

HRA members present: T. Shaver, B. Ambrose, D. McGill, R. Wothe, B. Petit
City Staff/HRA Executive Director present: Heidi Nelson
City Staff present: Becky Malone, Bryan Gadow, and Don Uram
Others present: City Attorney Jay Lindgren with Dorsey & Whitney, LLP, Stacie Kvilvang with Ehlers and Associates, John Mehrkens with Presbyterian Homes

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

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES – MINUTES OF MAY 29, 2015

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

OLD BUSINESS

- a. Updated boundary survey outlining the boundaries/clarifying lot lines between 801 Superior Blvd. (City owned lot), 755 Lake St. (Bar Lazy H Five LLC), and 747 Mill St. (the Muni)

Shaver stated this information has been provided in response to the request made by the HRA at their May 29, 2015 meeting.

Wothe clarified the lot size as the east/west line is 128-feet and the north/south line is 124-feet, for a total of about 13,000 square feet.

- b. Update on TIF districts, increments created, and anticipated tax revenue

Ms. Stacie Kvilvang stated the City has two (2) TIF Districts outstanding. She reviewed the Management Review and Analysis Report. She explained the City can keep 10% of the tax increment that is generated over the term of the District to pay for administrative costs. The City can also pool up to 20% of the tax increment that is generated over the term of the District. This 20% can be spent outside of the TIF district boundaries. The City has spent about \$900,000 for storm water improvements and street projects outside of the TIF District. The City is currently seeking Special Legislation to extend the term of the Widsten District to its maximum statutory limit. If the City's request is approved there will be approximately \$3.9 million available for financing the public parking ramp on Mill Street through the remaining term of the District or the City could choose to pool approximately \$900,000 for projects outside of the District.

1 Ambrose asked what actions the City Council would need to make in order to request
2 the Special Legislation next year because the District is set to expire in 2015.

3
4 Kvilvang explained the City had the Special Legislation request in 2015 but there was
5 no tax bill approved. The City would not decertify the District and would keep it open
6 until next year. She explained the term could be extended from 2020 to 2022.

7
8 Shaver asked if there would be impacts on the Special Legislation if the City were to
9 begin construction on the Mill Street parking ramp prior to the Special Legislation being
10 approved.

11
12 Kvilvang stated without the Special Legislation the City has a limited amount of
13 increment and if the project were started, it would be limited to the amount that is
14 available in the District.

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17 NEW BUSINESS

- 18
19 a. Approve Amended and Restated Redevelopment Agreement for Wayzata
20 Bay Redevelopment LLC

21
22 Nelson reviewed the history of the redevelopment agreement for Wayzata Bay
23 Redevelopment LLC. If approved, this item would be presented to the City Council at
24 their meeting on July 7, 2015.

25
26 Kvilvang pointed out the work that Ms. Nelson has done on this project for the City and
27 thanked her for this. She also thanked Mr. Mehrkens and Mr. Lindgren for their work
28 with this project. She reviewed the Redevelopment Agreement and key issues
29 including changes, additions and deletions from the original document. She explained
30 that the repayment to the developer is 95% of increment collected in 2015-2017 and
31 100% of increment collected from all development. In 2018 and beyond, the City will
32 receive 100% of TIF from the East Block, and 0% from the North, Superior, West and
33 Plaza blocks. The City intends to pool the tax increment generated from the East Block
34 to assist in paying for the proposed City owned parking ramp to be constructed at Mill
35 Street and Broadway Avenue.

36
37 Petit asked what portion of the market value is not taxable.

38
39 Kvilvang stated 100% is taxable but Presbyterian Homes has looked at having a portion
40 of the skilled nursing beds exempt, but the County has not agreed. She reviewed
41 definitions, land use and development controls, TIF project area and land assembly,
42 construction of minimum improvements, project defaults/deadline adjustments, master
43 redeveloper reimbursement obligations, qualified redevelopment costs, and
44 performance review, and master redeveloper covenants. She continued to explain that
45 the Developer has to provide a \$1 million letter of credit to the City to ensure the
46 infrastructure improvements are completed.

1 Wothe asked Mr. Mehrkens if there were any objections to the amended revised
2 agreement.

3
4 Mr. John Mehrkens, on behalf of Wayzata Bay Redevelopment, stated the amended
5 agreement represents a fair compromise and he would support the approval of this
6 agreement.

