City of Wayzata Housing and Redevelopment Authority
Special Meeting Agenda
Tuesday, November 29, 2016

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 October 13, 2016
4. Old Business
5. New Business
   a. Consider Resolution 03-2016HRA Adopting the Modification to the TIF Plan for Replacement Redevelopment TIF District No. 5 within the Central Area Redevelopment District
6. Next Meeting Date: 7:30 am on Friday, February 3, 2017
7. Adjournment

HRA members present: T. Shaver, R. Wothe, B. Petit, and B. Ambrose
HRA members absent and excused: None.
City Staff present: Becky Malone, Jeff Thomson, Jeff Dahl, David Schelzel

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

APPROVAL OF AGENDA

Petit motioned to approve the October 13, 2016 special meeting agenda as presented, seconded by Wothe. The motion passed 4/0 by voice vote.

APPROVAL OF MINUTES OF SEPTEMBER 20, 2016

Ambrose motioned to approve the minutes of September 20, 2016 as presented, seconded by Petit. The motion passed 4/0 by voice vote.

PUBLIC HEARING TO CONSIDER THE TRANSFER OF LAND OWNED BY THE HRA AT 725 MILL STREET EAST IN THE CITY OF WAYZATA TO THE CITY OF WAYZATA FOR THE PURPOSES OF CONSTRUCTING, OWNING, AND OPERATING A MUNICIPAL PARKING RAMP ON THE PROPERTY

Dahl stated at the September 20 meeting, the HRA directed staff to publish notice for a Public Hearing on October 13 to consider transfer of the Mill Street Parking Lot Property to the City. In 2001, the HRA purchased the Mill Street Parking Lot from the City at a price of $1,955,000 for the purpose of providing more public parking spaces for downtown businesses. The HRA used tax increment dollars to finance this purchase. The HRA is asked to hold a public hearing and then adopt a Resolution. The use the City is proposing is consistent with the HRA's vision and previously approved planning documents. The following steps are underway or need to be completed over the next several months: Early October – City solicits bids to construct parking ramp and hold pre-bid meeting, October 13 – HRA transfers property to City, October 18 – City accepts property from HRA and approves planning application for parking ramp, Late October – City reviews bids and awards contract to build parking ramp, Early November – Contractor commences construction of ramp, Mid November – City calls for public hearing for bond sale, Late November/Early December – HRA pledges tax increment for G.O. TIF Bonds, Late December/Early January – City holds bond sale and awards bond, Late May – Construction of ramp is completed. There were two contractors at the pre-bid meeting and a third contractor has inquired about the project. The HRA may need to consider a special meeting in late November/early December to pledge the tax increment G.O. TIF Bonds.

Schelzel pointed out the Resolution had been updated to reflect Chair Shaver would be signing the Resolution.

Wothe stated the memo specifies the basis and rationale for the transfer included the transfer would fulfill the long-standing objective of the HRA plan for the Property, which call for a public parking ramp at Mill and Broadway streets. He does not believe that this was the HRA's original plan. The parking ramp is something that has developed after the transfer of the property.

Schelzel stated staff did review the plan. This plan had originally been approved in February of 1995 and amended three or four times. At each stage a form of public parking had been part of the discussions for this property and the current plan does include a public parking ramp. If the HRA concludes today that this is a good policy for the City and the HRA would be amending the plans with Item 3 under Be It Further Resolved that to ensure that the plans meet the requirements.

Shaver opened the public hearing at 7:45 a.m.

There being no public comment Ambrose motioned to close the public hearing at 7:46 a.m., Seconded by Petit. The motion passed 4/0 by voice vote.

Wothe motioned to accept the amendment for Chair Shaver to sign the Resolution and to Approve the Resolution Approving the Transfer of Mill Street Property from the HRA to the City for a New City-Owned and Operated Public Parking Ramp, Seconded by Ambrose. The motion passed 4/0 by voice vote.

Dahl stated the City is moving forward with hiring a consultant to create a Special Services District downtown that could assist with covering some of the maintenance and operation costs of the parking ramp and other parking related items downtown. For new development, the City is working on a new Payment-in-Lieu-of-Parking policy that would give new development the option to pay for public parking spaces in the City lots rather than providing all of the required parking on the development

Shaver stated there is a parking issue and a density desire on Main Street and the Central Business District and this allows for an opportunity for a payment in lieu of. The allocation it gives the Planning Commission and the City Council another opportunity for conformance and to ensure the City has good quality development in the City if they want to use this as a tool to offset their land area. He asked what the boundaries would be for the Parking District and how has this been communicated.

Dahl stated there has been general communication through the studies the City has had done and boundaries have not been specifically determined but the first phase would probably include the area from Pres Homes to Ben and Jerry's. He clarified the budget would be for maintenance and operation purposes and would not include any debt services. The final amounts and other refinements would be determined through the process and business owners would be given the opportunity to comment on this. The City would be a major contributor because the City does own properties in this district.

Wothe asked how much property the HRA would own in this District after this property is transferred.

Thomson stated the County shows the HRA owns the land that the Muni is located on.

OLD BUSINESS

a. None.

NEW BUSINESS

a. None.

NEXT MEETING DATE: Friday, February 3, 2017

Shaver stated there would be a special meeting of the HRA prior to February 3, 2017 and this will be noticed for the public.

ADJOURNMENT

There being no further business; Wothe motioned to adjourn at 8:05 a.m., seconded by Ambrose. The motion passed 4/0 by voice vote.

Respectfully submitted,

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

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

DATE: November 23, 2016

TO: Chairman Shaver and Commission Members

FROM: Jeffrey Dahl, Executive Director

SUBJECT: Consider Resolution to Modify TIF District No. 5 and Approve TIF Pledge Agreement

Update
In October, the HRA approved a resolution to transfer of the Mill Street Parking Ramp for the purposes of building a public parking ramp to serve downtown Wayzata. Since then, the City has awarded the contract to Adolfson and Peterson Construction who has since commenced construction with the goal of completing a portion of the ramp by July 1st with final completion occurring in mid-August. In addition, staff has engaged its financial advisor and bond counsel on moving forward with financing of the project.

Request
In order to move forward with the financing of the project, the HRA will need to amend the TIF Plan to allow the City to issue the TIF bonds. The prior TIF Plan capped the amount of bonds the City could issue to the principal amount of the TIF Note that was issued to Wayzata Bay Development Company LLC. The modification also updates the TIF budget to account for increment received to date and expected through the term of the district as well as bring the budget in line with updated Office of the State Auditor reporting requirements. Also, since the HRA administers the TIF district, it needs to approve a Pledge Agreement with the City, pledging the aforementioned TIF from the District for payment on the bonds. Please see attached.

Timeline
While a lot has been done for the design and planning of the ramp, the following critical steps are either underway or need to be completed over the next several months:

- Early November---Contractor commences construction of ramp
- Mid November---City calls for public hearing for bond sale
- Early December---HRA pledges tax increment for G.O. TIF Bonds and amends TIF Plan and City Council Adopts Ordinance Amendment authorizing issuance of bonds
- Late December/Early January---City holds public hearing to amend the TIF Plan, holds the bond sale and awards bond
- Early Summer 2017---Construction of ramp is completed

HRA Action Steps Requested:
Motion to approve the attached resolution 03-2016HRA Adopting the Modification to the TIF Plan for Replacement Redevelopment TIF District No. 5 within the Central Area Redevelopment District.

Memo

To: Jeffrey Dahl – Executive Director

From: Stacie Kvilvang

Date: November 28, 2016

Subject: Modification to TIF District No. 5 and Approval of TIF Pledge Agreement

Over the past two (2) years, the City has been discussing the financing of a new publicly owned parking ramp near Broadway Avenue South and Mill Street, on the HRA's existing parking lot. The City has approved bids for the project, with costs estimated at $10,050,000.

The City has approximately $2,370,000 in cash they will utilize for the project. In addition, they will be issuing General Obligation TIF Bonds in an amount of approximately $7,925,000 to provide the remaining cash to pay for the construction of the ramp, cost of issuance of the bonds (including underwriter discount) and for capitalized interest for a 6-month period. The TIF revenues to repay the debt service on the bonds will be coming from TIF District No. 5 (Bay Center TIF).

The HRA needs to amend the TIF Plan to allow the City to issue the TIF bonds. The prior TIF Plan capped the amount of bonds the City could issue to the principal amount of the TIF Note that was issued to Wayzata Bay Development Company LLC. This type of modification requires that it go through the entire process, as if the City and HRA were creating a new TIF district. This includes review by the planning commission that the redevelopment of the area is in line with the City's Comprehensive Plan and hold a public hearing at the City Council, which will be held on December 20, 2016. The modification also updates the TIF budget to account for increment received to date and expected through the term of the district as well as bring the budget in line with updated Office of the State Auditor reporting requirements.

In 2015, the HRA entered into an Amended and Restated Contract with Presbyterian Homes. The Agreement provides the HRA with 100% of the TIF generated from the East Block (hotel, condos & retail) to pay debt service on the TIF bonds (beginning in 2019).

