HOUSING AND REDEVELOPMENT AUTHORITY
Meeting Agenda

Wayzata City Hall Community Room, 600 Rice Street
Thursday, September 24, 2020
1:00 PM

Pursuant to Minnesota Statute Sec. 13D.015 and because of the COVID19 Pandemic, this Housing & Redevelopment Authority Meeting is being held remotely by electronic means using the audio and video conferencing platform, Zoom. Members of the public may submit comments or questions about items on the agenda in advance by emailing PublicComment@wayzata.org, calling City staff at 952-404-5300, or mailing comments to Wayzata City Hall at 600 Rice St E, Wayzata, MN 55391 (Attn: Public Comments). To speak regarding a particular agenda item during the meeting, you may call 312-626-6799, enter Zoom Meeting ID 954 3297 6936, Passcode 830299, and press *9 to speak. You will be placed on hold and muted until you have been recognized and invited to speak.

1. **Pledge of Allegiance**
2. **Roll Call**
3. **Approval of Agenda**
4. **Approval of Minutes**
   a. Consider Approval of HRA Minutes of April 21, 2020
5. **Old Business**
6. **New Business**
   a. Consider Receipt of 2019 HRA Financial Report
   b. Approval of Amended TIF Agreement with Ventana, LLC
   c. Review of Development Updates
7. **Next Meeting Date: December 17, 2020**
8. **Adjournment**

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: September 24, 2020	**AGENDA ITEM:** 4.a
TITLE: Consider Approval of HRA Minutes of April 21, 2020	
PROPOSED MOTION: To Approve the HRA Meeting Minutes of April 21, 2020	
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. April 21, 2020 HRA Minutes (Draft)

HRA members present: T. Shaver, B. Ambrose, S. Fox, and R. Wothe, T. Huml.
HRA members absent and excused: None
City Staff present: City Manager Jeff Dahl, Community Development Director Emily Goellner, City Clerk Kathy Lerrvig, Assistant Planner Nick Kieser, and City Attorney David Schelzel
Others present: Stacie Kvilvang, Ehlers & Associates

Chair Shaver called the meeting of the HRA to order at 7:30 am.

PLEDGE OF ALLEGIANCE

Shaver introduced Terri as a member to the HRA and thanked her for her service. Commissioner Huml thanked Chair Shaver and was excited to be a part of the HRA.

APPROVAL OF AGENDA

Fox motioned to approve the April 21, 2020, meeting agenda as presented, seconded by Ambrose. The motion passed 5/0 by voice vote.

APPROVAL OF MINUTES

a. Approval of HRA Minutes of July 25, 2019

Wothe motioned to approve the July 25, 2019, minutes as presented, seconded by Ambrose. The motion passed 5/0 by voice vote.

OLD BUSINESS

None.

NEW BUSINESS

a. Election of Officers

Dahl reviewed the election of officers with the HRA members.

Shaver indicated it is the HRA's duty to appoint the three officers and he would propose keeping Wothe as Vice Chair and Ambrose as Secretary of the HRA.

Fox nominated Member Shaver for Chair, Member Wothe as Vice Chair and Member Ambrose as Secretary of the HRA.

Fox made a motion, seconded by Wothe to approve Shaver as Chair, Wothe as Vice Chair and Ambrose as Secretary of the HRA. The motion passed 5/0 by voice vote.

b. Discussion of Bylaws

Dahl explained this was brought up last year at the July 25, 2019 HRA meeting. A subcommittee was appointed to examine the bylaws and the Commissioners on that committee were Tyacke, Fox and himself but due to Commissioner Tyacke's resignation the subcommittee never met. He suggested re-appointment of a subcommittee to propose any updates.

Shaver asked the Commission after examining the Bylaws if there was a suggestion to appoint a new subcommittee to review these further as it specifically relates to the goals and any other sub-sections of the Bylaws.

Fox was not sure it was a priority, in reading the seven goals of the HRA, some are somewhat obtuse but whether that is crying out for an updating or a different language or different goals he would leave that up to the rest of the Commissioners.

Huml indicated she did not have any opinion that would be germane to the discussion.

Consensus on the HRA was that the bylaws would remain as is and that the HRA could always reevaluate importance next year.

c. Appointment of Executive Director

Jeff Dahl was appointed Executive Director.

Fox made a motion, seconded by Ambrose to Re-Appoint Jeffrey Dahl as Executive Director. The motion passed 5/0 by voice vote.

d. Consider Approval of Tax Increment Financing Agreement (TIF) with Melvin's 235 & 239 Lake Street East.

Dahl presented the Tax Increment Financing Agreement (TIF) to the HRA.

Kvilvang, Ehlers & Associates made a presentation to the HRA.

Dahl asked the applicant if he had any comments.

Attorney Greg Soule, present and indicated the applicant Pat Hughes has been listening and is aware but his computer locked up but wanted to express his appreciation to the HRA for this funding and is looking forward to bringing a great new project to the City.

Wothe made a motion, seconded by Fox to approve the TIF Agreement with Melvin's and Authorize Staff to Implement the Terms of the Agreement. The motion passed 5/0 by voice vote.

e. Consider Approval of Tax Increment Financing Agreement (TIF) with Lothenbach Properties VI, LLC at 401 Lake Street East.

Dahl presented the Tax Increment Financing Agreement (TIF) to the HRA.

Kvilvang, Ehlers & Associates made a presentation to the HRA.

Fox asked Dahl if he seeing these types of soil correction numbers for other projects in the area. Dahl stated they were and really depends on the parcel based on the elevation and how wet it is and then what previous uses were there. They are seeing a lot in the larger districts.

Fox assumed with demo and asbestos abatement that building must have a lot of asbestos issues with it since it is a rather small building to tear down. Dahl indicated the applicant could speak to that, but it is part of the overall district which there was a higher percentage of blighted buildings and he believed that was one of the buildings that was determined to be blighted.

