WAYZATA CITY COUNCIL WORKSHOP MEETING AGENDA
Wayzata City Hall Community Room, 600 Rice Street
Thursday, May 21, 2015

7:00 AM - CITY COUNCIL WORKSHOP MEETING

WORKSHOP TOPIC FOR DISCUSSION:

1. Discuss Wayzata Bay Redevelopment Company Redevelopment Agreement Amendments

City of Wayzata
600 Rice Street
Wayzata, MN 55391-1734

Date: May 15, 2015

To: Mayor Willcox and Councilmembers
HRA Chair Shaver

From: Heidi Nelson, City Manager

Subject: Discuss Wayzata Bay Redevelopment Company Redevelopment Agreement Amendments

Attached to this memo is a term sheet of proposed amendments to the Redevelopment Agreement for the Wayzata Bay Center Redevelopment Project. The City's financial advisor, Stacie Kvilvang with Ehlers, will be present at the workshop to review the term sheet and receive feedback from the Council. The HRA met on April 30, 2015 to review the draft term sheet and appointed Chair Tom Shaver to represent the HRA in finalizing the redevelopment agreement amendments. Also included with this memo is a DVD that contains the original redevelopment agreements and subsequent amendments #1 and #2 for Council reference.

Staff is working towards bringing the East Block approvals forward for Council consideration at the June 2nd meeting. As Council will recall, one element of the proposed amendments to the redevelopment agreement includes the East Buffer landscaping and pedestrian connection options. Council reviewed the pedestrian connection options at the regular meeting of May 5th and directed staff to proceed with the landscaping of the east end of Lake Street/Roundabout and consider the pedestrian improvements with the implementation of the improvements to the east buffer. As a part of this redevelopment agreement process, Council should consider allocating funds to the pedestrian connection as well as any additional funding for the landscape improvements. The draft term sheet includes an additional $25,000 in funding from Pres Homes for the east buffer landscape improvements.

Memo

To:	Heidi Nelson – City Manager
From:	Stacie Kvilvang
Date:	May 18, 2015
Subject:	Discussion of Terms with Presbyterian Homes for Possible Inclusion in Amended Tax Increment Agreement

On March 17th the HRA met jointly with the City Council and Presbyterian Homes to overview the proposed changes to the development of the East Block and changes required in the TIF Agreement for the project.

Since that time, staff and consultants have had on-going discussions with Presbyterian Homes. Based upon these discussions, the majority of the preliminary terms reviewed by the HRA and City Council have been resolved on how to proceed. Following is a listing of the proposed terms:

1. Developer Conditions, as determined to date:
   a. Execution of Amended and Restated Development Agreement
   b. Execution of a TIF Note

2. City Conditions, as determined to date:
   a. City Council approval of Planning Application
   b. City approval of Construction Plans
   c. Execution of an Amended and Restated Development Agreement

3. East Block Minimum Improvements: Improvements to the East Block will include the construction and equipping of a total of approximately 29 for sale condominiums, an approximately 82-unit full service hotel**,[change to limited if no restaurant included]** and approximately 26,300 sq/ft of retail space **[this will reduce as restaurant is w/in hotel]** and related parking, consistent with plans submitted by Bohland Development Inc., dated_______. Developer shall construct parking as prescribed in original General Plan PUD approvals dated ______to assist in addressing parking demands of restaurant uses in the project.

4. Construction Schedule: Commence construction by September 30, 2015, and substantially complete construction by December 31, 2017. For the purpose hereof, "Commence" shall mean beginning of physical improvement to the Property, including grading, excavation, or other physical site preparation work; and "Completed" shall mean that the Minimum Improvements are sufficiently complete for the issuance of a Certificate of Occupancy. Upon Completion the City shall issue, in recordable form, a "Certificate of Completion."

5. Amended PUD: The developer will apply for an amendment to the existing PUD agreement and must meet all City requirements and obtain all City approvals.

6. Parking District: Developer agrees to initiate a request to be included in the City's parking district for the area and pay fees levied for the development as determined through the parking district ordinance that will be adopted in 2015.

7. Landscaping at end of East Lake Street: Developer agrees to pay an additional $149,121 for landscaping at the end of East Lake Street. The City agrees it increase the principal amount of the TIF Note by $149,121.