Even though the HRA will receive 100% of this TIF, it is still limited in how much can be utilized for paying debt service on the Bonds. Since the parking ramp is located outside of the TIF District, the HRA is limited to utilizing 25% of the overall TIF generated from the entire district (all blocks). This 25% includes any administrative costs the HRA charges to the TIF district (i.e. TIF reporting, county admin fees, etc.). To project the amount of TIF generated in 2019 we assumed:

1. Valuations on the east block condos at the average value of the Regatta condos
2. Assumed valuation of the retail space similar to the existing retail today
3. Assumed valuation of the hotel based upon discussions with the County Assessor

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4. Assumed a 3% annual decrease in overall tax rate
5. Assumed 0% inflation in annual growth from 2019 through the end of the TIF District

Based upon current projections, it is estimated that approximately $490,000 in TIF will be generated from the East Block (starting in 2019) and we are of the opinion that this amount is within the overall 25% pooling threshold. Therefore 100% could be utilized for debt service on the Bonds.

Since the HRA administers the TIF district, they need to approve a Pledge Agreement with the City, pledging the aforementioned TIF from the District for payment on the Bonds. A copy of the Pledge Agreement is attached in the packet. The resolution to be considered by the HRA approves both the modification to the TIF Plan and approval of the Pledge Agreement.

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

WAYZATA HOUSING AND REDEVELOPMENT AUTHORITY
CITY OF WAYZATA
HENNEPIN COUNTY
STATE OF MINNESOTA

RESOLUTION NO. 03-2016HRA

RESOLUTION ADOPTING THE MODIFICATION TO THE TAX INCREMENT FINANCING PLAN FOR REPLACEMENT REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT NO. 5 WITHIN THE CENTRAL AREA REDEVELOPMENT DISTRICT.

WHEREAS, it has been proposed by the Board of Commissioners (the "Board") of the Wayzata Housing and Redevelopment Authority (the "HRA") and the City of Wayzata (the "City") that the HRA adopt the Modification to the Tax Increment Financing Plan (the "Modification") for Replacement Redevelopment Tax Increment Financing District No. 5 (the "District") within the Central Area Redevelopment District, all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 to 469.047, and Sections 469.174 to 469.1794, inclusive, as amended (the "Act"), all as reflected in the Modification and presented for the Board's consideration; and

WHEREAS, the HRA has investigated the facts relating to the Modification and has caused the Modification to be prepared; and

WHEREAS, the HRA has performed all actions required by law to be performed prior to the adoption of the Modification. The HRA has also requested the City Planning Commission to provide for review of and written comment on the Modification and that the Council schedule a public hearing on the Modifications upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The HRA hereby reaffirms that the District herein is in the public interest and is a "redevelopment district" under the 2010 Minnesota Laws, Chapter 389, Article 7, Section 23.

2. The HRA reaffirms the original findings that the proposed development would not occur solely through private investment within the reasonably foreseeable future, that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District as permitted by the Modification, that the Modification conforms to the general plan for the development or redevelopment of the City as a whole; and that the Modification will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the District by private enterprise.

3. Conditioned upon the approval thereof by the City Council following its public hearing thereon, the Modification, as presented to the HRA on this date, is hereby approved and adopted and shall be placed on file in the office of the Executive Director of the HRA.

4. Upon approval of the Modification by the City Council, the staff, the HRA's advisors and legal counsel are authorized and directed to proceed with the implementation of the Modification and for this purpose to negotiate, draft, prepare and present to this Board for its consideration all further plans,

resolutions, documents and contracts necessary for this purpose. Approval of the Modification does not constitute approval of any project or a Development Agreement with any developer.

5. Upon approval of the Modification by the City Council, the Executive Director of the HRA is authorized and directed to forward a copy of the Modification to the Minnesota Department of Revenue and Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

6. Upon approval of the Modification by the City Council, the Executive Director of the HRA is authorized and directed to forward a copy of the Modification to the Hennepin County Director of Resident and Real Estate Services in accordance with Minnesota Statutes 469.177.

7. The HRA hereby approves the form of Tax Increment Pledge Agreement relating to the Bonds described therein, and authorizes the execution thereof by one or more officers of the HRA, with such changes thereto as such officer shall approve.

Approved by the Board of Commissioners of the Wayzata Housing and Redevelopment Authority this 29th day of November, 2016.

____
Tom Shaver, Chair

ATTEST:

____
Jeffrey Dahl, Executive Director

TAX INCREMENT PLEDGE AGREEMENT

This Tax Increment Pledge Agreement (the "Agreement") dated as of December 29, 2016, is by and between the City of Wayzata, Minnesota (the "City"), and the Housing and Redevelopment Authority in and for the City of Wayzata, Minnesota (the "Authority"), and provides as follows:

WHEREAS, the City has determined to issue its General Obligation Tax Increment Bonds, Series 2016A, in the principal amount of $7,925,000 (the "Bonds"), the proceeds of which will be used, together with other available funds, to finance the construction of a new publicly owned parking ramp near Broadway Avenue South and Mill Street in the City (the "Project"); and

WHEREAS, the Bonds are to be payable primarily from tax increments realized by the Authority from Tax Increment District No. 5 (the "District").

NOW, THEREFORE, to provide funds sufficient for the timely payment of the principal and interest on the Bonds, the City and the Authority hereby agree as follows:

1. In order to pay the principal of and interest on the Bonds when due, the Authority hereby pledges to the City, for deposit in the Bond Fund established by the resolution of the City dated December 20, 2016 (the "Bond Resolution"), for the payment of the Bonds, Available Tax Increments (hereinafter defined) in amounts sufficient, with other funds actually appropriated by the City to the Bond Fund, to pay the principal and interest that are due pursuant to the Bond Resolution on the dates determined by the City and, if and to the extent that the Available Tax Increments are ever insufficient for such purposes, and the City advances City funds to provide prompt and full payment of the Bonds, the Authority agrees to reimburse the City for such advances from Available Tax Increments thereafter received by the Authority. As used in this Agreement, "Available Tax Increments" means tax increments derived by the Authority from the District, excluding such tax increments as have heretofore been pledged to the payment of other tax increment bonds or other eligible costs. In discharging its obligations under this Agreement, the Authority expressly reserves the right to select from year to year Available Tax Increments from the District and to pledge or otherwise dedicate tax increments from the District to purposes other than the payment of the Bonds upon a finding by the Authority that the estimated Available Tax Increments then remaining will be sufficient from year to year to discharge the Authority's payment obligations on the Bonds pursuant to this Agreement.

2. An executed copy of this Agreement shall be filed with the County Auditor of Hennepin County as required by Minnesota Statutes, Section 469.178, Subdivision 2.

3. This Agreement shall become effective upon the actual issuance and delivery of the Bonds.

IN WITNESS WHEREOF, the City and the Authority have caused this Agreement to be duly approved and executed as of the day and year first above written.

CITY OF WAYZATA, MINNESOTA

By___________________________________
Mayor

Attest:________________________________
City Manager

HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF WAYZATA, MINNESOTA

By__________________________________
Chair

And_________________________________
Executive Director

CERTIFICATE OF HENNEPIN COUNTY AUDITOR
AS TO REGISTRATION OF TAX INCREMENT PLEDGE AGREEMENT

The undersigned, being the duly qualified and acting County Auditor of the County of Hennepin, Minnesota, hereby certifies that, pursuant to Minnesota Statutes, Section 469.178, subdivision 2, there has been filed in my office an executed copy of a Tax Increment Pledge Agreement, dated December [__], 2016, between the City of Wayzata, Minnesota and the Housing and Redevelopment Authority in and for the City of Wayzata, Minnesota, relating to the pledge of tax increments from Tax Increment District No. 5 of the City to the debt service on the City's General Obligation Tax Increment Revenue Bonds, Series 2016B, dated December 29, 2016.

WITNESS my hand this ___ day of December, 2016.

____
County Auditor

(SEAL)

4817-8157-6747\2

As of November 22, 2016
Draft for HRA

Modification to the

Tax Increment Financing Plan

for

Replacement Redevelopment Tax Increment Financing District No. 5 (a redevelopment district)

within

the Central Area Redevelopment District

Wayzata Housing and Redevelopment Authority
City of Wayzata
Hennepin County
State of Minnesota

Adopted: November 15, 2011
Modification #2 Public Hearing: December 20, 2016

This document is in draft form for distribution to the County and the School District. The TIF Plan contains the estimated fiscal and economic implications of the proposed TIF District. The City and the HRA may make minor changes to this draft document prior to the public hearing.

EHLERS

Prepared by: EHLERS & ASSOCIATES, INC.
3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105
651-697-8500 fax: 651-697-8555 www.ehlers-inc.com

Table of Contents
(for reference purposes only)

Section 1 - Modification to the Tax Increment Financing Plan for Replacement Redevelopment Tax Increment Financing District No. 5

Subsection 1-1. Foreword

The Wayzata Housing and Redevelopment Authority (the "HRA"), the City of Wayzata (the "City"), staff and consultants have prepared the following information to expedite the modification to the Tax Increment Financing Plan (the "TIF Plan Modification") for the Replacement Redevelopment Tax Increment Financing District No. 5 (the "District"), a redevelopment tax increment financing district, located in the Central Area Redevelopment District.

Subsection 1-2. Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the HRA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.001 to 469.047*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project. In addition, the City received special legislative authority in 2010 for the TIF District. Specifically *2010 Minnesota Laws, Chapter 389, Article 7, Section 23.* See Appendix I for legislation.

