

CALL TO ORDER

Chair Shaver called the meeting of the Housing and Redevelopment Authority to order at 7:32 a.m.

PLEDGE OF ALLEGIANCE

ROLL CALL

Members Present: Commissioners Bob Ambrose, Terri Huml, and Dan Koch, and Thomas Shaver

Members Absent: Commissioner Steve Fox

City Staff present: Executive Director Jeff Dahl, City Attorney Schelzel, Assistant Planner Valerie Quarles, Keith Dahl, Ehlers and Associates, and City Clerk Kathy Leervig.

APPROVAL OF AGENDA

Commissioner Huml made a motion, seconded by Commissioner Ambrose, to approve the April 3, 2023 agenda as presented. The motion carried 4/0.

APPROVAL OF MINUTES

A. Consider Approval of HRA Minutes of January 25, 2023 Meeting

Commissioner Ambrose made a motion, seconded by Commissioner Huml, to approve the January 25, 2023 meeting minutes, as presented. The motion carried 4/0.

OLD BUSINESS

NEW BUSINESS

A. Consider Adoption of HRA Resolution 03-2023 Authorizing Execution of Tax Increment Pledge Agreement for the Panoway Boardwalk and Docks

Executive Director Dahl gave a quick recap of the history of special legislation that will allow TIF district proceeds to fund a park and recreation project such as Panoway. He reviewed expected funding for Panoway from the Conservancy as well as State bonding. He stated that the hope is that they will be able to come back within the next year and refinance with a smaller amount, but for now, they are proposing \$6 million. He noted that staff feels like this is enough to move forward and bridge the gap and reiterated that the hope is that this amount will be much lower in a few months. He explained that this is a public project, so this TIF pledge agreement from the HRA is necessary in order to utilize TIF as a major funding source for this project.

Chair Shaver asked about the current source money associated with the project and noted the \$4 million grant from the State. He asked what the Conservancy had issued, to date, for this project.

Executive Director Dahl explained that they had issued around \$500,000 through paying for things like consultant costs for the Section Foreman House and the 9/11 Memorial. He stated that they do have a pending gift of \$500,000 that will be able to be utilized for Phase 2A, specifically the boardwalk. He stated that now that the project is moving forward, there is a lot more momentum. He noted that there is also a few hundred thousand dollars left over from reserve funds for Phase 1.

Chair Shaver clarified that the City did not yet have final construction costs.

Executive Director Dahl stated that this was correct. He stated that they received the bids about a week ago and the projected costs for the boardwalk were accurate and were about 25% over for the docks.

Chair Shaver asked if the idea was for this action to bridge the gap, but also have the hope that they will be able to have additional State funding or from other sources in order to draw down the bond.

Executive Director Dahl stated that was correct and noted that the City should know by the end of May if there is additional money coming from the State and how much it will be.

Chair Shaver asked what the project is budgeted to cost through Phase 2A.

Executive Director Dahl stated that it is about \$10.5 million if you do not include some of the soft costs that have already been incurred which brings it up to a bit over \$11 million.

Commissioner Koch asked if there were any other projects or identified needs or uses for these funds within TIF District 6 or if there would still be enough left for the City to accomplish what it needed to use within that District.

Keith Dahl, Ehlers and Associates, stated that to an extent, the answer is yes and explained that within TIF District 6 there is the five year expenditure period which means they have up to five years to incur and pay for expenditures and after that, the City can only draw from your pooling availability which is about 25%, including administration of 10%. He stated that with all of the current and existing obligations within TIF District 6, plus these bonds, the City is projected to have about \$500,000 of reserves which means if another project comes up, the City could utilize those funds.

Commissioner Huml asked if the money has to be spent by June or simply earmarked by June.

Executive Director Dahl stated that his understanding is that they need to be earmarked by June.

Mr. Dahl confirmed that this was correct.

Commissioner Koch asked if there was any risk with the bond market right now.

Mr. Dahl stated that they are currently proposing to issue temporary GO tax increment bonds for a 3 year period and have capitalized all of the interest. He stated that means that there would be no payments coming from the City or the HRA on the temporary bonds during that time period until they call the bonds and issue the permanent debt. He stated that by about a year they will know the actual construction costs and the hope is that interest rates will come down a bit.

Executive Director Dahl stated that by City staff working together with Mr. Dahl for the bond rating, the City has maintained the AAA rating, which is the best you can get.

Commissioner Ambrose stated that he assumes that if the City does not get all that they want from this round of the State bonding that they can just keep on asking.

Executive Director Dahl stated that his recommendation will be to continue asking for those funds.

Chair Shaver asked what about the total amount that the City is requesting from the State.

Mr. Dahl stated that they have about 50 basis points of cushion when they put the schedules and runs together and explained that their hope is that it will be lower than that, but noted that they did put in a cushion just to be safe.

Chair Shaver stated that it also looks like there are plans for some future projects moving into TIF District 5 as a reserve and asked how that is allowed to take place.

Mr. Dahl stated that they do the reporting for the City so they actively monitor all of the balances throughout all the open TIF Districts. He stated that for future phases, they could potentially draw from TIF District 5.

Chair Shaver asked if they also work with the Hennepin County Assessor's office to understand where values are going.

Mr. Dahl stated that they do add in some level of inflation and determine that by working with the Assessor's office.

Executive Director Dahl stated that he had noticed, in a local publication, that the former Dayton building just sold which was valued at \$13 million and actually sold for \$24 million. He noted that the biggest cost increase for this project has been the community docks. He stated that one of the things the Council has discussed is that part of the docks need to be replaced regardless and if it wasn't through TIF, it would probably be through the Parks and Trails Board, which has made the cost a bit easier to swallow.

Chair Shaver asked for an overview of the proposed schedule for this project.

Executive Director Dahl gave an overview of the proposed schedule and explained that the hope is to start work in April with the communications and logistics plans. He stated that the hope is that construction can begin in June and should last, at the longest 12 months. He explained that they are looking at the possibility of doing the docks during the winter months rather than over the summer. He reviewed the current plans for additional docks and noted that they are awaiting approval from the LMCD on those plans.

Commissioner Huml made a motion, seconded by Commissioner Ambrose, Adopting HRA Resolution 03-2023 Authorizing Execution of Tax Increment Pledge Agreement for the Panoway Boardwalk and Docks, as presented. The motion carried 4/0.

NEXT MEETING DATE: Wednesday, April 26, 2023

ADJOURN

There being no further business, Commissioner Ambrose made a motion, seconded by Commissioner Koch, to adjourn the meeting. The motion carried 4/0. The meeting adjourned at 8:07 am.

Respectfully submitted,

Kathy Leervig
City Clerk
City of Wayzata