City of Wayzata Housing and Redevelopment Authority
Meeting Agenda
Friday, May 29, 2015

7:30 am – 8:30 am
Wayzata City Hall Community Room
600 Rice Street East
Wayzata, MN 55391

1. Call to Order – Chairman Shaver

2. Approval of Agenda

3. Approval of Minutes of April 30, 2015

4. Old Business
   a. Receipt of Financial Reports for 2013 and 2014

5. New Business
   a. Wayzata Bay Center Redevelopment Agreement Amendments

6. Next Meeting Date: July 30, 2015

7. Adjournment

HRA members present: T. Shaver, B. Ambrose, D. McGill, B. Petit, R. Wothe
HRA members absent: None
City Staff/HRA Executive Director present: Heidi Nelson
City Staff present: Deputy City Clerk Becky Malone, Director of Planning and Building Bryan Gadow, and Director of Administrative Services Don Uram

Chairman Shaver called the meeting of the HRA to order at 7:33 am.

APPROVAL OF AGENDA

Uram stated the Financial Report would be presented once the audit was completed.

Nelson stated the Financial Report could be reviewed by the HRA when they meet to finalize the Redevelopment Agreement with Presbyterian Homes.

McGill motioned to approve the April 30, 2015, meeting agenda as presented, seconded by Wothe. The motion passed 5/0 by voice vote.

APPROVAL OF MINUTES – MINUTES OF JANUARY 29, 2015

McGill motioned to approve the January 29, 2015 minutes, seconded by Wothe. The motion passed 5/0 by voice vote.

OLD BUSINESS

a. Update on Presbyterian Homes Proposed Redevelopment Agreement Amendments

Nelson provided an overview of the Presbyterian Homes proposed redevelopment agreement amendments. The project has completed the Planning Commission process with a recommendation for approval of the PUD amendment and the design modifications subject to conditions. The changes the City is working through with Presbyterian Homes are how parking is indicated in the project, the lot at the corner of Lake and Superior, the long-term landscaping plan on the east buffer. The City is looking at potentially building a parking structure on Mill Street and the City would like to be able to direct parking to Presbyterian Homes during this construction. There is also continued discussion on financing and looking at the TIF Plan to potentially better the City’s position in the out years. Staff is requesting that a member of the HRA be appointed to serve as the representative of the HRA as the City works to finalize negotiations. Once the project is finalized then it would be brought back to the HRA for approval.

Shaver clarified that Items 1-8 of Ehlers memo had been resolved.

Nelson stated there is a tentative agreement on these items including an understanding that the parking is to be better publically noted and Presbyterian Homes is working on this. These items would all be included in one package to be finalized and at this time the largest pieces are the financing and the parking but there are tentative agreements in place for Items 1-8 and Items 1-3 in the secondary financing to continue to work on.

Shaver asked what the construction time line would look like.

Mr. Mehrkens, Presbyterian Homes, stated the project would start this summer and take about 18-months to be completed. The interior portion of the project including the roads would be done first and about a third to half of the park (eastern part of the great lawn) would be used as a staging area for construction because there are three sides of the parcel they cannot access the site from. The other portion of this space would be finished and buffered with access to the pavilion.

Shaver asked for clarification on Item 5: Possible changes in timing to right of first refusal for the lot on the corner of Lake and Superior.

Mehrkens stated everything is preliminary at this time but the property has been squared off to make it more developable. Presbyterian Homes' interest in this would be for others and they do not plan to develop it for senior housing. The thought would be to develop it for retail on the first floor and office space on the second floor. This development would be reliant on off-site parking. The idea would be to put a building as large as the property would allow. A three (3) story building would not fit the scale but a two (2) story could work.

Ambrose asked if there would be an alley between this proposed building and the next building.

Mehrkens stated the parking lot to the east is partially owned by the City and partially by the owner further to the west. He does not assume this would change. Any development of this property would be need to be supported by off-site parking and the parking ramp if this is built.

Nelson explained the parking, plats, and easements for the parcels.

Shaver asked that the next meeting packet contain an updated plat that outlines the boundaries for these properties compared to the associated properties north and west and also information on the setbacks for the properties.

Petit asked if Presbyterian Homes had enough parking and if they have adequate space to cover the casual visitor variable. He asked Mr. Mehrkens if he had concerns with having their parking marked public parking.