This section contains the TIF Plan Modification for the District. Other relevant information is contained in the for the Central Area Redevelopment District and in the original tax increment financing plan for the District found in Appendix H.

Subsection 1-3. Statement of Objectives

The District originally consisted of four parcels of land and adjacent and internal rights-of-way. These parcels have since been replatted for development and now consists of 85 parcels of land and adjacent and internal rights-of-way. The TIF Plan Modification is being completed to assist in financing the construction of a public parking structure in the Central Area Redevelopment District. The budget is being updated to reflect actual increment to date and expected increment through the duration of the District, increase the amount of bonds the City may issue with regards to the District and bring the budget into alignment with current Office of the State Auditor reporting forms. Please see Appendix A and Appendix H for further District information.

As of the date of this TIF Plan Modification, the HRA and City have entered into contracts and amendments with the following developer for the following development activities:

1. Wayzata Bay Redevelopment Company, LLC, dated October 21, 2008. The project consists of two phases of office, commercial/retail, and housing development.

2. Wayzata Bay Redevelopment Company, LLC, dated December 15, 2009 (First Amendment). The Development Agreement was revised to provide for updated construction numbers.

3. Wayzata Bay Redevelopment Company, LLC, dated December 7, 2011 (Second Amendment). The Development Agreement was revised to provide for transfer of parcels to the City, extend dates for development, and updated public improvements and payment thereof.

4. Wayzata Bay Redevelopment Company, LLC, dated July 7, 2015 (Amended and Restated

Agreement). The Development Agreement was revised to provide for an updated TIF Note amount, definition of available tax increment and revised development plans.

This TIF Plan Modification is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Central Area Redevelopment District.

The activities contemplated in this TIF Plan Modification do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of the Central Area Redevelopment District and the District.

Subsection 1-4. Redevelopment Plan Overview

1. Property to be Acquired - Selected property located within the District may be acquired by the HRA or City and is further described in this TIF Plan Modification.

2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.

3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the HRA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.

4. The HRA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Subsection 1-5. Description of Property in the District and Property To Be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed in Appendix C of this TIF Plan Modification. Please also see the map in Appendix B for further information on the location of the District.

The HRA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the HRA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The HRA or City` may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan Modification. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Subsection 1-6. Classification of the District

The HRA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, find that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)* as defined below:

(a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:

(1) parcels consisting of 70 percent of the area in the district are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;

(2) The property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities or excessive or vacated railroad rights-of-way;

(3) tank facilities, or property whose immediately previous use was for tank facilities, as defined in Section 115C, Subd. 15, if the tank facility:

(v) have or had a capacity of more than one million gallons;
(vi) are located adjacent to rail facilities; or
(vii) have been removed, or are unused, underused, inappropriately used or infrequently used; or

(4) a qualifying disaster area, as defined in Subd. 10b.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

(c) A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs or other similar reliable evidence. The municipality may not make such a determination without an interior inspection of the property, but need not have an independent, expert appraisal prepared of the cost of repair and rehabilitation of the building. An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.

(d) A parcel is deemed to be occupied by a structurally substandard building for purposes of the finding under paragraph (a) or by the improvement described in paragraph (e) if all of the following conditions are met:

(1) the parcel was occupied by a substandard building or met the requirements of paragraph (e), as the case may be, within three years of the filing of the request for certification of the parcel as part of the district with the county auditor;

(2) the substandard building or the improvements described in paragraph (e) were demolished or removed by the authority or the demolition or removal was financed by the authority or was done by a developer under a development agreement with the authority;

(3) the authority found by resolution before the demolition or removal that the parcel was

occupied by a structurally substandard building or met the requirement of paragraph (e) and that after demolition and clearance the authority intended to include the parcel within a district; and

(4) *upon filing the request for certification of the tax capacity of the parcel as part of a district, the authority notifies the county auditor that the original tax capacity of the parcel must be adjusted as provided by § 469.177, subdivision 1, paragraph (f).*

(e) *For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots or other similar structures.*

(f) *For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a) to be included in the district, and the entire area of the district must satisfy paragraph (a).*

In meeting the statutory criteria, the HRA and City reaffirm the original facts and findings of the District as a redevelopment tax increment financing district for the purposes of this TIF Plan Modification. No additional parcels are being added to the TIF District. Further information can be found in Appendix H.

Pursuant to *M.S., Section 469.176, Subd. 7,* the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Subsection 1-7. Duration and First Year of Tax Increment of the District

Pursuant to M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1, the duration of the District must be indicated within the TIF Plan Modification. Pursuant to M.S., Section 469.176, Subd. 1b, the duration of the District will be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). The date of receipt by the City of the first tax increment was in 2015. Thus, it is estimated that the District, including any modifications of the tax increment financing plan for subsequent phases or other changes, would terminate after December 31,2040, or when the tax increment financing plan is satisfied. The HRA and City reserves the right to decertify the District prior to the legally required date.

Subsection 1-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1,* the Original Net Tax Capacity (ONTC) as certified for the District is based on the market values placed on the property by the assessor in 2011 for taxes payable 2012.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2,* the County Auditor shall certify in each year (beginning in the payment year 2015) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the HRA or City.

The actual original local tax rate for the District is 1.09058, which is the rate for taxes payable in 2012. The estimated rate for taxes payable in 2017 is lower, as shown in the chart below, so the lower rate is used for purposes of tax increment projections in the TIF Plan Modification.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4,* the estimated Captured Net Tax Capacity (CTC) of the District, within the Central Area Redevelopment District, upon completion of the projects within the District as outlined in this TIF Plan Modification, will annually approximate tax increment revenues as shown in the table below. The Project Tax Capacity (PTC) listed is an estimate of values when the projects outlined in this TIF Plan Modification are completed.

Project Estimated Tax Capacity upon Completion (PTC)	**$10,000,552**	
Original Estimated Net Tax Capacity (ONTC)	**$335,250**	
Reduction for Fiscal Disparities Contribution	**$738,390**	
Estimated Captured Tax Capacity (CTC)	**$8,926,912**	
Original Local Tax Rate	**1.04432**	Pay 2017 Est.
Estimated Annual Tax Increment (CTC x Local Tax Rate)	**$9,322,553**	
Percent Retained by the HRA	**100%**	

Tax capacity includes a 5% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be $1,260,386.

Subsection 1-9. Sources of Revenue/Bonds to be Issued

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The HRA or City reserves the right to incur bonds or other indebtedness as a result of the modification to the TIF Plan. As presently proposed in this TIF Plan Modification, the projects within the District and Central Area Redevelopment District will be financed by a pay-as-you-go note, bond issue and interfund loan/transfer. Any refunding amounts will be deemed a budgeted cost without a formal modification to the tax increment financing plan. This provision does not obligate the HRA or City to incur debt. The HRA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The total revised estimated tax increment revenues for the District are shown in the table on the following page:

SOURCES OF FUNDS	TOTAL
Tax Increment	$135,138,490
Interest	$13,513,849
TOTAL	**$148,652,339**

The HRA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of $90,718,633. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan Modification as of the date of approval.

Subsection 1-10. Uses of Funds

The HRA and City have determined that it is necessary to provide assistance to the projects for certain District costs, as described. The HRA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the further development or redevelopment of the District and Central Area Redevelopment District, this TIF Plan Modification authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. To date, the HRA has issued a PAYGO TIF Note for $23,060,000 for public redevelopment costs. Currently under consideration for the District is a proposal to issue approximately $8,000,000 in bonds to facilitate financing for the construction of a public parking structure in the Central Area Redevelopment District. The total uses of funds has been revised to reflect the increment collected to date and the increment expected to be collected through the term of the District to pay for these costs as well as other future qualified costs. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES OF TAX INCREMENT FUNDS	TOTAL
Land/Building Acquisition	$24,500,000
Site Improvements/Preparation	$22,000,000
Utilities	$3,500,000
Other Qualifying Improvements	$27,204,784
Administrative Costs (up to 10%)	$13,513,849
PROJECT COST TOTAL	$90,718,633
Interest	$57,933,706
PROJECT AND INTEREST COSTS TOTAL	**$148,652,339**

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

Estimated costs associated with the District are subject to change among categories without a modification to this tax increment financing plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25 percent of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of the Central Area Redevelopment District, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in this TIF Plan Modification.

Subsection 1-11. Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the HRA or City may elect one of two methods to calculate fiscal disparities. If the calculations pursuant to *M.S., Section 469.177, Subd. 3, clause b*, (within the District) are followed, the following method of computation shall apply:

> *(1) The original net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. The current net tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to M.S., Section 276A.06, subdivision 7 or M.S., Section 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.*
>
> *(2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the less of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.*

The HRA has chosen to calculate fiscal disparities by clause b.

According to *M.S., Section 469.177, Subd. 3:*

> *(c) The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).*

Subsection 1-12. Business Subsidies

Pursuant to *M.S., Section 116J.993, Subd. 3*, the following forms of financial assistance are not considered a business subsidy:

(1) A business subsidy of less than $150,000;
(2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
(3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at

the time the improvements are made;

(4) Redevelopment property polluted by contaminants as defined in *M.S., Section 116J.552, Subd. 3;*
(5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
(6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
(7) Assistance for housing;
(8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under *M.S., Section 469.174, Subd. 23*;
(9) Assistance for energy conservation;
(10) Tax reductions resulting from conformity with federal tax law;
(11) Workers' compensation and unemployment compensation;
(12) Benefits derived from regulation;
(13) Indirect benefits derived from assistance to educational institutions;
(14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
(15) Assistance for a collaboration between a Minnesota higher education institution and a business;
(16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;
(17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
(18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
(19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
(20) Funds from dock and wharf bonds issued by a seaway port authority;
(21) Business loans and loan guarantees of $150,000 or less;
(22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
(23) Property tax abatements granted under *M.S., Section 469.1813* to property that is subject to valuation under Minnesota Rules, chapter 8100.