Fox thought that architecturally it was a beautiful building.

Mr. Greg Keup, representing the Lothenbach family, was at the meeting to answer questions.

Shaver asked if the sewer relocation due to aging and he also saw there was some parking and wondered if there was a depth that the sewer was being dropped down to in order to accommodate underground parking. Mr. Keup explained they are going down near or to the water table and have added thirty-eight parking spaces so there is an additional cost for that as well.

Shaver asked what the timing was to move forward, assuming approval through the HRA and City Council. Mr. Keup thought they needed to begin before the end of the year but hope to start shortly, later this spring.

Dahl indicated these two TIF items will be before the City Council on May 5th.

Shaver asked if this home office be the only tenant in the building. Mr. Keup stated the home office will be in the front part of the third floor and then there will be a tenant in the back of the third floor with additional office space on the second floor with another tenant to come in and be identified. There will also be retail space on the front of the main floor.

Fox made a motion, seconded by Wothe to approve the TIF Agreement with Lothenbach Properties VI and Authorize Staff to Implement the Terms of the Agreement. The motion passed 5/0 by voice vote.

f. <u>Consider Adoption of Resolution 01-2020 Authorizing Execution of Tax Increment Pledge Agreement between the City and HRA for $3,710,000 General Obligation Tax Increment Financing Bonds (TIF) Bonds, Series 2020A.</u>

Dahl explained the HRA Commission is asked to adopt the attached resolution authorizing execution of Tax Increment Pledge Agreement between the City and the HRA for $3,710,000 General Obligation Tax Increment Financing Bonds (TIF) Bonds, Series 2020A.

Dahl reviewed the staff report with the Commission.

Wothe made a motion, seconded by Fox to adopt Resolution 01-2020 Attached Pledge Agreement between the City and HRA. The motion passed 5/0 by voice vote.

g. Discussion of Business Assistance Options related to the COVID-19 Pandemic.

Dahl explained at its April 7, 2020 City Council meeting there was brief discussion regarding options to help businesses in Wayzata to help them get through the economic crisis related to COVID-19.

Kieser & Goellner reviewed the staff report with the Commission.

Huml asked when talking about fees and such is that being based on the number of businesses currently in business today. Goellner indicated that was correct and based on what was paid in 2019. Huml thought it was kind of a moving target and thought it might be a little overzealous to even base anything on what was collected in 2019 because staff does not know how many businesses are going to remain in business by the time everybody reopens. She wondered if there will even be dine in service for the rest of the year. These are all moving targets so rather then talking about how the City will be subsidizing these it may not be collectible so staff should keep that in mind. There are so many variables at play, and she has talked to every single business owner to see what they have done with regard to taking advantage of the State and Federal programs. A lot of the language in this PPP program is ambiguous, confusing and several of the restaurants have not applied for it yet and are waiting for more clarification from the SBA. She thought it was a little overzealous to think these fees are going to be collected by the City this year.

Shaver thought Huml was raising a point to the State and Federal programs that are out there. He asked if there is an opportunity for the City to add consultative services that small businesses could use that is paid for by the City to navigate through the PPP program or other State and Federal opportunities that exist in this current environment because he thought that the PPP plan has been a moving target as well and has been difficult to apply and not only that but it seems like it has missed the target relative to banks being able to support the local small businesses as the banks prioritize their clients in terms of what can be produced and moved through. He would love the City to consider bringing on a consultant that could be utilized by small business and then also looking at the local community bank structure and deploying a task force that really is Wayzata centric and Lakeside centric for its small businesses to provide a resource and be able to advocate through that. He indicated he does know people who have applied for PPP and they have navigated through it successfully and have deposited in their accounts that have offered them the opportunity to maintain employment during this period of time and do certain things that have allowed the business to remain open.

Huml thought Wayzata was incredibly lucky in having two community banks with Tradition and Flagship that have been incredible. She thought the biggest issue right now and the reason why some people have chosen not to apply for the PPP is because there is a set period in which the money has to be spent, which is 8 weeks. The business would rather have the money stretch out past the 8 weeks plus the 25/75 percentage required to spend is also difficult for some. What she was hoping as well is that there could be some relief from some of the landowners in town with regard to maybe tax abatement so that maintenance and taxes could be reduced in order to make the money go a little further. She loved the idea of having a resource available for businesses that can help them navigate.

Ambrose expressed his appreciation for all of the staff work that has gone into this as well as Commissioner Huml and Chair Shaver's comments. He did realize the restaurants are suffering but others are too, such as Minnetonka Travel, for example. He has to think that this business is devastated as well. He was not sure if the business has applied for PPP or whatever is appropriate and perhaps staff has talked with them at some point, but it has to be devastating. Goellner indicated she has not talked to Minnetonka Travel directly, but she will add them to her list.

Fox supported Commissioner Shaver's suggestion to Wayzata centric businesses and to enlist the value of a consultant that can help all of the businesses navigate programs that may be available to them. What concerns him is does Wayzata have enough resources to be meaningfully, substantially significant to change the course of time for any business in the City. He thought using whatever limited funds the City has for somebody like a consultant makes a lot of sense to him and could make a difference on the margin where as some of these other fee waivers will not be enough to prevent a number of the businesses from tipping over if in that position. Huml did not think it necessarily needed to be a paid consultant, there might be someone willing to donate their expertise to the City.

Staff indicated the City has available a non-profit group called Open to Business that Wayzata pays for every year along with Hennepin County to help businesses with gap financing, pretty small loans and provide business and marketing assistance as well. He was not sure if they were able to do this kind of service, but staff would look into it.

Shaver applauded staff for looking for different resource to help support businesses. From his perspective, the HRA will be as supportive as it can within its authority relative to the existing pandemic.