Mehrkens stated he did have concerns with marking the Presbyterian Homes parking as public but there is adequate parking to accommodate all of uses in this area based on traditional parking models for mixed uses. They are part of the downtown area but he does not want to limit the space available for people that are there for Presbyterian Homes. The parking in the ramps is available to the residents and guests of Presbyterian Homes and he wants to be careful that the heated parking does not get to be the long-term public parking for downtown.

Shaver stated the City wants to promote Wayzata as a destination and it is difficult to calculate the additional traffic patterns and parking needs. This is something that may need to be measured annually in order to determine the future needs.

Gadow stated the studies that have been performed have taken snapshots to evaluate peak times and determine where the needs may be.

Shaver suggested the HRA appoint a member to represent the HRA through the Development Process, PUD approval, and the TIF financing.

Ambrose suggested Chair Shaver would be the best member for this opportunity.

Shaver stated he would represent the HRA.

Ambrose motioned to appoint Chair Shaver to represent the HRA through the development process, PUD approval, and TIF financing for Presbyterian, seconded by Wothe. The motion passed 5/0 by voice vote.

b. Update on Downtown Parking

Nelson provided a status update regarding the projects that LSA Design and the City are currently working on, including the pilot projects, Parking District and Parking Ordinance, the Carisch Ramp, and the plan of finance. The City Council would have a workshop on May 5 to look at what is currently being worked on and to look at proceeding with programming and wayfinding. The pilot projects include valet parking, employee parking, and enforcement of parking regulations. The City has considered a public valet parking option that would use the lot behind CoV and/or the third level of the Carisch Ramp. Lake Street is posted as 2-hour parking and this is not enforced. They are looking at increasing this to 3-hours and enforcing this limit. The Parking District is ready to move forward and the Planning Commission has discussed making changes to the Parking Ordinance. The public parking easement at the Carisch Ramp is set to expire in 2017 and the City is working to extend this. The City has requested special legislation with regard to TIF District #3 (Widsten). The amendment would allow for the 5-yearr rule to be met if the City proceeded with the parking ramp project as anticipated in the original TIF plan. Currently they are in the House Tax Bill but not the Senate Tax Bill.

Shaver requested an update on what the increment coming into the City with the approval of the Presbyterian Homes TIF request.

McGill asked if the justification for the increase was increased valuation that led to more money.

Nelson stated under the current arrangement it would be about $200,000 in 2015 or $2.5 million over the term of the District. The amendment could potentially be 100% to Presbyterian Homes for the existing TIF and the City takes 100% on the east block TIF but once there is an agreement then the HRA would have the specific details. She stated her concern was that the City would leave resources “on the table”. This is the biggest economic development project the City has had. To be able to utilize the resources from this project to help the City with the Downtown District is critical because if the City does not take this opportunity today the City will not have the opportunity to reinvest these resources.

McGill asked how much value there would be in the 5-year extension on the Widsten District.

Nelson stated this would be about $3.1 million.

Petit asked if the City knew where they would like to end up with this project because he does not like to see the City create a long-term problem that they are not able to get out of in terms of saturation and capacity.

Nelson stated the Council is currently grappling with the questions of what is the best answer for the future. The City needs to determine what they want the corner to look like and how this would impact parking. The City is going into a strategic planning meeting today and the top items on their list to discuss are: the parking, the Lake Effect, the MUNI, and cell towers. The City needs to make some decisions on what this area should be, what they are planning for the lakefront, and how it can be measured.

Petit stated his concern is that in the decision making process a decision needs to be made and this would be what affects all other decisions. He stated the number one thing the City should do in order to get a handle on the parking is to decide what to do with the property in front of the MUNI. Without this there is no solution.

Nelson stated the May 5 workshop would be focusing on the 700 block and talk about what the City wants. Whatever they do it affects parking. There are issues such s Zoning and Comprehensive Plan amendments that have to be made and old development agreements with Beltz. The City is aware that a decision needs to be made but they are trying to assess the appropriate size to make it economically feasible and what the impacts would be for the MUNI.

Petit stated the City also needs to consider the broader traffic issues this development would create.

Shaver stated there has to be decisions made on critical components with a cause and effect downstream analysis. The City cannot address the issues until the strategic decisions are made. The hope is the City has the talent pool to address this completely for a future event. The items that will be discussed in the strategic planning sessions prioritize the issues that are currently in front of the City. The next cascading component is the lot next to the MUNI coupled with addressing the need for a parking structure. Once these decisions are made then the City can look at other issues such as traffic congestion.