The HRA will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan Modification does not fall under any of the above exemptions.

Subsection 1-13. County Road Costs

Pursuant to *M.S., Section 469.175, Subd. 1a*, the county board may require the HRA or City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or within five years under another county plan.

If the county elects to use increments to improve county roads, it must notify the HRA or City within forty-five days of receipt of this TIF Plan Modification. In the opinion of the HRA and City and consultants, the proposed development outlined in this TIF Plan Modification will have little or no impact upon county roads, therefore the TIF Plan Modification was not forwarded to the county 45 days prior to the public hearing. The HRA and City are aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

Subsection 1-14. Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan Modification would occur without this modification to the tax increment financing plan. However, the HRA or City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is $0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

IMPACT ON TAX BASE

	2016/Pay 2017 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) Upon Completion	Percent of CTC to Entity Total
Hennepin County	1,576,149,616	8,926,912	**0.5664%**
City of Wayzata	18,680,274	8,926,912	**47.7879%**
Wayzata ISD No. 284	132,257,359	8,926,912	**6.7497%**

IMPACT ON TAX RATES

	Pay 2017 Est. Extension Rates	Percent of Total	CTC	Potential Taxes
Hennepin County	0.439990	42.13%	8,926,912	**3,927,752**
City of Wayzata	0.233490	22.36%	8,926,912	**2,084,345**
Wayzata ISD No. 284	0.260480	24.94%	8,926,912	**2,325,282**
Other	0.110360	10.57%	8,926,912	**985,174**
Total	1.044320	100.00%		**9,322,553**

The estimates listed above display the captured tax capacity when all construction is completed. The District was certified under Pay 2012 rates and figures. The actual original local tax rate for the District is 1.09058, which is the rate for taxes payable in 2012. The estimated rate of 1.04432 for taxes payable in 2017 is lower, so the lower rate is used for calculations. The total net capacity for the entities listed above are based on estimated Pay 2017 figures.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

(1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is $135,138,490;

(2) Probable impact of the District on city provided services and ability to issue debt. No impact on police protection, fire protection and emergency medical services is expected as part of this modification.

The impact of the District on public infrastructure is expected to be minimal. The developer paid for the required infrastructure improvements related to roadways and utilities.

There is no probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal.

(3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is $33,703,539;

(4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is $56.933.846;

(5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Subsection 1-15. Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the tax increment financing plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the TIF Plan Modification. Following is a list of reports and studies on file at the City that support the HRA and City's findings:

- Wayzata Downtown Parking Project

Subsection 1-16. Definition of Tax Increment Revenues

Pursuant to *M.S., Section 469.174, Subd. 25*, tax increment revenues derived from a tax increment financing district include all of the following potential revenue sources:

1. Taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under *M.S., Section 469.177*;
2. The proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the authority with tax increments;
3. Principal and interest received on loans or other advances made by the authority with tax increments;
4. Interest or other investment earnings on or from tax increments;
5. Repayments or return of tax increments made to the Authority under agreements for districts for which the request for certification was made after August 1, 1993; and
6. The market value homestead credit paid to the Authority under *M.S., Section 273.1384*.

Subsection 1-17. Modifications to the District

In accordance with *M.S., Section 469.175, Subd. 4*, any:

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;
2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original tax increment financing plan;
4. Increase in the portion of the captured net tax capacity to be retained by the HRA or City;
5. Increase in the estimate of the cost of the District, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the HRA or City,

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original tax increment financing plan.

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a redevelopment district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 10*, must be documented in writing and retained. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2)(A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the HRA agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

The HRA or City must notify the County Auditor of any modification to the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the tax increment financing plan.

Subsection 1-18. Administrative Expenses

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the HRA or City, *other than*:

1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the District;
4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S., Section 469.178*; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

For districts for which the request for certification were made before August 1, 1979, or after June 30, 1982, and before August 1, 2001, administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. Pursuant to *M.S., Section 469.176, Subd. 3*, tax increment may be used to pay any **authorized and documented** administrative expenses for the District up to but not to exceed 10 percent of the total estimated tax increment expenditures authorized by the tax increment financing plan or the total tax increments, as defined by *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for District costs which exceed ten percent of total estimated tax increment expenditures authorized by the tax increment financing plan or the total tax increments, as defined in *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District and are not subject to the percentage limits of *M.S., Section 469.176, Subd. 3*. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to *M.S., Section 469. 177, Subd. 11*, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the HRA or City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

Subsection 1-19. Limitation of Increment

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the District may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to *M.S., Section 469.176, Subd. 6*:

> *if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.*

The HRA or City or a property owner must have improved parcels within the District by March 29,2016 and reported such actions to the County Auditor.

Subsection 1-20. Use of Tax Increment

The HRA or City hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the District for the following purposes:

1. To pay the principal of and interest on bonds issued to finance a project;
2. To finance, or otherwise pay public redevelopment costs of the Central Area Redevelopment District pursuant to *M.S., Sections 469.001 to 469.047*;
3. To pay for project costs as identified in the budget set forth in the tax increment financing plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4*;
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the HRA or City or for the benefit of the Central Area Redevelopment District by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the tax increment financing plan or pursuant to *M.S., Chapter 462C. M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*; and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*.

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by *M.S., Section 469.176, Subd. 4.*

Subsection 1-21. Excess Increments

Excess increments, as defined in *M.S., Section 469.176, Subd. 2*, shall be used only to do one or more of the following:

1. Prepay any outstanding bonds;
2. Discharge the pledge of tax increment for any outstanding bonds;
3. Pay into an escrow account dedicated to the payment of any outstanding bonds; or
4. Return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

The HRA or City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the HRA or City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in the Central Area Redevelopment District or the District.

Subsection 1-22. Requirements for Agreements with the Developer

The HRA or City will review any proposal for private development to determine its conformance with the Redevelopment Plan and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the HRA or City to demonstrate the conformance of the development with City plans and ordinances. The HRA or City may also use the Agreements to address other issues related to the development.

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 25 percent, by acreage, of the property to be acquired in the District as set forth in the tax increment financing plan shall at any time be owned by the HRA or City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 25 percent of the acreage, the HRA or City concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the HRA or City should the development or redevelopment not be completed.

Subsection 1-23. Assessment Agreements

Pursuant to *M.S., Section 469.177, Subd. 8*, the HRA or City may enter into a written assessment agreement in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

Subsection 1-24. Administration of the District

Administration of the District will be handled by the City Manager.

Subsection 1-25. Annual Disclosure Requirements

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the HRA or City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. *M.S., Section 469.175, Subd. 5* also provides that an annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report containing the information required by *M.S., Section 469.175 Subd. 5 and Subd. 6*, the Office of the State Auditor will direct the County Auditor to withhold the distribution of tax increment from the District.

Subsection 1-26. Reasonable Expectations

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan Modification. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon HRA and City staff awareness of the feasibility of developing the project site(s) within the District. A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cashflow in Appendix D, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the adoption of the TIF Plan Modification and the use of tax increments.

Subsection 1-27. Other Limitations on the Use of Tax Increment

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay public redevelopment costs of the the Central Area Redevelopment District pursuant to *M.S., Sections 469.001 to 469.047*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.

2. Pooling Limitations. At least 75 percent of tax increments from the District must be expended on activities in the District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the District.

3. Five Year Limitation on Commitment of Tax Increments. Tax increments derived from the District shall be deemed to have satisfied the 75 percent test set forth in paragraph (2) above only if the five year rule set forth in *M.S., Section 469.1763, Subd. 3,* has been satisfied; and beginning with the sixth year following certification of the District, 75 percent of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in *M.S., Section 469.1763, Subd. 5*.

   Pursuant to *2010 Minnesota Laws, Chapter 389, Article 7, Section 23*, the requirement of *Minnesota Statutes, Section 469.1763, Subdivision 3*, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for the District if the activities are undertaken within ten years from the date of certification of the District. and beginning with the eleventh year following certification of the District, 75 percent of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in *M.S., Section 469.1763, Subd. 5*.

4. Redevelopment District. At least 90 percent of the revenues derived from tax increment from a redevelopment district must be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovation districts under *M.S., Section 469.176 Subd. 4j*. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures,

clearing of the land, the removal of hazardous substances or remediation necessary for development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the HRA or City, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

Subsection 1-28. Summary

The Wayzata Housing and Redevelopment Authority is adopting the TIF Plan Modification to enable the HRA and City in assisting the financing the development of a public parking structure in the downtown. The budget is being updated to reflect actual increment to date and expected increment through the duraction of the District, increase the amount of bonds the City may issue with regards to the District, and bring the budget into alignment with current Office of the State Auditor reporting forms. The TIF Plan Modification was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113, telephone (651) 697-8500.

