,091)	(17,950)	(1,191,957)
Fund Balances, December 31	\$ 56,731	\$ (864,308)	\$ 122,028	\$ (50,526)	\$ (736,075)



City of Wayzata Housing and Redevelopment Authority Agenda Report

MEETING DATE: July 25, 2019	AGENDA ITEM: 6.b.
TITLE: Consider Appointment of Sub-Committee to Review HRA Bylaws	
PROPOSED MOTION: To Appoint Two HRA Commissioners, along with staff, to review the HRA Bylaws	
PREPARED BY: Jeff Dahl, Executive Director	
REVIEWED BY: N/A	

ACTION REQUESTED:

Staff recommends appointment of a subcommittee, along with a staff liaison and ultimate review by the City Attorney, to propose any needed updates to the HRA Bylaws.

FINANCIAL OR BUDGET CONSIDERATION:

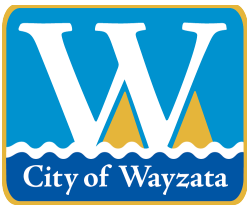
N/A

BACKGROUND:

At its March meeting, the HRA recommended that this item be placed on the next meeting agenda. It was noted that there are several areas that should be updated and more aligned with the mission, vision, and strategic initiatives of the City and the Comprehensive Plan.

ATTACHMENTS:

None



City of Wayzata Housing and Redevelopment Authority Agenda Report

MEETING DATE: July 25, 2019	AGENDA ITEM: 6.c.
TITLE: Review of Development Updates	
PROPOSED MOTION: N/A	
PREPARED BY: Jeff Dahl, Executive Director	
REVIEWED BY: N/A	

ACTION REQUESTED:

N/A

FINANCIAL OR BUDGET CONSIDERATION:

N/A

BACKGROUND:

Staff will be providing verbal updates on:

- Pending Developments;
- Proposed Developments;
- Public Parking Lot at Barry and Lake Street;
- Lake Effect;
- 2040 Comprehensive Plan Update; and
- Special Services District/Parking Assessment.

ATTACHMENTS:

None