Ambrose stated another factor impacting congestion in the City is the construction on Hwy 494 and Bushaway Road.

Wothe expressed concerns regarding the financial aspect of selling this property and building a Municipal parking ramp to provide the needed parking. He asked if there would be a surplus.

Nelson stated they are trying to measure how much would get developed in this area. They are looking at the Parking Ordinance and what would be required for parking under a new Ordinance utilizing a shared model. The other component is what other redevelopment will occur in the 700 block that could drive parking demand. We cannot say how much excess parking there would be but unless there is no new development there could be 300 excess stalls. If a Parking District is created utilizing the Carisch Ramp and Presbyterian Homes and a new ramp there would be 1800-2000 stalls to service the District as a whole.

Shaver stated using high level math a 20,000 square-foot building on the corner would require 100 parking stalls at $15,000-$20,000 per stall. You would have to have a value of $1.5-$2 million for the property just to break even on the cost of the parking structure.

NEW BUSINESS

a. Policy for Communication between Boards, Commissions, Committees and the City Council

Nelson explained the background and purpose of the Policy for Communication between Boards, Commissions, Committees and the City Council. Regular communication would include a bi-annual report to the City Council in the form of a mid-year joint workshop and an end-of-year report at a regular City Council meeting.

Shaver stated the Policy has been adopted. He asked when it would be implemented.

Nelson stated the HRA needs to plan for this and expect that as things arise the Commission communicates their needs and projects to the Council. The Council would like to communicate with the Commission and share information to understand what they are working on.

NEXT MEETING DATE: July 30, 2015

Shaver stated the next meeting was scheduled for July 30, 2015.

ADJOURNMENT

There being no further business; McGill motioned to adjourn at 8:45 a.m., Wothe seconded the motion and the motion carried 5/0.

Respectfully submitted,

Becky Malone
Deputy City Clerk, City of Wayzata
Drafted by Tina Borg, *TimeSaver Off Site Secretarial, Inc.*

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

Date: May 26, 2015

To: Chair Shaver and the HRA

From: Heidi Nelson, City Manager
Don Uram, Administrative Services Director

Subject: Financial Reports for 2013 and 2014

Attached to this memo are the 2013 and 2014 audited financial statements for the Housing and Redevelopment Authority. The only significant change between 2013 and 2014 is that the Central Area TIF district was decertified and is no longer an active fund.

The Widsten TIF district has one remaining debt payment scheduled for 2015 and will also need to be decertified in 2015 unless the City receives special legislation to extend the district. If successful, the district could be extended until 2022 and generate about $3.3 million to help pay for the Mill Street parking ramp.

Due to previous expenditures within the Bay Center TIF district with no offsetting revenue, this fund currently shows a negative fund balance. Once increment is received starting in 2015 this negative balance will be eliminated.

Activity in the Housing fund is limited to the accrual of interest for the five notes outstanding. These notes range in amounts from $8,611 to $10,000 and are payable in either 2034 or 2049.

Phone: 952-404-5300 Fax: 952-404-5318 e-mail: city@wayzata.org home page: www.wayzata.org

CITY OF WAYZATA, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY
(DISCRETELY PRESENTED COMPONENT UNIT)
COMBINING BALANCE SHEET
DECEMBER 31, 2013

	Debt Service		Capital Projects	Special Revenue	
	304	314	316	440	
	Central Area Tax Increment	Widsten Tax Increment	Bay Center Tax Increment	Housing	Total
ASSETS					
Cash and temporary investments	$ -	$ 509,078	$ -	$ 342,402	$ 851,480
Receivables					
Accrued interest	-	-	-	14,048	14,048
Notes	-	-	-	46,825	46,825
Due from other funds	-	10,973	-	-	10,973
TOTAL ASSETS	$ -	$ 520,051	$ -	$ 403,275	$ 923,326
LIABILITIES					
Due to other governments	$ -	$ 1,382	$ 509	$ -	$ 1,891
Deposits payable	-	-	-	703	703
Due to other funds	-	-	10,973	-	10,973
TOTAL LIABILITIES	-	1,382	11,482	703	13,567
FUND BALANCES					
Restricted for debt service	-	518,669	-	-	518,669
Restricted for economic development	-	-	-	402,572	402,572
Unassigned	-	-	(11,482)	-	(11,482)
TOTAL FUND BALANCES	-	518,669	(11,482)	402,572	909,759
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 520,051	$ -	$ 403,275	$ 923,326