Appendix A

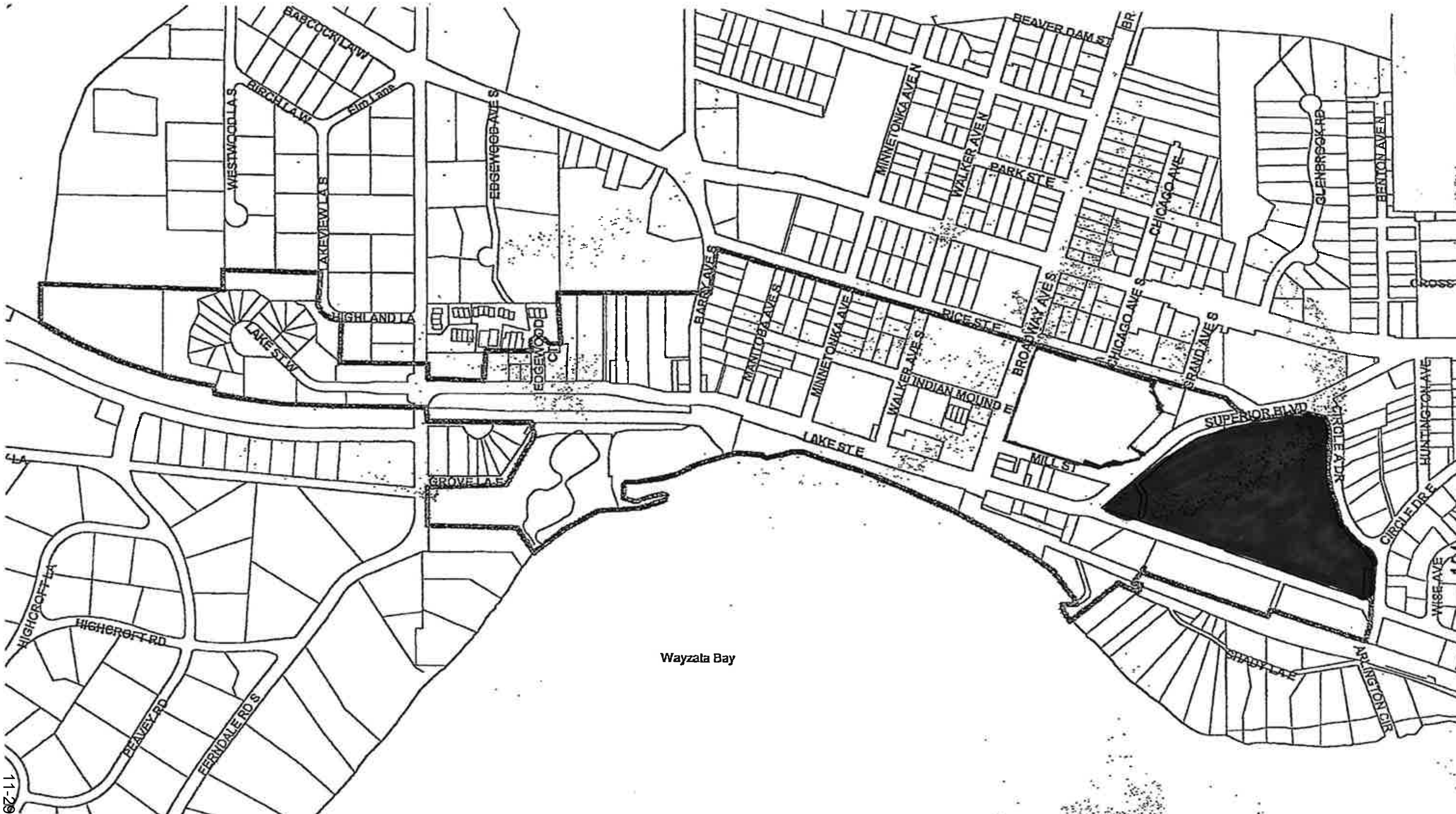
Project Description

The development consists of 327 senior apartments, 26 market rate apartments, 89 condominiums, a 92-room hotel and approximately 120,000 sq/ft of retail. The public redevelopment costs were financed with a $23,060,000 pay-as-you-go TIF note.

The TIF Plan Modification will enable the HRA and City to assist in financing the construction of a public parking structure in the Central Area Redevelopment District. The TIF budget is being updated to reflect actual TIF to date and expected TIF through the duration of the District, increase the amount of bonds the City may issue with regards to the District and bring the budget into alignment with current Office of the State Auditor (OSA) reporting forms.

Appendix B

Map of the Central Area Redevelopment District and the District



Legend

- District # 5

CARD Project Area

Source:
City of Wayzata

Prepared By:
City of Wayzata

N W E S

1500 0 1500 Feet

0.3 0 0.3 Miles

CARD Project Area / District # 5

This is not a legally recorded map. It represents a compilation of information and data from City, County and State Authorities and other sources.

Appendix C

Description of Property to be Included in the District

The District, as established, encompassed all property and adjacent rights-of-way and abutting roadways identified by the four (4) parcels listed below.

06-117-21-41-0037	06-117-21-41-0076	06-117-21-41-0077	06-117-21-42-0099

As of the time of the TIF Plan Modification, the District currently consists of the following parcels listed below.

06-117-22-41-0088	06-117-22-41-0090	06-117-22-41-0116	06-117-22-41-0117
06-117-22-41-0118	06-117-22-41-0119	06-117-22-41-0120	06-117-22-41-0121
06-117-22-41-0122	06-117-22-41-0123	06-117-22-41-0124	06-117-22-41-0125
06-117-22-41-0126	06-117-22-41-0127	06-117-22-41-0128	06-117-22-41-0129
06-117-22-41-0130	06-117-22-41-0131	06-117-22-41-0132	06-117-22-41-0133
06-117-22-41-0134	06-117-22-41-0135	06-117-22-41-0136	06-117-22-41-0137
06-117-22-41-0138	06-117-22-41-0139	06-117-22-41-0140	06-117-22-41-0141
06-117-22-41-0142	06-117-22-41-0143	06-117-22-41-0144	06-117-22-41-0145
06-117-22-41-0146	06-117-22-41-0147	06-117-22-41-0148	06-117-22-41-0149
06-117-22-41-0150	06-117-22-41-0151	06-117-22-41-0152	06-117-22-41-0153
06-117-22-41-0154	06-117-22-41-0155	06-117-22-41-0157	06-117-22-41-0158
06-117-22-41-0159	06-117-22-41-0160	06-117-22-41-0161	06-117-22-41-0162
06-117-22-41-0163	06-117-22-41-0164	06-117-22-41-0165	06-117-22-41-0166
06-117-22-41-0167	06-117-22-41-0168	06-117-22-41-0169	06-117-22-41-0170
06-117-22-41-0171	06-117-22-41-0172	06-117-22-41-0173	06-117-22-41-0110
06-117-22-41-0111	06-117-22-41-0112	06-117-22-41-0092	06-117-22-41-0093
06-117-22-41-0094	06-117-22-41-0096	06-117-22-41-0097	06-117-22-41-0098
06-117-22-41-0099	06-117-22-42-0085	06-117-22-42-0094	06-117-22-42-0095
06-117-22-42-0096	06-117-22-42-0097	06-117-22-42-0098	06-117-22-42-0099
06-117-22-42-0100	06-117-22-42-0101	06-117-22-42-01025	06-117-22-42-0103
06-117-22-42-0104	06-117-22-42-0105	06-117-22-42-0107	06-117-22-42-0106
06-117-22-41-0156			

Appendix D

Estimated Cash Flow for the District

EHLERS
LEADERS IN PUBLIC FINANCE

Wayzata Bay Center - No Inflation

City of Wayzata

Mixed Use

ASSUMPTIONS AND RATES

DistrictType:	**Redevelopment**	
District Name/Number:	**5**	
County District #:	**1408**	
First Year Construction or Inflation on Value	**2013**	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	**5.00%**	
Interest Rate:	**4.00%**	
Present Value Date:	**1-Feb-14**	
First Period Ending	1-Aug-14	
Tax Year District was Certified:	**Pay 2012**	
Cashflow Assumes First Tax Increment For Development:	2015	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2040	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	**Inside(B)**	
Incremental or Total Fiscal Disparities	**Incremental**	
Fiscal Disparities Contribution Ratio	33.9217%	Pay 2017 Est
Fiscal Disparities Metro-Wide Tax Rate	150.0490%	Pay 2017 Est
Maximum/Frozen Local Tax Rate:	109.0580%	Pay 2012
Current Local Tax Rate: (Use lesser of Current or Max.)	104.432%	Pay 2017 Est
State-wide Tax Rate (Comm./Ind. only used for total taxes)	47.0000%	Pay 2017 Est
Market Value Tax Rate (Used for total taxes)	0.2078%	Pay 2017 Est

Tax Rates

Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First	$150,000	1.50%
Over	$150,000	2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First	$115,000	0.75%
Over	$115,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First	$500,000	1.00%
Over	$500,000	1.25%
Homestead Residental Class Rate (Hmstd. Res.)		
First	$500,000	1.00%
Over	$500,000	1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
	06-117-21-41-0037			0	0	0	100%	0	Pay 2012	Exempt	-	Exempt	-	
	06-117-21-41-0076			0	0	0	100%	0	Pay 2012	Exempt	-	Exempt	-	
	06-117-21-41-0077			16,285,000	515,000	16,800,000	100%	16,800,000	Pay 2012	C/I Pref.	335,250	C/I Pref.	335,250	
	06-117-21-42-0099			0	0	0	100%	0	Pay 2012	Exempt	-	Exempt	-	
				16,285,000	515,000	16,800,000		**16,800,000**			**335,250**		**335,250**	