8. Lookback: Developer agrees to supply the documentation necessary to complete the lookback contemplated in Section 8.4 and work with the City's Financial Advisor to complete the lookback to determine the size of the TIF Note prior to approval of the Amended and Restated Development Agreement.

9. TIF Note: The City agrees to issue a TIF Note to the Developer based upon the amount determined through the lookback, plus an additional $149,121 to reimburse the Developer for additional landscaping required at the end of East Lake Street. The TIF Note will bear interest at the originally agreed to rate of 8.75% and will be payable over 26 years, beginning in August 2015.

10. Remnant Parcel: Developer agrees to provide the City with conceptual development plans for the site by September 1, 2015. Such plans shall include sq/ft of the buildings, intended uses, calculation on the number of parking stalls required and how the parking will be accommodated. The City and Developer agree to work in good faith on approval of such plans to meet the goals of the City and the Developer, including but not limited to meeting parking requirements. If plans are not submitted by this date, the Developer's right of first refusal for the parcel shall be terminated.

11. Existing Parking Illumination and Wayfinding: Developer agrees to change the covers on the illuminated parking signs from brown to universal standard blue on all retail parking in the Superior, Plaza, West and East Blocks and public parking text with blue "P" signage on street signs to assure the public understands that they can park within the development when accessing retail businesses within the development. These installations shall be complete prior to the issuance of the Certificate of Occupancy for future retail/commercial space within the Superior, Plaza, West and East Blocks. In addition, the Developer agrees to work with the City to install additional wayfinding signage, including but not limited to real-time signage, as appropriate to direct the public to parking within the Development.

12. Construction Work Force and Parking: The Developer and City agree to work together in good faith to minimize the impact of the construction while allowing the construction of the project to proceed in an efficient and effective manner. Tthe Developer agrees to supply the City with a work force parking and project access plan that can be regularly updated, monitored, and enforced. This will include monthly estimated work force needed on site, agreements showing needed off-site parking locations to accommodate project personnel, copies of notices to contractor and subcontractor forces outlining of the requirements of the plan and consequences for failing to abide with protocols.

13. <u>East Buffer Landscaping</u>: Developer shall complete landscaping of East Buffer per plan to be reviewed and approved by the City per the revised landscape plan associated with the East Block plans. Developer shall complete the landscaping in the East Buffer within the 2015 planting season, but for the landscaping directly adjacent to the East Block construction. Developer shall provide the City with a lump sum payment of $25,000 to provide for additional landscaping of the East Buffer at the City's discretion following the completion of the project. If no additional landscaping is required in the buffer within three years following the completion of the project (CO east block), they funds will be returned to the developer.

14. <u>Future City Ramp</u>: Developer agrees to work cooperatively with the City to allow the City to direct public parking to the development while the new public ramp is under construction at Mill Street, to the extent it does not negatively impact the parking required for the existing uses within the Development. The City will work with the developer on a permit system as needed and enforcement issues that arise during the construction period.

15. <u>Fees</u>: Developer and HRA agree to pay their own fees related to the negotiating and drafting of the Amended Agreement.

16. <u>Available Tax Increment:</u> Available tax increment definition will be changed to state that the City/HRA will receive 95% of the increment beginning in 2015 and up until the construction of the East Block is at least 50% complete for tax valuation purposes. Beginning in the year after that, the Developer shall receive 100% of the TIF generated from all development within the TIF district, excluding the East Block.

    Based upon this, it is anticipated that the HRA would receive 5% of the tax increment generated from the entire project (including the East Block) through 2018. Beginning in 2019 it would receive 100% of the tax increment generated from the East Block. This significantly increased revenue stream (approximately $527,500 annually) can be utilized to pay debt service for the new ramp that is being contemplated at Mill Street and to the extent not needed to cover debt service on these bonds, for other qualified TIF costs/projects within the City. Attached at the end of this memo is the projection of tax increment as originally agreed to (5% through term of district and newly agreed to term). It should be noted that the amount of TIF available to both parties is conditioned on payoff of the corresponding obligations (i.e. TIF Note and City bonds). ***<u>To the extent these obligations are paid off prior to the end of the TIF district, the remaining term of TIF may NOT be available to either party.</u>***

17. <u>Execution of the Amended Development Agreement</u>: The Amended Development Agreement must be executed before a building permit will be issued for the East Block