Total fund balances reported above	$ 909,759
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
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year-end consist of	
Bond principal payable	(530,000)
Plus: unamortized bond premium	(17,128)
The funds do not report a liability for accrued interest until due and payable.	(883)
Total net position - Housing and Redevelopment Authority	$ 2,454,648

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, 2013

	Debt Service		Capital Projects	Special Revenue	
	304 Central Area Tax Increment	**314** Widsten Tax Increment	**316** Bay Center Tax Increment	**440** Housing	Total
REVENUES					
Tax increment	$ (77,607)	$ 476,209	$ -	$ -	$ 398,602
Intergovernmental	77,287	-	-	-	77,287
Investment earnings	23	53	-	1,465	1,541
TOTAL REVENUES	(297)	476,262	-	1,465	477,430
EXPENDITURES					
Current					
Housing and economic development	1,100	21,832	809	60	23,801
Debt service					
Principal	190,000	250,000	-	-	440,000
Interest and other	3,450	16,025	-	-	19,475
TOTAL EXPENDITURES	194,550	287,857	809	60	483,276
NET CHANGE IN FUND BALANCES	(194,847)	188,405	(809)	1,405	(5,846)
FUND BALANCES, JANUARY 1	194,847	330,264	(10,673)	401,167	915,605
FUND BALANCES, DECEMBER 31	$ -	$ 518,669	$ (11,482)	$ 402,572	$ 909,759

CITY OF WAYZATA, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY
(DISCRETELY PRESENTED COMPONENT UNIT)
RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Total net change in fund balances	$ (5,846)
Amounts reported for the Housing and Redevelopment Authority in the statement of activities are different because	
The issuance of long-term debt provides current financial resources to the funds, while the repayment of principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. Also, the funds report the effect premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts below are the effects of these differences in the treatment of long-term debt and related items.	
Principal repayments	440,000
Amortization of bond premium	9,409
Interest on long-term debt in the statement of activities differs from the amount reported in the funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	892
Change in net position - Housing and Redevelopment Authority	$ 444,455

CITY OF WAYZATA, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY
(DISCRETELY PRESENTED COMPONENT UNIT)
COMBINING BALANCE SHEET
DECEMBER 31, 2014

	Debt Service **314** Widsten Tax Increment	Capital Projects **316** Bay Center Tax Increment	Special Revenue **440** Housing	Total
ASSETS				
Cash and temporary investments	$ 680,318	$ -	$ 347,823	$ 1,028,141
Receivables				
Accrued interest	-	-	15,452	15,452
Notes	-	-	46,825	46,825
Due from other funds	21,049	-	-	21,049
TOTAL ASSETS	$ 701,367	$ -	$ 410,100	$ 1,111,467
LIABILITIES				
Accounts payable	$ -	$ 1,631	$ -	$ 1,631
Deposits payable	-	-	703	703
Due to other funds	-	21,049	-	21,049
TOTAL LIABILITIES	-	22,680	703	23,383
FUND BALANCES				
Restricted for debt service	701,367	-	-	701,367
Restricted for economic development	-	-	409,397	409,397
Unassigned	-	(22,680)	-	(22,680)
TOTAL FUND BALANCES	701,367	(22,680)	409,397	1,088,084
TOTAL LIABILITIES AND FUND BALANCES	$ 701,367	$ -	$ 410,100	$ 1,111,467

Total fund balances reported above	$ 1,088,084
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
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year-end consist of	
Bond principal payable	(270,000)
Plus unamortized bond premium	(8,211)
The funds do not report a liability for accrued interest until due and payable.	(450)
Total net position - Housing and Redevelopment Authority	$ 2,902,323

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, 2014

	Debt Service **314** Widsten Tax Increment	Capital Projects **316** Bay Center Tax Increment	Special Revenue **440** Housing	Total
REVENUES				
Tax increment	$ 466,523	$ -	$ -	$ 466,523
Investment earnings	8,709	-	6,825	15,534
TOTAL REVENUES	475,232	-	6,825	482,057
EXPENDITURES				
Current				
Housing and economic development	21,484	11,198	-	32,682
Debt service				
Principal	260,000	-	-	260,000
Interest and other	11,050	-	-	11,050
TOTAL EXPENDITURES	292,534	11,198	-	303,732
NET CHANGE IN FUND BALANCES	182,698	(11,198)	6,825	178,325
FUND BALANCES, JANUARY 1	518,669	(11,482)	402,572	909,759
FUND BALANCES, DECEMBER 31	$ 701,367	$ (22,680)	$ 409,397	$ 1,088,084