Note:

1. **Base value are based upon county report dated 8-15-14.**

EHLERS
LEADERS IN PUBLIC FINANCE

Wayzata Bay Center - No Inflation

City of Wayzata
Mixed Use
342427.069 11,046

PROJECT INFORMATION (Project Tax Capacity)

Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2013	Percentage Completed 2014	Percentage Completed 2015	Percentage Completed 2016	First Year Full Taxes Payable
06-117-22-41-0088	Hotel - East Block	85,000	85,000	92	7,820,000	C/I Pref.	155,650	1,692	100%	100%	100%	100%	2015
06-117-22-41-0088	Condo - East Block	983,683	983,683	31	30,494,166	Hmstd. Res.	342,427	11,046	100%	100%	100%	100%	2015
06-117-22-41-0088	Retail - East Block	6,003,000	6,003,000	1	6,003,000	C/I	120,060	120,060	100%	100%	100%	100%	2015
06-117-22-41-0090	Sr. Services Apt - North Block	209,826	209,826	164	34,411,500	Rental	430,144	2,623	100%	100%	100%	100%	2015
06-117-22-41-0116	Condo - Plaza Block	1,284,000	1,284,000	1	1,284,000	Hmstd. Res.	14,800	14,800	100%	100%	100%	100%	2015
06-117-22-41-0117	Condo - Plaza Block	536,000	536,000	1	536,000	Hmstd. Res.	5,450	5,450	100%	100%	100%	100%	2015
06-117-22-41-0118	Condo - Plaza Block	971,000	971,000	1	971,000	Hmstd. Res.	10,888	10,888	100%	100%	100%	100%	2015
06-117-22-41-0119	Condo - Plaza Block	1,081,000	1,081,000	1	1,081,000	Hmstd. Res.	12,263	12,263	100%	100%	100%	100%	2015
06-117-22-41-0120	Condo - Plaza Block	608,000	608,000	1	608,000	Hmstd. Res.	6,350	6,350	100%	100%	100%	100%	2015
06-117-22-41-0121	Condo - Plaza Block	935,000	935,000	1	935,000	Hmstd. Res.	10,438	10,438	100%	100%	100%	100%	2015
06-117-22-41-0122	Condo - Plaza Block	803,000	803,000	1	803,000	Hmstd. Res.	8,788	8,788	100%	100%	100%	100%	2015
06-117-22-41-0123	Condo - Plaza Block	896,000	896,000	1	896,000	Hmstd. Res.	9,950	9,950	100%	100%	100%	100%	2015
06-117-22-41-0124	Condo - Plaza Block	684,000	684,000	1	684,000	Hmstd. Res.	7,300	7,300	100%	100%	100%	100%	2015
06-117-22-41-0125	Condo - Plaza Block	1,312,000	1,312,000	1	1,312,000	Hmstd. Res.	15,150	15,150	100%	100%	100%	100%	2015
06-117-22-41-0126	Condo - Plaza Block	646,000	646,000	1	646,000	Hmstd. Res.	6,825	6,825	100%	100%	100%	100%	2015
06-117-22-41-0127	Condo - Plaza Block	696,000	696,000	1	696,000	Hmstd. Res.	7,450	7,450	100%	100%	100%	100%	2015
06-117-22-41-0128	Condo - Plaza Block	1,062,000	1,062,000	1	1,062,000	Hmstd. Res.	12,025	12,025	100%	100%	100%	100%	2015
06-117-22-41-0129	Condo - Plaza Block	1,285,000	1,285,000	1	1,285,000	Hmstd. Res.	14,813	14,813	100%	100%	100%	100%	2015
06-117-22-41-0130	Condo - Plaza Block	376,000	372,600	1	372,600	Hmstd. Res.	3,726	3,726	100%	100%	100%	100%	2015
06-117-22-41-0131	Condo - Plaza Block	529,000	529,000	1	529,000	Hmstd. Res.	5,363	5,363	100%	100%	100%	100%	2015
06-117-22-41-0132	Condo - Plaza Block	737,000	737,000	1	737,000	Hmstd. Res.	7,963	7,963	100%	100%	100%	100%	2015
06-117-22-41-0133	Condo - Plaza Block	786,000	786,000	1	786,000	Hmstd. Res.	8,575	8,575	100%	100%	100%	100%	2015
06-117-22-41-0134	Condo - Plaza Block	888,000	888,000	1	888,000	Hmstd. Res.	9,850	9,850	100%	100%	100%	100%	2015
06-117-22-41-0135	Condo - Plaza Block	1,117,000	1,117,000	1	1,117,000	Hmstd. Res.	12,713	12,713	100%	100%	100%	100%	2015
06-117-22-41-0136	Condo - Plaza Block	891,000	891,000	1	891,000	Hmstd. Res.	9,888	9,888	100%	100%	100%	100%	2015
06-117-22-41-0137	Condo - Plaza Block	772,000	772,000	1	772,000	Hmstd. Res.	8,400	8,400	100%	100%	100%	100%	2015
06-117-22-41-0138	Condo - Plaza Block	864,000	864,000	1	864,000	Hmstd. Res.	9,550	9,550	100%	100%	100%	100%	2015
06-117-22-41-0139	Condo - Plaza Block	1,259,000	1,259,000	1	1,259,000	Hmstd. Res.	14,488	14,488	100%	100%	100%	100%	2015
06-117-22-41-0140	Condo - Plaza Block	608,000	608,000	1	608,000	Hmstd. Res.	6,350	6,350	100%	100%	100%	100%	2015
06-117-22-41-0141	Condo - Plaza Block	766,000	766,000	1	766,000	Hmstd. Res.	8,325	8,325	100%	100%	100%	100%	2015
06-117-22-41-0142	Condo - Plaza Block	866,000	866,000	1	866,000	Hmstd. Res.	9,575	9,575	100%	100%	100%	100%	2015
06-117-22-41-0143	Condo - Plaza Block	771,000	771,000	1	771,000	Hmstd. Res.	8,388	8,388	100%	100%	100%	100%	2015
06-117-22-41-0144	Condo - Plaza Block	575,000	575,000	1	575,000	Hmstd. Res.	5,938	5,938	100%	100%	100%	100%	2015
06-117-22-41-0145	Condo - Plaza Block	1,165,000	1,165,000	1	1,165,000	Hmstd. Res.	13,313	13,313	100%	100%	100%	100%	2015
06-117-22-41-0146	Condo - Plaza Block	613,000	613,000	1	613,000	Hmstd. Res.	6,413	6,413	100%	100%	100%	100%	2015
06-117-22-41-0147	Condo - Plaza Block	571,000	571,000	1	571,000	Hmstd. Res.	5,888	5,888	100%	100%	100%	100%	2015
06-117-22-41-0148	Condo - Plaza Block	1,168,000	1,168,000	1	1,168,000	Hmstd. Res.	13,350	13,350	100%	100%	100%	100%	2015
06-117-22-41-0149	Condo - Plaza Block	979,000	979,000	1	979,000	Hmstd. Res.	10,988	10,988	100%	100%	100%	100%	2015
06-117-22-41-0150	Condo - Plaza Block	430,000	430,000	1	430,000	Hmstd. Res.	4,300	4,300	100%	100%	100%	100%	2015
06-117-22-41-0151	Condo - Plaza Block	552,000	552,000	1	552,000	Hmstd. Res.	5,650	5,650	100%	100%	100%	100%	2015
06-117-22-41-0152	Condo - Plaza Block	935,000	935,000	1	935,000	Hmstd. Res.	10,438	10,438	100%	100%	100%	100%	2015
06-117-22-41-0153	Condo - Plaza Block	1,319,000	1,319,000	1	1,319,000	Hmstd. Res.	15,238	15,238	100%	100%	100%	100%	2015
06-117-22-41-0154	Condo - Plaza Block	544,000	544,000	1	544,000	Hmstd. Res.	5,550	5,550	100%	100%	100%	100%	2015
06-117-22-41-0155	Condo - Plaza Block	570,000	570,000	1	570,000	Hmstd. Res.	5,875	5,875	100%	100%	100%	100%	2015
06-117-22-41-0156	Condo - Plaza Block	914,000	914,000	1	914,000	Hmstd. Res.	10,175	10,175	100%	100%	100%	100%	2015
06-117-22-41-0157	Condo - Plaza Block	1,757,000	1,757,000	1	1,757,000	Hmstd. Res.	20,713	20,713	100%	100%	100%	100%	2015
06-117-22-41-0158	Condo - Plaza Block	1,358,000	1,358,000	1	1,358,000	Hmstd. Res.	15,725	15,725	100%	100%	100%	100%	2015
06-117-22-41-0159	Condo - Plaza Block	1,849,000	1,849,000	1	1,849,000	Hmstd. Res.	21,863	21,863	100%	100%	100%	100%	2015
06-117-22-41-0160	Condo - Plaza Block	875,000	875,000	1	875,000	Hmstd. Res.	9,688	9,688	100%	100%	100%	100%	2015
06-117-22-41-0161	Condo - Plaza Block	1,938,000	1,938,000	1	1,938,000	Hmstd. Res.	22,975	22,975	100%	100%	100%	100%	2015
06-117-22-41-0162	Condo - Plaza Block	1,346,000	1,346,000	1	1,346,000	Hmstd. Res.	15,575	15,575	100%	100%	100%	100%	2015
06-117-22-41-0163	Condo - Plaza Block	695,000	695,000	1	695,000	Hmstd. Res.	7,438	7,438	100%	100%	100%	100%	2015
06-117-22-41-0164	Condo - Plaza Block	1,750,000	1,750,000	1	1,750,000	Hmstd. Res.	20,625	20,625	100%	100%	100%	100%	2015
06-117-22-41-0165	Condo - Plaza Block	1,891,000	1,891,000	1	1,891,000	Hmstd. Res.	22,388	22,388	100%	100%	100%	100%	2015
06-117-22-41-0166	Condo - Plaza Block	1,743,000	1,743,000	1	1,743,000	Hmstd. Res.	20,538	20,538	100%	100%	100%	100%	2015
06-117-22-41-0167	Condo - Plaza Block	1,292,000	1,292,000	1	1,292,000	Hmstd. Res.	14,900	14,900	100%	100%	100%	100%	2015
06-117-22-41-0168	Condo - Plaza Block	1,273,000	1,273,000	1	1,273,000	Hmstd. Res.	14,663	14,663	100%	100%	100%	100%	2015
06-117-22-41-0169	Condo - Plaza Block	888,000	888,000	1	888,000	Hmstd. Res.	9,850	9,850	100%	100%	100%	100%	2015
06-117-22-41-0170	Condo - Plaza Block	794,000	794,000	1	794,000	Hmstd. Res.	8,675	8,675	100%	100%	100%	100%	2015
06-117-22-41-0171	Condo - Plaza Block	888,000	888,000	1	888,000	Hmstd. Res.	9,850	9,850	100%	100%	100%	100%	2015
06-117-22-41-0172	Condo - Plaza Block	982,000	982,000	1	982,000	Hmstd. Res.	11,025	11,025	100%	100%	100%	100%	2015
06-117-22-41-0173	Condo - Plaza Block	1,374,000	1,374,000	1	1,374,000	Hmstd. Res.	15,925	15,925	100%	100%	100%	100%	2015
06-117-22-41-0110	Retail - Plaza Block	228	228	7,500	1,712,000	C/I	34,240	5	100%	100%	100%	100%	2015