Staff recapped the discussion with the HRA to bring forward to the City Council.

h. <u>Development Updates</u>

Staff provided an update on pending developments, proposed developments, public parking lot at Barry and Lake Street, Panoway on Wayzata Bay Construction, and the 2040 Comprehensive Plan.

<u>NEXT MEETING DATE: June 25, 2020</u>

<u>ADJOURNMENT</u>

There being no further business; Fox motioned to adjourn at 9:15 a.m., Huml seconded the motion and the motion carried 5/0.

Respectfully submitted,

Drafted by Sue Osbeck, *TimeSaver Off Site Secretarial, Inc.*

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: September 24, 2020	**AGENDA ITEM:** 6.a
TITLE: Consider Receipt of 2019 HRA Financial Report	
PROPOSED MOTION: To Accept the 2019 HRA Financial Report	
PREPARED BY: Aurora Yager, Administrative Services Director	
REVIEWED BY: Jeff Dahl, Executive Director	

ACTION REQUESTED:
Staff recommends acceptance of the 2019 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 accepted after the audit is complete in June.

Aurora Yager, Administrative Services Director, will be in attendance to provide a brief presentation and answer any questions.

ATTACHMENTS:
1. 3-200-1 HRA financials memo for 12-31-19 financials - dahl edits

ABDO EICK & MEYERS LLP

AEM Financial Solutions™

September 17, 2020

MEMORANDUM

To: Jeff Dahl, City Manager
From: Steve McDonald, City Contracted Finance Director

Re: HRA Financial Statements -12-31-2019

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. Originally, TIF District No. 3 must be decertified no later than this year. TIF District No. 3 was originally established in 1995 to facilitate the redevelopment of the Widsten Elementary School which had been vacated by the Wayzata School District. 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 allows for broader use of existing and future tax increment and therefore the decertification date was extended until 12/31/2022. Future increment will be used to pay for debt service related to the Municipal Ramp. This obligation was evidenced by the $1,534,266 due to the general fund of the City. The fund has a remaining commitment of $669,290 which should be paid for by 2021.

316 Bay Center Tax Increment (TIF 5) - The City Council and HRA determined that pursuant to the 2010 Wayzata TIF District No. 5 Special Law, it was necessary to decertify TIF District No. 5, originally certified June 11, 2009, and adopt and implement a TIF Plan for Replacement Redevelopment TIF District No. 5.

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

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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 $683,892.

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.

Two projects have been completed that did not request TIF. Wayzata Blu and Meyer Place are two similar sized multi-family housing units along Lake Street.

There are four other active redevelopments at different phases of the development process. 253 Lake Street, owned by Brad Hoyt, has received all necessary planning and TIF approvals for a 25-unit apartment building called Ventana but has not commenced construction. Associated with that approval is the donation of land that will act as the centerpiece for a new public parking facility. 235 Lake Street, owned by Pat Hughes,has received planning approvals for a 3-story office building and received TIF approval in early 2020. They have construction this September. . 305 Lake Street, owned by Lowell Zitzloff, received planning approvals in late 2018 for a 30,000 sf three story office building. They received TIF approvals in 2019. The building is under construction and expected to be completed early 2021. And lastly, 405 Lake Street, owned by Bob Lothenbach, received planning and TIF approval in early 2020 and is now commencing construction.

All TIF Agreements are 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.

Please note that the fund balance is based on the 2019 fiscal year. The fund deficit of $159,186 resulted from the initial costs to establish the district and some preliminary construction costs. It should be eliminated when increment begins in 2021 after all of the construction commences and is completed.

The TIF debt that was issued earlier this year for the Panoway construction project will be reflected in 2020's audit.

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	$ 0	$ 421,282	$ 3,497,199	$ 763,773
Original net tax capacity	$ 0	$ 14,451	$ 335,250	$ 763,773
Captured net tax capacity	$ 0	$ 406,831	$ 3,161,949	$ 0
Principal and interest payments due in 2020	$ 0	$ 465,683	$ 2,517,641	$ 0
Tax increment received in 2019	$ 3,105	$ 417,071	$ 2,902,697	$ 0
Tax increment expended in 2019	$ 0	$ 53,082	$ 2,346,830	$ 108,660
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

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 2019 Financials

City of Wayzata, Minnesota
Housing and Redevelopment Authority
(Discretely Presented Component Unit)
Combining Balance Sheet
December 31, 2019

	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	$ 31,471	$ 153,327	$ 1,625,519	$ -	$ 1,810,317
Receivables					
Accrued interest	9,818	-	-	-	9,818
Taxes	-	26,798	17,061	-	43,859
Notes	19,250	-	-	-	19,250
Total Assets	$ 60,539	$ 180,125	$ 1,642,580	$ -	$ 1,883,244
Liabilities					
Accounts payable	$ -	$ -	$ 958,688	$ -	$ 958,688
Accrued interest payable	-	11,155	-	-	11,155
Due to primary government	-	669,290	-	159,186	828,476
Deposits payable	703	-	-	-	703
Total Liabilities	703	680,445	958,688	159,186	1,799,022
Fund Balances					
Restricted for economic development	59,836	-	683,892	-	743,728
Unassigned	-	(500,320)	-	(159,186)	(659,506)
Total Fund Balances	59,836	(500,320)	683,892	(159,186)	84,222
Total Liabilities and Fund Balances	$ 60,539	$ 180,125	$ 1,642,580	$ -	$ 1,883,244
Total Fund Balances Reported Above					$ 84,222
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					$ 2,177,122

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Attachment: HRA 2019 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, 2019