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

City of Wayzata

Wayzata Bay Center TIF Estimate Summary - Current Agreement

Years in #	Year	Market Value	City TIF (5%)	Net TIF to Developer (95%)
0.5	2015	$ 90,603,000	$ 25,029	$ 475,557
1	2015	$ 90,603,000	$ 25,029	$ 475,557
1.5	2016	$ 147,244,999	$ 44,493	$ 845,371
2	2016	$ 147,244,999	$ 44,493	$ 845,371
2.5	2017	$ 203,543,031	$ 61,087	$ 1,160,653
3	2017	$ 203,543,031	$ 61,087	$ 1,160,653
3.5	2018	$ 233,275,843	$ 70,259	$ 1,334,918
4	2018	$ 233,275,843	$ 70,259	$ 1,334,918
4.5	2019	$ 233,275,843	$ 70,259	$ 1,334,918
5	2019	$ 233,275,843	$ 70,259	$ 1,334,918
5.5	2020	$ 233,275,843	$ 70,259	$ 1,334,918
6	2020	$ 233,275,843	$ 70,259	$ 1,334,918
6.5	2021	$ 233,275,843	$ 70,259	$ 1,334,918
7	2021	$ 233,275,843	$ 70,259	$ 1,334,918
7.5	2022	$ 233,275,843	$ 70,259	$ 1,334,918
8	2022	$ 233,275,843	$ 70,259	$ 1,334,918
8.5	2023	$ 233,275,843	$ 70,259	$ 1,334,918
9	2023	$ 233,275,843	$ 70,259	$ 1,334,918
9.5	2024	$ 233,275,843	$ 70,259	$ 1,334,918
10	2024	$ 233,275,843	$ 70,259	$ 1,334,918
10.5	2025	$ 233,275,843	$ 70,259	$ 1,334,918
11	2025	$ 233,275,843	$ 70,259	$ 1,334,918
11.5	2026	$ 233,275,843	$ 70,259	$ 1,334,918
12	2026	$ 233,275,843	$ 70,259	$ 1,334,918
12.5	2027	$ 233,275,843	$ 70,259	$ 1,334,918
13	2027	$ 233,275,843	$ 70,259	$ 1,334,918
13.5	2028	$ 233,275,843	$ 70,259	$ 1,334,918
14	2028	$ 233,275,843	$ 70,259	$ 1,334,918
14.5	2029	$ 233,275,843	$ 70,259	$ 1,334,918
15	2029	$ 233,275,843	$ 70,259	$ 1,334,918
15.5	2030	$ 233,275,843	$ 70,259	$ 1,334,918
16	2030	$ 233,275,843	$ 70,259	$ 1,334,918
16.5	2031	$ 233,275,843	$ 70,259	$ 1,334,918
17	2031	$ 233,275,843	$ 70,259	$ 1,334,918
17.5	2032	$ 233,275,843	$ 70,259	$ 1,334,918
18	2032	$ 233,275,843	$ 70,259	$ 1,334,918
18.5	2033	$ 233,275,843	$ 70,259	$ 1,334,918
19	2033	$ 233,275,843	$ 70,259	$ 1,334,918
19.5	2034	$ 233,275,843	$ 70,259	$ 1,334,918
20	2034	$ 233,275,843	$ 70,259	$ 1,334,918
20.5	2035	$ 233,275,843	$ 70,259	$ 1,334,918
21	2035	$ 233,275,843	$ 70,259	$ 1,334,918
21.5	2036	$ 233,275,843	$ 70,259	$ 1,334,918
22	2036	$ 233,275,843	$ 70,259	$ 1,334,918
22.5	2037	$ 233,275,843	$ 70,259	$ 1,334,918
23	2037	$ 233,275,843	$ 70,259	$ 1,334,918
23.5	2038	$ 233,275,843	$ 70,259	$ 1,334,918
24	2038	$ 233,275,843	$ 70,259	$ 1,334,918
24.5	2039	$ 233,275,843	$ 70,259	$ 1,334,918
25	2039	$ 233,275,843	$ 70,259	$ 1,334,918
25.5	2040	$ 233,275,843	$ 70,259	$ 1,334,918
26	2040	$ 233,275,843	$ 70,259	$ 1,334,918
	TOTAL		**$ 3,493,125**	**$ 66,369,383**