7
8 Ambrose requested the presentation slides provided by Ms. Kvilvang be added to the
9 HRA meeting packet for reference.

10
11 Shaver asked what the end and start point would be for the restated redevelopment
12 agreement for the determination in the 50% value, or \$21 million, and to make sure the
13 transfer is smooth. It is as if there is a transition period with the City having no further
14 financial obligation.

15
16 Kvilvang stated this transfer would be smooth because of the annual valuation and it is
17 anticipated that they would be sure of that valuation by 2018. The City will be sure to
18 know the increment amount when it issues bonds for the parking ramp to ensure it will
19 pay the debt service.

20
21 Wothe motioned to approve the Amended and Restated Redevelopment Agreement for
22 Wayzata Bay Redevelopment LLC, seconded by McGill. The motion passed 5/0 by
23 voice vote.

24
25 b. Review of Wayzata Bay Redevelopment Company memo re:
26 Lake/Superior Parcel and draft City Council meeting minutes of June 16,
27 2015

28
29 Nelson stated in the draft Term Sheet Presbyterian Homes had been asked to provide a
30 concept plan for what they would propose for the development of the corner for Lake
31 and Superior. It had been determined by the Council to wait and see how things
32 progress. There had been concern about creating a "canyon" when you come down
33 Superior, additional parking demands, and the effect upon the Municipal Liquor
34 operations.

35
36 Shaver stated the tables and scenarios provided by Mr. Mehrkens have helped to shape
37 the discussions on additional parking load and the impacts these scenarios could have
38 on the parking ramp project. He clarified that the rights held by Presbyterian Homes for
39 right of first refusal expire on November 15, 2015 and there are no further rights beyond
40 the obligation to notify them of the intent to sell the property.

41
42 Mr. Lindgren clarified that the City must provide a 60 day notice prior to entering into a
43 purchase agreement.

44
45 Shaver suggested having a mechanism in place to ensure the City does not miss this
46 notification.

47
48 Wothe asked for clarification regarding the City's obligation to Jim Beltz.

1
2 Nelson explained there is no agreement to date with the Beltz family. The City has had
3 discussions with them. They do have redevelopment desires including the expansion of
4 their building. This would create a parking demand they would have to meet. This
5 could be done with the parking ramp. With this, there would be a capital contribution
6 and an ongoing maintenance contribution. The other piece is the potential for a
7 commercial corner within the ramp and if the Beltz family would be interested in working
8 with the City on this. There is an old development agreement that stated anything north
9 of that line will affect parking. The City continues to discuss the possibility of partnering
10 with the Beltz family because they may have some rights regarding what happens in
11 this area.

12
13 Shaver asked if it was the City's decision to include a commercial component to the
14 parking ramp.

15
16 Nelson stated the City is not obligated to include a commercial piece with the parking
17 ramp but the City sees this as an opportunity to make the ramp more than a concrete
18 parking structure.

19
20 Petit clarified the City would not be asking Mr. Beltz to put any parking on his site.

21
22 Nelson clarified the City felt it would be more efficient to build a structure and have them
23 make a capital contribution versus having parking included on his site due to the size.

24
25
26 NEXT MEETING DATE: July 30 and October 29, 2015

27
28 Nelson updated the HRA on other development occurring including 239, 235, 259, and
29 253 Lake Street. She stated the litigation is continuing forward. There had been a
30 hearing on May 15 and the City is anticipating a ruling on that. Since the hearing, the
31 City has had a workshop with Mr. Hoyt and the neighboring properties to discuss a
32 more collective redevelopment proposal. The City has done tax increment analysis for
33 the City to participate in the project with the expectation there would be public parking.
34 She would provide a full update at the July 30 HRA meeting. She stated the downtown
35 parking project continues to be on the City's agenda and there will be a workshop on
36 July 21. At this time, the City has set October 1, 2016 as the start of construction and
37 the ramp would be available April 1, 2017 for public use.

38
39 ADJOURNMENT

40 There being no further business; Wothe motioned to adjourn at 8:36 a.m., McGill
41 seconded the motion and the motion passed 5/0 by voice vote.

42
43 Respectfully submitted,

44 *Becky Malone 07-30-2015*

45
46 Becky Malone

47 Deputy City Clerk, City of Wayzata

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