	Special Revenue	Debt Service	Capital Projects		
	440	**314**	**316**	**305**	
		Widsten	Bay Center	Downtown	
	Housing	Tax Increment	Tax Increment	TIF 6	Total
Revenues					
Tax increment	$ -	$ 406,063	$ 2,882,989	$ -	$ 3,289,052
Investment earnings (charges)	3,105	11,008	19,708	-	33,821
Total Revenues	3,105	417,071	2,902,697	-	3,322,873
Expenditures					
Current					
Housing and economic development	-	16,169	2,340,833	108,660	2,465,662
Debt service					
Interest and other	-	36,913	-	-	36,913
Total Expenditures	-	53,082	2,340,833	108,660	2,502,575
Net Change in Fund Balances	3,105	363,989	561,864	(108,660)	820,298
Fund Balances, January 1	56,731	(864,309)	122,028	(50,526)	(736,076)
Fund Balances, December 31	$ 59,836	$ (500,320)	$ 683,892	$ (159,186)	$ 84,222

City of Wayzata
City Council Agenda Report

MEETING DATE: September 24, 2020	**AGENDA ITEM:** 6.b
TITLE: Approval of Amended TIF Agreement with Ventana, LLC	
PROPOSED MOTION: To Approve the Amended TIF Agreement with Ventana, 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:
As predicted in updated TIF #6 projections, the TIF Note to Ventana, LLC will be $1,685,376 for eligible redevelopment costs. The City will retain 10% of the increment for administration costs.

BACKGROUND:
Over the past 4 years, the HRA and City has been working on a long-term redevelopment plan along Lake Street from Barry Avenue and Ferndale with the three goals:

- encourage redevelopment of the blighted properties with uses consistent with current zoning and comp plan;
- increase the amount of off-street public parking; and
- help pay for Lake Street-related infrastructure costs.

As a result, the HRA established TIF District #6 late in 2017 to help offset eligible costs of development such as parking, public infrastructure, site preparation, environmental mitigation, and soil stabilization.

On November 20, 2018, the HRA approved a TIF Agreement with Ventana, LLC at 253 Lake Street to assist in offsetting redevelopment costs in order to construct a 16 unit condo building. This project is one of several that have risen out of the TIF District.

Since then, for a variety of reasons, the developer paused on the condo project and has more recently decided to move forward with a 25-unit apartment project which recently received zoning entitlements. As a part of that approval process the property owner donated a large piece of land to the City for public parking purposes.

The attached draft Amended TIF Agreement incorporates the new details of the development (going from condos to apartments); adjusts the interest rate based on market changes, and adjusts the term (over 1 year has passed) of the TIF note.

Please note that City Council approved this draft Amended TIF Agreement at their September 15 meeting contingent upon HRA approval.

ATTACHMENTS:
1. First Amendment to Redevelopment Agreement (Ventana, LLC) 9.11 redline
2. TIF Agreement

FIRST AMENDMENT

TO

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

VENTANA, LLC

September [__], 2020

**FIRST AMENDMENT TO
REDEVELOPMENT AGREEMENT**

THIS FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT ("First Amendment") is made and entered into this [__] day of September, 2020, by and between the WAYZATA HOUSING AND REDEVELOPMENT AUTHORITY, 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 VENTANA, LLC, a Minnesota limited liability company (the "Developer," and together with the HRA and the City, the "Parties").

RECITALS

WHEREAS, the Developer, the City and the HRA have previously entered into a Redevelopment Agreement executed by all parties by May 15, 2019 (the "Original Agreement", and as amended by this First Amendment, the "Redevelopment Agreement");

WHEREAS, pursuant to the Original Agreement, the HRA agreed to provide assistance to the Developer through tax increment financing, to finance the development of approximately 16 condominiums referred to as Ventana Condos (the "Project");

WHEREAS, the Parties desire to amend to Original Agreement to modify the Project, adjust the total principal amount of the Notes to be issued for the Project, the interest rate for the Notes, and to include other terms related to the reimbursement for Qualified Costs of the Project.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

1. **Definitions; Interpretation**. Any word or term with an initial capital letter shall have the meaning given to it in this First Amendment or if not so defined herein shall have the meaning given to it in the Original Agreement. Underlined text shall represent additions to the Original Agreement and strikethrough text shall represent deletions to the Original Agreement.

2. **Amendment of Section 1.01 – Definitions.** The following definitions in the Original Agreement are hereby added or amended as follows:

> "Agreement" means this Agreement, as amended by the First Amendment, as the same may be from time to time modified, amended or supplemented.
>
> "First Amendment" means this First Amendment.
>
> "Minimum Improvements" means the construction of approximately ~~sixteen (16) condominiums~~ twenty-five (25) residential apartments that may be converted to condominiums in the future and related parking 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.
>
> "Project" means the ~~"Ventana Condos"~~ redevelopment project, which shall involve the demolition of the existing building located at 253 Lake Street East, City of Wayzata, and the construction of a three (3) story building to include ~~sixteen (16) residential condominiums~~ twenty-five (25) residential apartments that may be converted to condominiums in the future and one (1) level of underground parking.

"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. 11 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 Developer's Qualified Costs of the Project will not exceed ~~One Million Seven Hundred Sixty Thousand Dollars ($1,760,000)~~ One Million Six Hundred Eighty-Five Thousand Three Hundred Seventy-Six Dollars ($1,685,376).

3. **Amendment of Section 2.02 – Developers Representations.** Sections 2.02(c) and 2.02(g) are hereby amended as follows:

(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 Statues, Section 273.11, of at least ~~One Million Seven Hundred Sixty Thousand Dollars ($1,760,000)~~ One Million Six Hundred Eighty-Five Thousand Dollars ($1,685,000).

(g) The Developer recognizes that the TIF District is a "redevelopment district" under the TIF Act. As owner in fee simple of the Development Property, the Developer represents to the HRA that the Development Property and the Minimum Improvements will be operated in a manner such that the TIF District will qualify and continue to qualify as a "redevelopment district" under the TIF Act until the ~~the~~ earlier of (i) ~~[February 1, 2046]~~ February 1, 2045, (ii) the date the Tax Increment Notes are 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.