CITY OF WAYZATA, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY
(DISCRETELY PRESENTED COMPONENT UNIT)
RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Total net change in fund balances	$ 178,325
Amounts reported for the Housing and Redevelopment Authority in the statement of activities are different because	
The issuance of long-term debt provides current financial resources to the funds, while the repayment of principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. Also, the funds report the effect premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts below are the effects of these differences in the treatment of long-term debt and related items.	
Principal repayments	260,000
Amortization of bond premium	8,917
Interest on long-term debt in the statement of activities differs from the amount reported in the funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	433
Change in net position - Housing and Redevelopment Authority	$ 447,675

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

Mayor:
Ken Willcox

City Council:
Bridget Anderson
Johanna McCarthy
Andrew Mullin
Steven Tyacke

City Manager:
Heidi Nelson

Date: May 27, 2015

To: Chair Shaver and HRA Members

From: Heidi Nelson, City Manager

Subject: Consider Wayzata Bay Redevelopment Company Redevelopment Agreement Amendments

Attached to this memo is a term sheet of amendments to the Redevelopment Agreement for the Wayzata Bay Center Redevelopment Project. The City's financial advisor, Stacie Kvilvang with Ehlers, and legal counsel Jay Lindgren will be present at the HRA meeting to review the term sheet. The HRA previously 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. Chair Shaver participated in the May 21, 2015 Council workshop to further refine the Redevelopment Agreement amendments. The HRA is asked to consider the Redevelopment Agreement amendments in preparation for City Council consideration on June 2, 2015.

The Redevelopment Agreement amendments generally address the following for the balance of the project:

- Approvals for the use change of the East Block from Hotel/Office/Retail to Hotel/Condo/Retail.
- Establishes an updated construction schedule for the East Block, with substantial completion by 12/31/17.
- Requires the developer to initiate a request to establish the City's downtown parking district and pay fees levied as established by the parking district ordinance.
- Amends the TIF note to cover planned public improvements, including landscaping at the East end of Lake Street.
- Requires developer to submit conceptual development plans for HRA parcel at corner of Lake/Superior by June 15, 2015 or developer gives up Right of First Refusal on the parcel.
- Requires developer to install universally standard blue public parking signs for retail parking ramps and on street signs to direct visitors to parking.
- Establishes a program for management of workforce parking and penalties for non-

compliance.

- Provides for a $25,000 landscape escrow by the developer to augment landscaping in the East Buffer.
- Shifts tax increment from a 95%/5% split with the City to the City receiving 100% of the East Block once completed and the developer receiving 100% of the West, Superior, North and Plaza Blocks, increasing revenue available to the city from $3.4million to $12.3million. The TIF revenue available to the city could be used for public improvement projects such as parking and other infrastructure (sidewalks, storm water improvements, roads/utilities, pedestrian/railroad crossings).

As noted above, the term sheet will be reviewed during the HRA meeting. The city's legal counsel and financial advisor will be available for questions.

Preliminary Term Sheet

Developer, HRA and City entered into that certain Redevelopment Agreement, dated as of December 7, 2011 (as amended to date) (the "Original Agreement"). This Term Sheet is executed as of this 2nd day of June, 2015 by and between Developer, HRA and City and is intended to set forth the general terms upon which the parties hereto may be willing to enter into an amendment to or amended and restated version of the Original Agreement (the "Redevelopment Agreement"). This Term Sheet shall not be deemed conclusive or legally binding upon either party and neither party shall have any obligations regarding the property defined below unless and until a definitive Redevelopment Agreement is approved by the City and executed by both parties. All capitalized terms contained herein shall have the meaning given to them in the Original Agreement, unless defined in this term sheet.

1. Developer Conditions, as determined to date:
    a. Execution of Amended and Restated Redevelopment 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 Redevelopment 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 80 to 90-unit full service hotel and approximately 14,000 sq/ft of retail space and related parking, consistent with plans submitted by Bohland Development Inc., dated_______. Developer shall construct and provide for operation of parking consistent with plans submitted by Bohland Development Inc. dated _____.

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. Available Tax Increment: 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.

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

agreement requires meeting any petition requirements under Minnesota Statutes Chapter 428A and waiving the right to protest the establishment of fees.

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 Redevelopment 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 on the date of issuance (presumed to be in August 2015).

