

HRA members present: T. Shaver, B. Ambrose, D. McGill, R. Wothe, B. Petit
City Staff/HRA Executive Director present: Heidi Nelson
City Staff present: Bryan Gadow, Don Uram, and Darla Frink
Others present: Stacie Kvilvang with Ehlers and Associates, and John Mehrkens with Presbyterian Homes

Chairman Shaver called the meeting of the HRA to order at 7:35 am.

APPROVAL OF AGENDA

McGill motioned to approve the May 29, 2015, meeting agenda as presented, seconded by Wothe. The motion passed 5/0 by voice vote.

APPROVAL OF MINUTES – MINUTES OF APRIL 30, 2015

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

Shaver suggested moving New Business before Old Business due to Ms. Kvilvang's other obligations.

NEW BUSINESS

a. Wayzata Bay Center Redevelopment Agreement Amendments

Nelson reviewed the Staff Memo and updated the HRA on the meetings that have occurred since April 30, 2015 and the process for approving the Redevelopment Agreement amendments.

Kvilvang reviewed the Preliminary Term Sheet and the changes since the last HRA meeting. She explained for Item 3 the date Bohland Development submitted plans was May 21, 2015. She clarified the Applicant would like to start construction in August rather than September and there is this flexibility in the agreement. She stated the Developer will receive 95% of the tax increment; not the City/HRA as stated in Item 6. The first year will be 2015 and will continue until Block E is at least 50% complete for tax valuation purposes. After that, the Developer will receive 100% of the TIF generated from development within the TIF District, excluding Block E. The City/HRA will receive 100% of the TIF for Block E. These funds would then be used for the construction of a parking ramp on Mill Street. She pointed out that the TIF Note would be increased by \$149,121, in order to reimburse the Developer for additional landscaping required at the end of East Lake Street. She clarified in Item 10 the Developer would be providing an outline by June 15 and a plan by September 30.

Shaver clarified Item 10 outlined the "right of first refusal" or the "right of first negotiation." This occurs only if the HRA/City decides to sell this parcel.

1
2 Kvilvang stated Item 12 outlines the construction work force parking plan, which would
3 be updated, monitored, and enforced (including mandatory fines).
4

5 Nelson stated the additional funds for landscaping at the end of East Lake Street (Item
6 14) would be for the full landscape plan, including the roundabout.
7

8 Ambrose clarified that the term sheet was not binding but rather an outline of the items
9 that would be included in the agreement.
10

11 Petit asked if a schematic outline for the project would be available by the June 15
12 deadline.
13

14 Mr. John Mehrkens, Presbyterian Homes, stated there would be an outline and a
15 number of development scenarios, in narrative form, available by the June 15 deadline.
16

17 Shaver clarified this would provide the City some ideas on the development of this
18 parcel to be included in the discussions regarding the downtown parking.
19

20 Nelson explained the Development Agreement Amendment and the parking discussions
21 and plans are moving parallel. As the site plan and predesign of the ramp moves
22 forward, the City will be meeting every two-weeks to work through the parking issues
23 and how the different development scenarios would impact parking.
24

25 Mehrkens explained that development on this parcel would require parking off-site and
26 the parking that is available in a parking ramp would drive the type of development that
27 is done.
28

29 Petit asked about the TIF and what that would generate annually.
30

31 Kvilvang stated explained the tables included in the Staff report showed the value of the
32 TIF under the current agreement at \$3,493,125 and the amended agreement would be
33 \$12,388,031. There are concerns if the project does not move forward for the East
34 Block or the valuations are not there. The proposed agreement provides 5% of the
35 increment. The proposed hotel and condos are one building and would be constructed
36 at one time. The true increment value or driver on a development is coming from the
37 condominium values. The Developer does have the financing in place and they have
38 entered into a management agreement, so the project is expected to move forward.
39

40 Shaver stated there is also a retail component to this project and Presbyterian Homes
41 would take ownership of this. He clarified, in regards to underwriting and valuation
42 going forward, the runs had been conservative to be sure the base line is set and the
43 TIF increment is at a zero base for inflation. He asked what the retail rent would be for
44 this project and how this compares to the current market.
45

46 Mehrkens stated they have been conservative on the retail as it relates to valuation and
47 they have used the County estimates.
48

1 Petit asked if the HRA would continue to pursue the modification with the State.

2
3 Nelson explained the session ended without a tax bill and a special session is pending.
4 They are continuing to work with Senator Osmek and they are hoping there will be a tax
5 bill passed during a special session. If the City is successful in getting the amendment
6 to the Widsten District the City would receive an additional \$3.1 Million over the next 7-
7 years that could be used for the parking ramp project.

8
9 Ambrose asked if the hotel could be converted to condominiums in the future if the hotel
10 is not successful.

11
12 Mehrkens stated this would not be an easy transition but it may happen if something
13 unforeseen should happen.

14
15 Petit asked what the bottom line would be for the City if the TIF request with the State
16 fails and the taxes were going to the City's General Fund.