4. **Amendment of Section 2.06 – Damage or Destruction.** Sections 2.06 is hereby amended as follows:

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. Notwithstanding anything to the contrary, the parties agree and acknowledge that upon completion of the Project, Developer intends to sell portions of the Project as ~~sixteen (16)~~ twenty-five (25) separate residential apartments that may be converted to condominiums in the future ("Units"). Developer shall have no obligation under this Section 2.06 to repair damage or destruction that occurs inside any individual ~~condominium~~ unit that has been sold to a third party. However, Developer shall continue to maintain responsibility for repairing, reconstructing and restoring the common elements of the Project, until such time as ~~the~~ a condominium association is formed and takes ownership of and responsibility to maintain the common elements.

5. **Amendment of Section 3.02 – Undertaking of Minimum Improvements.** Section 3.02(a) is hereby amended as follows:

> (a) Subject to Unavoidable Delay, Developer shall commence or cause the Developer to commence the Project by ~~June 1, 2019~~ December 31, 2020, and cause the Project to be completed in accordance with the terms of this Redevelopment Agreement by ~~December 31, 2020~~ June 30, 2022.

6. **Amendment of Section 5.02 – Reimbursement for Qualified Costs.** Section 5.02 is hereby amended as follows:

> 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 HRA 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 (the "Note") for the Project, the form of which is attached hereto as Exhibit F, with said payments of principal and interest to be made on the dates (the "Payment Dates") specified in the Note, subject to the following terms and conditions:
>
> (a) The total principal amount of any and all Notes issued for the Project will not exceed ~~One Million Seven Hundred Sixty Thousand Dollars ($1,760,000)~~ One Million Six Hundred Eighty-Five Thousand Dollars ($1,685,000).
>
> (b) 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.
>
> (c) 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.
>
> (d) The HRA will retain ten percent (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.
>
> (e) 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.

(f) 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.

(g) 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.

(h) The unpaid principal of the Notes shall bear simple non-compounding interest from the date of issuance of the Notes, at 4.50% per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

~~(i)~~

7. **Amendment to Section 5.06.** Section 5.06 entitled "Profit Sharing for Sale Housing" is hereby deleted in its entirety and replaced with the following:

5.06 Lookback. On the ~~Calculation Date, as defined below, the amount of the tax increment assistance provided pursuant to this Agreement will be subject to adjustment based on a targeted Cash-On-Cash Return of 10%. By the~~applicable Calculation Date, the Developer ~~must~~shall deliver to the HRA~~'s consultant~~ reasonable evidence of its ~~Cash-On-Cash Return~~actual annualized cumulative internal rate of return (the "IRR") from the Minimum Improvements, calculated as of the applicable Calculation Date, along with the estimated annualized cumulative IRR from the Minimum Improvements assuming a sale in the tenth year after the date of issuance of the Certificate of Completion for the Minimum Improvements. The ~~Cash-On-Cash Return~~IRR shall be calculated ~~by the HRA's consultant~~ based on ~~the Developer's pro forma financial statements submitted to~~equity, revenues and expenses in substantially in the format of the lookback pro forma attached as Exhibit D hereto. The Developer agrees to provide to the HRA any background documentation reasonably related to the financial data, upon written request from the HRA or the HRA's financial consultant.

The HRA may, by written request, require the Developer to deliver to the HRA a written certificate of a certified public accountant regarding total development costs and revenues, to be provided at the Developer's expense.

If the ~~Cumulative Annualized Cash-On-Cash Return exceeds 10%~~HRA determines the actual profit (calculated in a manner comparable to estimated Project Profit (Gap) in Exhibit D) for the Developer produces an IRR greater than exceeds a 20% rate of return (to be calculated in a manner comparable to the Total Proceeds minus Total Development Costs, as shown in Exhibit D), then the principal amount of the Note ~~issued to the Developer will~~shall be reduced ~~by 50% of the amount that results in a stabilized Cash-On-Cash Return equal to 10% 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~~on a dollar for dollar basis to allow the Developer to achieve a 20% IRR rate of return.

For the purposes of this ~~subsection (i), the following terms have the following meanings:~~Section 5.06, "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.~~

~~"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 95% occupancy.

~~"Cumulative Annualized" is defined as the total accumulation of Cash Flow from the date of the Certificate of Completion until the Calculation Date divided into an average annual amount.~~

8. ~~7.~~ **Amendment to Project Description and Project Costs in Exhibit C.**

The first paragraph under "Project Description" on page C-2 of the Original Agreement is hereby amended as follows:

> The Project involves the demolition of the existing building located at 253 Lake Street East, City of Wayzata, and the construction of a three (3) story building to include ~~sixteen (16) residential condominiums~~ twenty-five (25) residential apartments that may be converted to condominiums in the future and one (1) level of underground parking.

The last paragraph under "Project Costs" on page C-2 of the Original Agreement is hereby amended as follows:

> *Developer's Qualified Cost. The total principal amount of any and all tax increment notes issued to reimburse the Developer for Developer's Qualified Costs of the Project will not exceed ~~$1,760,000.00~~ $1,685,000.

9. **Replacement of Development Pro Forma – Exhibit D.** Exhibit D is hereby deleted in its entirety and replaced with the attached Exhibit D.

10. ~~8. **Amendment to**~~**Replacement of Form of Limited Tax Increment Revenue Note – Exhibit F.** Exhibit F is hereby deleted in its entirety and replaced with the attached Exhibit F.

IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment 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 ______________, 2020, 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 ______________, 2020.

____
Notary Public

IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment 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 ______________, 2020, 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 _____________, 2020.

____
Notary Public

VENTANA, LLC a Minnesota limited liability company

By: ____

Its: ____

STATE OF MINNESOTA)
) ss.
COUNTY OF __________)

The foregoing instrument was acknowledged before me on this ___ day of ___________, 2020, by _______, the _______ of Ventana, LLC, a Minnesota limited liability company, on behalf of the limited liability company.

IN WITNESS WHEREOF, I have set my hand and my official seal this ___ day of __________, 2020.