10. Remnant Parcel: Developer agrees to provide the City with conceptual development plans for the site byJune 15, 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. The Developer agrees to supply the City with a work force parking and project access plan that can be regularly updated, monitored, and enforced (including mandatory fines which shall be payable to the City). 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. East Buffer Landscaping: 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, except for the landscaping directly adjacent to the East Block construction which will be completed by Completion of the East Block Minimum Improvements. Developer shall provide the City with a lump sum payment of $25,000 to

provide for additional landscaping, restoration or mitigation 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. 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.

15. Future City Ramp: Developer agrees to work cooperatively with the City to allow the City to direct public parking to the development beginning after occupancy of the West Block and 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.

16. Fees: Developer and HRA agree to pay their own fees related to the negotiating and drafting of the Amended Agreement.

17. Execution of the Amended Redevelopment Agreement: The amended Redevelopment Agreement must be executed before a building permit will be issued for the East Block.

IN WITNESS WHEREOF, the parties have agreed to this non-binding term sheet as of the date first set forth above.

WAYZATA BAY REDEVELOPMENT COMPANY, LLC

By: ___________________________
Its: ___________________________

By: ___________________________
Its: ___________________________

CITY OF WAYZATA

By: ___________________________
Its: Mayor

WAYZATA HOUSING AND REDEVELOPMENT AUTHORITY

By: ___________________________
Its: Chair

Preliminary Term Sheet

Developer, HRA and City entered into that certain Redevelopment Agreement, dated as of December 7, 2011 (as amended to date) (the “Original Agreement”). This Term Sheet is executed as of this ~~_____~~ 2nd day of ~~___________,~~ June, 2015 by and between Developer, HRA and City and is intended to set forth the general terms upon which the parties hereto may be willing to enter into an amendment to or amended and restated version of the Original Agreement~~Amended and Restated Contract for Private Development~~ (the “~~Development~~ Redevelopment Agreement”). This Term Sheet shall not be deemed conclusive or legally binding upon either party and neither party shall have any obligations regarding the property defined below unless and until a definitive ~~Development~~ Redevelopment Agreement is approved by the City and executed by both parties. All capitalized terms contained herein shall have the meaning given to them in the Original Agreement, unless defined in this term sheet.

1. Developer Conditions, as determined to date:
   a. Execution of Amended and Restated ~~Development~~ Redevelopment 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~~ Redevelopment 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 80~~2~~ to 90-unit full service hotel~~,[change to limited if no restaurant included]~~ and approximately ~~26,300~~14,000 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 and provide for operation of parking consistent with plans submitted by Bohland Development Inc. dated _____.~~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. Available Tax Increment: 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.

7. Parking District: Developer agrees to initiate a request to be included in the City's parking district for the downtown area and pay fees ~~levied~~ required for the development as determined through the parking district ordinance that will be adopted in 2015. ~~(Jay Lindgren to provide specific language)~~ Developer's agreement requires meeting any petition requirements under Minnesota Statutes Chapter 428A and waiving the right to protest the establishment of fees.

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~~ Redevelopment 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 on the date of issuance (presumed to be in August 2015).

10. Remnant Parcel: Developer agrees to provide the City with conceptual development plans for the site by ~~September 1~~June 15, 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. The Developer agrees to supply the City with a work force parking and project access plan that can be regularly updated, monitored, and enforced (including mandatory fines which shall be payable to the City). 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. East Buffer Landscaping: 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~~ except for the landscaping directly adjacent to the East Block construction which will be completed by Completion of the East Block Minimum Improvements. Developer shall provide the City with a lump sum payment of $25,000 to provide for additional landscaping, restoration or mitigation 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.

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16. Fees: Developer and HRA agree to pay their own fees related to the negotiating and drafting of the Amended Agreement.

17. Execution of the Amended Redevelopment Agreement: The amended ~~Development~~Redevelopment Agreement must be executed before a building permit will be issued for the East Block.

IN WITNESS WHEREOF, the parties have ~~executed~~ agreed to this non-binding term sheet~~this Agreement~~ as of the date first set forth above.

WAYZATA BAY REDEVELOPMENT COMPANY, LLC

By: ___________________________
Its: ___________________________

By: ___________________________
Its: ___________________________

CITY OF WAYZATA

By: ___________________________
Its: Mayor

WAYZATA HOUSING AND
REDEVELOPMENT AUTHORITY

By: ________________________
Its: Chair

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**