17
18 Kvilvang stated if the Widsten legislation is not approved this year the City would wait
19 one more year and then hopefully it would be included in the following year's tax bill. If
20 it is not passed the District would be decertified and the value would go to the tax rolls.
21 The City would get the existing proportionate share.

22
23 Mehrkens clarified the parking within the Promenade is private parking. They
24 understand that as part of a parking district there would be some cross over parking
25 where people park there and go to other locations but the private parking would remain
26 private and be policed by the development. The concern is that the public parking is
27 assigned to the retail on site and not pure public parking.

28
29 Shaver clarified pure public parking exists at the street level and the private parking
30 would be in the parking ramp.

31
32 Mr. Jay Lindgren, Dorsey and Whitney, stated in the original, existing agreement, there
33 are 50 parking spaces, in which the City has an easement right for public parking.
34 These are on the private streetscape of the Development. The parking structures that
35 are part of the Development are private parking that is intended to serve the retail and
36 other users within the development.

37
38 McGill motioned to adopt the Term Sheet as amended and forward it to the City Council
39 on June 2, 2015, seconded by Wothe. The motion passed 5/0 by voice vote.

40
41
42 OLD BUSINESS

43
44 a. Receipt of Financial Reports for 2013 and 2014

45
46 Uram reviewed the Staff Report and Financial Statements provided. He stated there is
47 a significant change between 2013 and 2014. The Central Area TIF district was
48 decertified and is no longer an active fund. The Widsten TIF district has one remaining

1 debt payment scheduled for 2015 unless the City receives special legislation to extend
2 the term of the district. Due to previous expenditures within the Bay Center TIF district
3 with no offsetting revenue, this fund currently shows a negative balance.

4
5 Shaver inquired about the Widsten fund balances. He asked if the \$200,000 increase
6 was due to additional increment and if it was anticipated to continue following the
7 special legislation.

8
9 Uram stated there is a bond payment of \$270,000 annually, which would be paid off this
10 year. What the City expects to receive in 2015 is about \$425,000 in that district. If the
11 extension is approved then the tax income generated is expected to be about \$400,000
12 annually for the next 7-years.

13
14 McGill motioned to accept the 2013 and 2014 Financial Reports as presented,
15 seconded by Wothe. The motion passed 5/0 by voice vote.

16
17 Shaver requested a spreadsheet regarding the districts, the increments created, and
18 what is anticipated to be the increment tax coming into the City.

19
20 Uram stated he would prepare these for future reference.

21
22
23 NEXT MEETING DATE: APRIL 30, 2015

24
25 Shaver stated the next meeting would be at 7:30 am on July 30, 2015.

26
27 Ambrose stated he would not be available in mid-June for a workshop.

28
29 Nelson explained on June 2 they would be doing preliminary work with the City Council
30 regarding the ramp. On June 16 they would have information on the corner of Lake and
31 Superior from Mr. Mehrkens available.

32
33 Petit asked if the size of the building had been determined for the development of the
34 Mill St. and Broadway Ave. intersection.

35
36 Nelson stated they are working on this currently.

37
38 Nelson stated there is a line drawn on a map and the agreement states that
39 development has to occur north of this line. The City interprets the agreement as: If the
40 City proceeds with a project and the Beltz owners are not involved then something
41 could be worked out that would benefit their commercial development. The City's intent
42 if Beltz were not involved would be to stay north of the line.

43
44 Shaver stated the City has put landscape projects in place and improvement projects.
45 He expressed concerns that there is no funding established for the maintenance of
46 these projects moving forward. He asked if TIF could be used for this.

47

1 Nelson stated the City cannot allocate TIF for general maintenance but Staff is looking
2 at how to fund the maintenance of these improvements.

3
4 Uram clarified TIF is for the capital improvement piece not the ongoing maintenance of
5 these capital improvements.

6
7 Shaver stated sprinklers could be included in the capital piece and this would help with
8 the ongoing maintenance of the landscaping improvements.

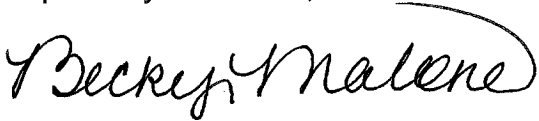
9
10 Shaver asked for an update on the Carisch Ramp.

11
12 Nelson stated that the Carisch Family has not expressed an interest in what the City
13 would bring to the table in terms of improvements. They intend to make some
14 improvements but the ramp was intended for private use. They are not interested in
15 extending the public easement. If the City builds parking they may continue to consider
16 an easement but they are concerned that their ramp would be the backstop for the
17 downtown area and they would not be able to meet the needs of their tenants.

18
19
20 ADJOURNMENT

21 There being no further business; McGill motioned to adjourn at 8:23 a.m., Wothe
22 seconded the motion and the motion passed 5/0 by voice vote.

23
24 Respectfully submitted,

25
26  06-30-2015
27
28 Becky Malone
29 Deputy City Clerk
30 City of Wayzata

31
32 Drafted by Tina Borg, *TimeSaver Off Site Secretarial, Inc.*