____

Notary Public

EXHIBIT D

DEVELOPMENT PRO FORMA

[To be attached]

EXHIBIT F

FORM OF LIMITED TAX INCREMENT REVENUE NOTE

No. R-1

UNITED STATES OF AMERICA
STATE OF MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY OF
THE CITY OF WAYZATA
LIMITED TAX INCREMENT REVENUE NOTE OF 20[__]
(Ventana Project)

PRINCIPAL AMOUNT: $ **INTEREST RATE: 4.50%**

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 Ventana, LLC, or its registered assigns (the "Owner"), the principal sum of ________________ ($____________), in semi-annual installments payable on August 1, 2023, and on each August 1 and February 1 thereafter up to and including February 1, 2045 (each being a "Scheduled Payment Date"), together with interest on the outstanding and unpaid principal balance of this Note at the rate of four point five percent, ~~4.5~~4.50% 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 of 20[__] (Tax Increment Financing District No. 6 - Downtown West) (or "Note") is issued pursuant to the provisions of that certain Redevelopment Agreement, executed in May of 2019, as amended by a First Amendment to Redevelopment Agreement, dated as of September [__], 2020, 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 Ventana, 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, 2045 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.

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 and has caused this Note to be dated as of _________________, 20__.

______________________________	______________________________
Thomas Shaver, Chair	Jeffrey Dahl, Executive Director

Document comparison by Workshare Compare on Friday, September 11, 2020 12:47:09 PM

Input:	
Document 1 ID	netdocuments://4813-1189-2170/6
Description	First Amd to Redev. Agreement (Ventana, LLC)
Document 2 ID	netdocuments://4813-1189-2170/7
Description	First Amd to Redev. Agreement (Ventana, LLC)
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	29
Deletions	24
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	55

Memo

To: Jeffrey Dahl – Executive Director

From: Stacie Kvilvang - Ehlers

Date: October 25, 2016

Subject: Ventana Condos TIF Agreement – Hoyt Redevelopment Project

---

On July 24, 2018, the HRA reviewed preliminary terms for TIF assistance for development of 16 condominium units by Brad Hoyt at 253 Lake Street East. The HRA was in agreement with the proposed terms and since that time staff and consultants have been working on the finalization of a TIF Agreement. Following are the main points within the above referenced Agreement:

1. **General**
    a. Redevelopment Agreement with Ventana LLC for the Ventana Condos

2. **Development property**
    a. Developer represents that he is owner in fees simple of the property to be developed.

    b. Developer is required to record on the development property a Declaration of Restrictive Covenants which includes the following restrictions:
        i. Property cannot be tax exempt

        ii. Property cannot be sold, leased or used as a church, public hospital, school district, institution of purely public charity, 501(c)(3), or Minnesota cooperative association

    c. Property will be developed consistent with a redevelopment TIF district pursuant to TIF statutes; and

    d. The Developer (property owner) will not discriminate on the basis of color, creed, national origin or sex in selling of the units and will develop the property consistent with the City's zoning ordinances and comprehensive plan.

3. **<u>Development and Timing of Construction</u>**
   a. Construction of 16 condominium units and related underground parking
   b. Must commence construction June 1, 2019 and be completed by December 31, 2020

4. **<u>Tax Increment</u>**
   a. The City created TIF District 6 – Downtown West on December 19, 2017
   b. The Developer will receive a pay-as-you-go note in the amount of $1.76 million
      i. Term of the TIF Note will be for 26 years
      ii. Interest will be paid at 5.0%
      iii. Developer will receive 90% of the tax increment generated from their project

5. **<u>Lookback</u>**
   a. Within 60 days after the closing on the last unit, the Developer will be required to submit financial documentation to the City's Financial Advisor for review. Based upon actual total development costs (TDC) and total sales proceeds, the TIF note would be adjusted down on a dollar for dollar basis to the extent the Developer exceeds a 20% profit (TDC minus total sales proceeds).

Please contact either me at 651-697-8506 with any questions.

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

VENTANA, LLC

for the

VENTANA CONDOS

Dated as of November ____, 2018

This Document Was Drafted By:

Best & Flanagan LLP (AEL)
60 South Sixth Street
Suite 2700
Minneapolis, MN 55402

TABLE OF CONTENTS

REDEVELOPMENT AGREEMENT

THIS Redevelopment Agreement (this "Agreement"), made and entered into as of this [___] day of November, 2018, between the WAYZATA HOUSING AND REDEVELOPMENT AUTHORITY (the "HRA"), the CITY OF WAYZATA, a municipal corporation and political subdivision of the State of Minnesota (the "City"), and VENTANA, LLC, a Minnesota limited liability company (the "Developer").

WITNESSETH:

WHEREAS, the HRA has designated a development district in the City denominated Development District No. [__] (the "Development District") pursuant to and in accordance with Minnesota Statutes ("M.S."), Sections 469.124 through 469.133, as amended; and

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

WHEREAS, in order to achieve the objectives of the Development Program and the TIF Plan, the HRA intends to provide assistance to the Developer through tax increment financing, as described in the TIF Act, to finance the development of approximately 16 condominiums referred to as Ventana Condos (the "Project");

WHEREAS, the HRA has determined that, in order to accomplish the purposes specified in and to carry out the Development Program 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 HRA will apply tax increment revenues generated from the TIF District to (i) pay or reimburse the HRA 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 Minnesota Statutes, Sections 469.124 through 469.133.

"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 Tax Increment Financing District No. 6 - Downtown West as computed pursuant to Minnesota Statutes, Section 469.177, or its successor.

"Business Subsidies Act" means Minnesota Statutes, Sections 116J.993 through 116J.995.

"Certificate of Completion" means a certification in the form attached hereto as Exhibit E, 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 of Wayzata, Minnesota.

"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.