City of Wayzata

Wayzata Bay Center TIF Estimate Summary - Amended Agreement

Years in #	Year	Market Value	City TIF (100% East Block)	Net TIF to Developer
0.5	2015	$ 90,603,000	$ 25,029	$ 475,557
1	2015	$ 90,603,000	$ 25,029	$ 475,557
1.5	2016	$ 147,244,999	$ 44,493	$ 845,371
2	2016	$ 147,244,999	$ 44,493	$ 845,371
2.5	2017	$ 203,543,031	$ 58,649	$ 1,172,985
3	2017	$ 203,543,031	$ 58,649	$ 1,172,985
3.5	2018	$ 233,275,843	$ 263,732	$ 1,141,444
4	2018	$ 233,275,843	$ 263,732	$ 1,141,444
4.5	2019	$ 233,275,843	$ 263,732	$ 1,141,444
5	2019	$ 233,275,843	$ 263,732	$ 1,141,444
5.5	2020	$ 233,275,843	$ 263,732	$ 1,141,444
6	2020	$ 233,275,843	$ 263,732	$ 1,141,444
6.5	2021	$ 233,275,843	$ 263,732	$ 1,141,444
7	2021	$ 233,275,843	$ 263,732	$ 1,141,444
7.5	2022	$ 233,275,843	$ 263,732	$ 1,141,444
8	2022	$ 233,275,843	$ 263,732	$ 1,141,444
8.5	2023	$ 233,275,843	$ 263,732	$ 1,141,444
9	2023	$ 233,275,843	$ 263,732	$ 1,141,444
9.5	2024	$ 233,275,843	$ 263,732	$ 1,141,444
10	2024	$ 233,275,843	$ 263,732	$ 1,141,444
10.5	2025	$ 233,275,843	$ 263,732	$ 1,141,444
11	2025	$ 233,275,843	$ 263,732	$ 1,141,444
11.5	2026	$ 233,275,843	$ 263,732	$ 1,141,444
12	2026	$ 233,275,843	$ 263,732	$ 1,141,444
12.5	2027	$ 233,275,843	$ 263,732	$ 1,141,444
13	2027	$ 233,275,843	$ 263,732	$ 1,141,444
13.5	2028	$ 233,275,843	$ 263,732	$ 1,141,444
14	2028	$ 233,275,843	$ 263,732	$ 1,141,444
14.5	2029	$ 233,275,843	$ 263,732	$ 1,141,444
15	2029	$ 233,275,843	$ 263,732	$ 1,141,444
15.5	2030	$ 233,275,843	$ 263,732	$ 1,141,444
16	2030	$ 233,275,843	$ 263,732	$ 1,141,444
16.5	2031	$ 233,275,843	$ 263,732	$ 1,141,444
17	2031	$ 233,275,843	$ 263,732	$ 1,141,444
17.5	2032	$ 233,275,843	$ 263,732	$ 1,141,444
18	2032	$ 233,275,843	$ 263,732	$ 1,141,444
18.5	2033	$ 233,275,843	$ 263,732	$ 1,141,444
19	2033	$ 233,275,843	$ 263,732	$ 1,141,444
19.5	2034	$ 233,275,843	$ 263,732	$ 1,141,444
20	2034	$ 233,275,843	$ 263,732	$ 1,141,444
20.5	2035	$ 233,275,843	$ 263,732	$ 1,141,444
21	2035	$ 233,275,843	$ 263,732	$ 1,141,444
21.5	2036	$ 233,275,843	$ 263,732	$ 1,141,444
22	2036	$ 233,275,843	$ 263,732	$ 1,141,444
22.5	2037	$ 233,275,843	$ 263,732	$ 1,141,444
23	2037	$ 233,275,843	$ 263,732	$ 1,141,444
23.5	2038	$ 233,275,843	$ 263,732	$ 1,141,444
24	2038	$ 233,275,843	$ 263,732	$ 1,141,444
24.5	2039	$ 233,275,843	$ 263,732	$ 1,141,444
25	2039	$ 233,275,843	$ 263,732	$ 1,141,444
25.5	2040	$ 233,275,843	$ 263,732	$ 1,141,444
26	2040	$ 233,275,843	$ 263,732	$ 1,141,444
	TOTAL		**$ 12,388,031**	**$ 57,494,265**