"Default Notice" means written notice from the HRA or the City, as applicable, to the Developer setting forth the Event of Default and the action required to remedy the same.

"Developer" means Ventana, LLC, a limited liability company under the laws of the State of Minnesota.

"Development District" means Central Area Redevelopment District, designated pursuant to Minnesota Statutes, Sections 469.124 through 469.133.

"Development Program" means the Development Program developed for the Development District.

"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.

"Minimum Improvements" means the construction of approximately sixteen (16) condominium units and related parking 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.

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

"Project" means the "Ventana Condos" redevelopment project, which shall involve the demolition of the existing building located at 253 Lake Street East, City of Wayzata, and the construction of a three (3) story building to include sixteen (16) residential condominiums and one (1) level of underground parking.

"Project Costs" means certain costs incurred and to be incurred by the Developer during the Project, the estimated types and amounts of which are shown on Exhibit C to this Agreement.

"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. 11 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 Developer's Qualified Costs of the Project will not exceed One Million Seven Hundred Sixty Thousand Dollars ($1,760,000).

"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 Minnesota Statutes.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794.

"TIF District" means Tax Increment Financing District No. 6 – Downtown West established by the HRA on December 19, 2017.

"TIF Plan" means the Tax Increment Financing Plan for the TIF District approved by the 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 Development District and has adopted the Development Program 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, 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 or cause the Developer to 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) The Project will be constructed so that when completed the Development Property will have a market value, as determined pursuant to Minnesota Statues, Section 273.11, of at least One Million Seven Hundred Sixty Thousand Dollars ($1,760,000).

(d) At such time or times as may be required by law, the Developer will have or caused the Developer to have complied with all local, state and federal environmental laws and regulations applicable to the Minimum Improvements, and will have obtained or caused the Developer to obtain 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 Council or any other officer of the HRA has any direct or indirect financial interest in the Developer, the Development Property or the Project.

(g) The Developer recognizes that the TIF District is a "redevelopment district" under the TIF Act. As owner in fee simple of the Development Property, the Developer represents to the HRA that the Development Property and the Minimum Improvements will be operated in a manner such that the TIF District will qualify and continue to qualify as a "redevelopment district" under the TIF Act until the the earlier of (i) [February 1, 2046], (ii) the date the Tax Increment Notes are 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.

(h) The Developer will obtain or cause the Developer to 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 or cause the Developer to seek and obtain from the HRA all necessary variances, conditional use permits and zoning changes.

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

(j) 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.

(k) The financial assistance received by the Developer pursuant to this Agreement will be used to create Project.

2.03. <u>Use, Ownership of Development Property; Restrictions; Use of Development Property</u>. 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 the Developer 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 HRA and 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 the 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. Notwithstanding anything to the contrary, the parties agree and acknowledge that upon completion of the Project, Developer intends to sell portions of the Project as sixteen (16) separate condominium units. Developer shall have no obligation under this Section 2.06 to repair damage or destruction that occurs inside any individual condominium unit that has been sold to a third party. However, Developer shall continue to maintain responsibility for repairing, reconstructing and restoring the common elements of the Project.

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, 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 Development Program, the TIF Plan, this Agreement, and all applicable state and local laws and regulations. The City shall approve the Construction Plans within thirty (30) days in writing if, in the reasonable discretion of the City, the Construction Plans:

(a) conform to the Development Program, 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, which shall identify the provision of this Section 3.01 that have not been met and the fact that support the City's determination. 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 or cause the Developer to commence the Project by June 1, 2019, and cause the Project to be completed in accordance with the terms of this Redevelopment Agreement by December 31, 2020.

(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, which shall not be unreasonably withheld. 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 E 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 Redevelopment 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 the HRA or the City may reasonably require, and forward to the HRA and the City, upon demand by either or both of 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 any of its 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 the City shall have no 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 each 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 4.02.

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 a portion of the Project 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 HRA 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 (the "Note") for the Project, the form of which is attached hereto as Exhibit F, with said payments of principal and interest to be made on the dates (the "Payment Dates") specified in the Note, subject to the following terms and conditions:

(a) The total principal amount of any and all Notes issued for the Project will not exceed One Million Seven Hundred Sixty Thousand Dollars ($1,760,000).

(b) 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.

(c) 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.

(d) The HRA will retain ten percent (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.

(e) 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.

(f) 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.

(g) 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.

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 HRA 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 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 HRA'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:

(i) the conditions precedent in this Section 5.04 hereof have been satisfied;

(ii) the Developer shall have cured any title defects with respect to the Development Property;

(iii) the Developer shall not be in default under the terms of this Agreement beyond any applicable cure period;

(iv) 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

(v) 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 by thirty (30) days' written notice. 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 Redevelopment 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. Profit Sharing on For Sale Housing. (a) The HRA has determined to provide the financial assistance outlined in this Agreement on the basis of certain assumptions regarding likely costs and expenses affecting the Minimum Improvements and proceeds to be derived by the Developer from the sale of condominium units. The likely costs and proceeds have allowed the parties to estimate the profit (calculated before income taxes are applied) likely to be received by the Developer. The HRA and Developer agree that those assumptions will be reviewed at the time described in paragraph (b), in accordance with the development pro forma attached hereto as Exhibit D.

(b) Within 60 days after closing on the sale of the final condominium within the Minimum Improvements, the Developer agrees to provide such financial data to the HRA's financial consultant in a format in accordance with generally accepted accounting principles, and as may be necessary for the consultant to calculate the actual rate of return to the Developer, and other relevant information. The Developer agrees to provide to the HRA's consultant any background documentation related to the financial data, upon request. If, based on such review, the actual profit (calculated in a manner comparable to estimated Project Profit (Gap) in Exhibit D) for the Developer produces an Internal Rate of Return ("IRR") greater than exceeds a 20% rate of return (to be calculated in a manner comparable to the Total Proceeds minus Total Development Costs, as shown in Exhibit D), then the principal amount of the TIF Note shall be reduced on a dollar for dollar basis to allow the Developer to achieve a 20% IRR rate of return.

ARTICLE 6
Prohibitions Against Assignment and Transfer

6.01. Transfer of Property and Assignment. Other than leases or sales of condominiums 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. 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 Redevelopment 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) 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 City to enforce performance and observance of any obligation, agreement, or covenant of Developer under this Agreement.

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

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

(b) Terminate all rights of the HRA 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 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 Development Program, this Agreement and other agreements entered into between the Developer and the HRA or 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.

Based on the representations of the Developer contained in this Agreement, the assistance being provided by the HRA to the Developer under this Agreement is not a business subsidy under the Business Subsidies Act, and a subsidy agreement as described in Minnesota Statutes, Section 116J.994, Subd. 3 and Subd. 4 is not being entered by the HRA and Developer.

8.06. Term of Agreement. This Agreement shall terminate upon the earlier to occur of (i) reimbursement of the Developer's costs by the HRA as provided in Section 5.02 hereof; (ii) the decertification of the TIF District; or (iii) the HRA and the Developer agree in writing to terminate this Agreement; 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 Redevelopment Agreement, a notice, demand, or other communication under this Redevelopment 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:

Ventana, LLC
1907 Wayzata Boulevard
Suite 250
Wayzata, MN 55391
Attention: Bradley Hoyt

with a copy to:

Entrepartner Law Firm, PLLC
3700 Campbell Mithun Tower
222 South Ninth Street
Minneapolis, Minnesota 55402
Attn: Michael Mergens

(b) 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

(c) 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

The HRA, the 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 Administrator 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 Redevelopment 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.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment 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 ______________, 2018, 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 _____________, 2018.

____
Notary Public

IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment 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 ______________, 2018, 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 _____________, 2018.

____
Notary Public

VENTANA, LLC a Minnesota limited liability company

By: ______________________________________

Its: ______________________________________

STATE OF MINNESOTA)
) ss.
COUNTY OF __________)

The foregoing instrument was acknowledged before me on this ___ day of ___________, 2018, by _______, the _______ of Ventana, LLC, a Minnesota limited liability company, on behalf of the limited liability company.

IN WITNESS WHEREOF, I have set my hand and my official seal this ___ day of __________, 2018.

____
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 Number	Previous Legal Description	New Legal Description
06-117-22-23-0013	Lot 17, Auditor's Subdivision No. 184, Beginning at the Southwest corner of Lot 17	

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 Ventana, LLC, dated November ___, 2018 and recorded in the Office of the Hennepin County Registrar as Document No. __________ on ____________, 2018, 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; and

(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 payment in full of principal of, and interest on, the limited revenue tax increment note issued in accordance with the Redevelopment Agreement, and thereafter shall be null and void.

EXHIBIT C

PROJECT DESCRIPTION; PROJECT COSTS

Project Description:

The Project involves the demolition of the existing building located at 253 Lake Street East in the City of Wayzata and construction of a three (3) story building to include sixteen (16) residential condominiums and one (1) level of underground parking.

In accordance with the City Resolution [______________], the Project shall be subject to the following conditions:

1. The Developer shall secure all necessary building permits for construction and follow all laws and regulations applicable to the Project, including building codes and land use regulations;

2. The Developer shall obtain approval from the City Engineer of Grading, Drainage and Erosion Plans for the Project prior to the City's issuance of building permits;

3. The Developer shall grant any easements needed by the City for purposes of constructing, accessing, operating and maintaining a public parking lot and facility on the back portion of the Property for purposes of providing additional public parking either on the Property or in conjunction with other adjacent property(ies) undergoing redevelopment.

Project 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	$120,000.00
Environmental Assessment	$55,000.00
Environmental Remediation	$600,000.00
Site Improvements	$685,000.00

*Developer's Qualified Cost. The total principal amount of any and all tax increment notes issued to reimburse the Developer for Developer's Qualified Costs of the Project will not exceed $1,760,000.00.

EXHIBIT D

DEVELOPMENT PRO FORMA

EXHIBIT E

CERTIFICATE OF COMPLETION

WHEREAS, Ventana, 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 Development District No. [__] and Tax Increment Financing District No. [__]-[__], dated as of [Month] [Day], 20[__], between the Developer and the City of Wayzata, Minnesota (the "City"); 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 ____________, 2018.

CITY OF WAYZATA, MINNESOTA

By ________________________________
Kenneth Willcox, Mayor

And ________________________________
Jeffrey Dahl, City Manager

EXHIBIT F

FORM OF LIMITED TAX INCREMENT REVENUE NOTE

No. R-1

UNITED STATES OF AMERICA
STATE OF MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY OF
THE CITY OF WAYZATA
LIMITED TAX INCREMENT REVENUE NOTE OF 20[__]
(Ventana Condos 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 [______] 1, 20[__], and on each [______] 1 and [______] 1 thereafter up to and including [______] 1, 20[__] (each being a "Scheduled Payment Date"), together with interest on the outstanding and unpaid principal balance of this Note at the rate of five percent, 5% 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 of 20[__] (Tax Increment Financing District No. [__]-[__]) (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 Ventana, 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 Development District No. [__], 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 [______] 1, 20[__] 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.

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 and has caused this Note to be dated as of _________________, 2018.

______________________________	______________________________
Thomas Shaver, Chair	Jeffrey Dahl, Executive Directo

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: September 24, 2020	**AGENDA ITEM:** 6.c
TITLE: Review of Development Updates	
PROPOSED MOTION: N/A	
PREPARED BY: Emily Goellner, Community Development Director, Nick Kieser, Assistant Planner	
REVIEWED BY: Jeff Dahl, Executive Director	

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;
- Panoway on Wayzata Bay Progress; and
- COVID-19 Related Business Assistance.

ATTACHMENTS:
None