06-117-22-41-0111	Retail Parking - Plaza Block	0	-	0	0	C/I	0	-	100%	100%	100%	100%	2015
06-117-22-41-0112	Retail - Plaza Block	221	221	14,272	3,161,000	C/I	63,220	4	100%	100%	100%	100%	2015
06-117-22-41-0092	Play Area/Trail	0	-	0	0	Non-H Res. 1 Unit	0	-	100%	100%	100%	100%	2015
06-117-22-41-0093	Tree Buffer/Trail	0	-	0	0	Non-H Res. 1 Unit	0	-	100%	100%	100%	100%	2015
06-117-22-41-0094	Park Plaza/Comm Area	0	-	0	0	Non-H Res. 1 Unit	0	-	100%	100%	100%	100%	2015
06-117-22-41-0096	Road	0	-	0	0	Non-H Res. 1 Unit	0	-	100%	100%	100%	100%	2015
06-117-22-41-0097	Tree Buffer/Trail	0	-	0	0	Non-H Res. 1 Unit	0	-	100%	100%	100%	100%	2015
06-117-22-41-0098	Legacy Center - West Block	0	-	0	0	Non-H Res. 1 Unit	0	-	100%	100%	100%	100%	2015
06-117-22-41-0099	Retail - West Block	248	248	1,750	434,000	C/I	8,680	5	100%	100%	100%	100%	2015
06-117-22-42-0085	City ROW	0	-		0	Exempt	0	-	100%	100%	100%	100%	2015
06-117-22-42-0094	Apt - Superior Block	329,656	329,656	90	29,669,000	Rental	370,863	4,121	100%	100%	100%	100%	2015
06-117-22-42-0095	Lunds/Retail - Superior Block	290	290	25,755	7,467,000	C/I Pref.	148,590	6	100%	100%	100%	100%	2015
06-117-22-42-0096	Southerby's - Superior Block	350	350	4,306	1,507,000	C/I	30,140	7	100%	100%	100%	100%	2015
06-117-22-42-0097	Retail Parking - Superior Block	0	-	0	0	Non-H Res. 1 Unit	0	-	100%	100%	100%	100%	2015
06-117-22-42-0098	Olive & Sprig - Superior Block	350	350	1,463	512,000	C/I	10,240	7	100%	100%	100%	100%	2015
06-117-22-42-0099	Sr. Apt - West Block - A/J	384,685	384,685	73	28,082,000	Rental	351,025	4,809	100%	100%	100%	100%	2015
06-117-22-42-0100	Retail - West Block	227	227	15,870	3,606,000	C/I	72,120	5	100%	100%	100%	100%	2015
06-117-22-42-0101	Retail - West Block	289	289	4,890	1,412,000	C/I	28,240	6	100%	100%	100%	100%	2015
06-117-22-42-0102	Parking -West Block	0	-	0	0	C/I	0	-	100%	100%	100%	100%	2015
06-117-22-42-0103	Retail - West Block	157	157	4,104	646,000	C/I	12,920	3	100%	100%	100%	100%	2015
06-117-22-42-0104	Dock/Trash - West Block	0	-	0	0	C/I	0	-	100%	100%	100%	100%	2015
06-117-22-42-0105	Retail - West Block	205	205	14,100	2,885,000	C/I	57,700	4	100%	100%	100%	100%	2015
06-117-22-42-0107	Apt - West Block	233,135	233,135	26	6,061,500	Rental	75,769	2,914	100%	100%	100%	100%	2015
06-117-22-42-0106	Comm Area - Road	0	-	0	0	Exempt	0	-	100%	100%	100%	100%	2015
TOTAL					**222,936,766**		**2,953,191**						
Subtotal Residential				**442**	**185,771,766**		**2,211,391**						
Subtotal Commercial/Ind.				**94,103**	**37,165,000**		**741,800**						

Note:

1. Market values are based upon estimates

TAX CALCULATIONS

New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Hotel - East Block	155,650	52,799	102,851	107,409	79,225	73,156	16,246	276,035	3,000.38
Condo - East Block	342,427	0	342,427	357,603	0	0	63,352	420,955	13,579.20
Retail - East Block	120,060	40,726	79,334	82,850	61,110	56,428	12,471	212,859	212,858.66
Sr. Services Apt - North Block	430,144	0	430,144	449,208	0	0	71,490	520,698	3,174.99
Condo - Plaza Block	14,800	0	14,800	15,456	0	0	2,668	18,123	18,123.45
Condo - Plaza Block	5,450	0	5,450	5,692	0	0	1,114	6,805	6,805.08
Condo - Plaza Block	10,888	0	10,888	11,370	0	0	2,017	13,387	13,387.29
Condo - Plaza Block	12,263	0	12,263	12,806	0	0	2,246	15,052	15,051.75
Condo - Plaza Block	6,350	0	6,350	6,631	0	0	1,263	7,895	7,894.55
Condo - Plaza Block	10,438	0	10,438	10,900	0	0	1,942	12,843	12,842.55
Condo - Plaza Block	8,788	0	8,788	9,177	0	0	1,668	10,845	10,845.19
Condo - Plaza Block	9,950	0	9,950	10,391	0	0	1,861	12,252	12,252.42
Condo - Plaza Block	7,300	0	7,300	7,624	0	0	1,421	9,045	9,044.55
Condo - Plaza Block	15,150	0	15,150	15,821	0	0	2,726	18,547	18,547.13
Condo - Plaza Block	6,825	0	6,825	7,127	0	0	1,342	8,470	8,469.55
Condo - Plaza Block	7,450	0	7,450	7,780	0	0	1,446	9,226	9,226.12
Condo - Plaza Block	12,025	0	12,025	12,558	0	0	2,206	14,764	14,764.25
Condo - Plaza Block	14,813	0	14,813	15,469	0	0	2,670	18,139	18,138.58
Condo - Plaza Block	3,726	0	3,726	3,891	0	0	774	4,665	4,665.21
Condo - Plaza Block	5,363	0	5,363	5,600	0	0	1,099	6,699	6,699.16
Condo - Plaza Block	7,963	0	7,963	8,315	0	0	1,531	9,847	9,846.52
Condo - Plaza Block	8,575	0	8,575	8,955	0	0	1,633	10,588	10,587.96
Condo - Plaza Block	9,850	0	9,850	10,287	0	0	1,845	12,131	12,131.37
Condo - Plaza Block	12,713	0	12,713	13,276	0	0	2,321	15,596	15,596.49
Condo - Plaza Block	9,888	0	9,888	10,326	0	0	1,851	12,177	12,176.77
Condo - Plaza Block	8,400	0	8,400	8,772	0	0	1,604	10,376	10,376.12
Condo - Plaza Block	9,550	0	9,550	9,973	0	0	1,795	11,768	11,768.22
Condo - Plaza Block	14,488	0	14,488	15,130	0	0	2,616	17,745	17,745.16
Condo - Plaza Block	6,350	0	6,350	6,631	0	0	1,263	7,895	7,894.55
Condo - Plaza Block	8,325	0	8,325	8,694	0	0	1,591	10,285	10,285.33
Condo - Plaza Block	9,575	0	9,575	9,999	0	0	1,799	11,798	11,798.48
Condo - Plaza Block	8,388	0	8,388	8,759	0	0	1,602	10,361	10,360.99
Condo - Plaza Block	5,938	0	5,938	6,201	0	0	1,195	7,395	7,395.21
Condo - Plaza Block	13,313	0	13,313	13,903	0	0	2,420	16,323	16,322.80
Condo - Plaza Block	6,413	0	6,413	6,697	0	0	1,274	7,970	7,970.21
Condo - Plaza Block	5,888	0	5,888	6,148	0	0	1,186	7,335	7,334.69
Condo - Plaza Block	13,350	0	13,350	13,942	0	0	2,427	16,368	16,368.19
Condo - Plaza Block	10,988	0	10,988	11,474	0	0	2,034	13,508	13,508.34
Condo - Plaza Block	4,300	0	4,300	4,491	0	0	893	5,384	5,383.90
Condo - Plaza Block	5,650	0	5,650	5,900	0	0	1,147	7,047	7,047.19
Condo - Plaza Block	10,438	0	10,438	10,900	0	0	1,942	12,843	12,842.55
Condo - Plaza Block	15,238	0	15,238	15,913	0	0	2,740	18,653	18,653.05
Condo - Plaza Block	5,550	0	5,550	5,796	0	0	1,130	6,926	6,926.14
Condo - Plaza Block	5,875	0	5,875	6,135	0	0	1,184	7,320	7,319.56
Condo - Plaza Block	10,175	0	10,175	10,626	0	0	1,899	12,525	12,524.79
Condo - Plaza Block	20,713	0	20,713	21,630	0	0	3,650	25,281	25,280.65
Condo - Plaza Block	15,725	0	15,725	16,422	0	0	2,821	19,243	19,243.18
Condo - Plaza Block	21,863	0	21,863	22,831	0	0	3,841	26,673	26,672.74
Condo - Plaza Block	9,688	0	9,688	10,117	0	0	1,818	11,935	11,934.66
Condo - Plaza Block	22,975	0	22,975	23,993	0	0	4,026	28,019	28,019.45
Condo - Plaza Block	15,575	0	15,575	16,265	0	0	2,796	19,062	19,061.60
Condo - Plaza Block	7,438	0	7,438	7,767	0	0	1,444	9,211	9,210.99
Condo - Plaza Block	20,625	0	20,625	21,539	0	0	3,636	25,175	25,174.73
Condo - Plaza Block	22,388	0	22,388	23,380	0	0	3,929	27,308	27,308.27
Condo - Plaza Block	20,538	0	20,538	21,448	0	0	3,621	25,069	25,068.80
Condo - Plaza Block	14,900	0	14,900	15,560	0	0	2,684	18,244	18,244.50
Condo - Plaza Block	14,663	0	14,663	15,312	0	0	2,645	17,957	17,957.00
Condo - Plaza Block	9,850	0	9,850	10,287	0	0	1,845	12,131	12,131.37
Condo - Plaza Block	8,675	0	8,675	9,059	0	0	1,650	10,709	10,709.01
Condo - Plaza Block	9,850	0	9,850	10,287	0	0	1,845	12,131	12,131.37
Condo - Plaza Block	11,025	0	11,025	11,514	0	0	2,040	13,554	13,553.73
Condo - Plaza Block	15,925	0	15,925	16,631	0	0	2,854	19,485	19,485.28
Retail - Plaza Block	34,240	11,615	22,625	23,628	17,428	16,093	3,557	60,705	8.09
Retail Parking - Plaza Block	0	0	0	0	0	0	0	0	#DIV/0!
Retail - Plaza Block	63,220	21,445	41,775	43,626	32,178	29,713	6,567	112,085	7.85
Play Area/Trail	0	0	0	0	0	0	0	0	#DIV/0!
Tree Buffer/Trail	0	0	0	0	0	0	0	0	#DIV/0!
Park Plaza/Comm Area	0	0	0	0	0	0	0	0	#DIV/0!
Road	0	0	0	0	0	0	0	0	#DIV/0!
Tree Buffer/Trail	0	0	0	0	0	0	0	0	#DIV/0!
Legacy Center - West Block	0	0	0	0	0	0	0	0	#DIV/0!
Retail - West Block	8,680	2,944	5,736	5,990	4,418	4,080	902	15,389	8.79
City ROW	0	0	0	0	0	0	0	0	#DIV/0!

Apt - Superior Block	370,863	0	370,863	387,299	0	0	61,637	448,936	4,988.18
Lunds/Retail - Superior Block	148,590	50,404	98,186	102,537	75,631	69,837	15,513	263,518	10.23
Southerby's - Superior Block	30,140	10,224	19,916	20,799	15,341	14,166	3,131	53,436	12.41
Retail Parking - Superior Block	0	0	0	0	0	0	0	0	#DIV/0!
Olive & Sprig - Superior Block	10,240	3,474	6,766	7,066	5,212	4,813	1,064	18,155	12.41
Sr. Apt - West Block - A/J	351,025	0	351,025	366,582	0	0	58,340	424,923	5,820.86
Retail - West Block	72,120	24,464	47,656	49,768	36,708	33,896	7,491	127,864	8.06
Retail - West Block	28,240	9,579	18,661	19,488	14,374	13,273	2,933	50,068	10.24
Parking -West Block	0	0	0	0	0	0	0	0	#DIV/0!
Retail - West Block	12,920	4,383	8,537	8,916	6,576	6,072	1,342	22,906	5.58
Dock/Trash - West Block	0	0	0	0	0	0	0	0	#DIV/0!
Retail - West Block	57,700	19,573	38,127	39,817	29,369	27,119	5,994	102,298	7.26
Apt - West Block	75,769	0	75,769	79,127	0	0	12,593	91,720	3,527.68
Comm Area - Road	0	0	0	0	0	0	0	0	#DIV/0!
TOTAL	**2,953,191**	**251,631**	**2,701,559**	**2,821,293**	**377,570**	**348,646**	**463,151**	**4,010,660**	

Note:

1. Taxes and tax increment will vary signficantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	**4,010,660**
less State-wide Taxes	**(348,646)**
less Fiscal Disp. Adj.	**(377,570)**
less Market Value Taxes	**(463,151)**
less Base Value Taxes	**(231,346)**
Annual Gross TIF	**2,589,947**

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	16,800,000
New Market Value - Est.	222,936,766
Difference	206,136,766
Present Value of Tax Increment	71,023,390
Difference	135,113,376
Value likely to occur without Tax Increment is less than:	**135,113,376**

EHLERS
LEADERS IN PUBLIC FINANCE

Wayzata Bay Center - No Inflation
City of Wayzata
Mixed Use

TAX INCREMENT CASH FLOW

% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-				08/01/14
							-	-	-	-				02/01/15
100%	1,260,386	(335,250)	(3,801)	921,335	109.058%	1,004,790	502,395	(1,809)	(50,059)	450,528	424,542	0.5	2015	08/01/15
							502,395	(1,809)	(50,059)	450,528	840,760	1	2015	02/01/16
100%	2,003,450	(335,250)	(37,054)	1,631,146	107.389%	1,751,896	875,948	(3,153)	(87,279)	785,515	1,552,225	1.5	2016	08/01/16
							875,948	(3,153)	(87,279)	785,515	2,249,740	2	2016	02/01/17
100%	3,255,893	(335,250)	(163,701)	2,756,942	104.432%	2,879,129	1,439,565	(5,182)	(143,438)	1,290,944	3,373,585	2.5	2017	08/01/17
							1,439,565	(5,182)	(143,438)	1,290,944	4,475,393	3	2017	02/01/18
100%	3,418,687	(335,250)	(177,572)	2,905,865	104.432%	3,034,653	1,517,327	(5,462)	(151,186)	1,360,678	5,613,947	3.5	2018	08/01/18
							1,517,327	(5,462)	(151,186)	1,360,678	6,730,177	4	2018	02/01/19
100%	3,589,622	(335,250)	(192,137)	3,062,235	104.432%	3,197,953	1,598,977	(5,756)	(159,322)	1,433,898	7,883,408	4.5	2019	08/01/19
							1,598,977	(5,756)	(159,322)	1,433,898	9,014,027	5	2019	02/01/20
100%	3,769,103	(335,250)	(207,430)	3,226,423	104.432%	3,369,418	1,684,709	(6,065)	(167,864)	1,510,780	10,181,909	5.5	2020	08/01/20
							1,684,709	(6,065)	(167,864)	1,510,780	11,326,891	6	2020	02/01/21
100%	3,957,558	(335,250)	(223,487)	3,398,820	104.432%	3,549,456	1,774,728	(6,389)	(176,834)	1,591,505	12,509,403	6.5	2021	08/01/21
							1,774,728	(6,389)	(176,834)	1,591,505	13,668,728	7	2021	02/01/22
100%	4,155,436	(335,250)	(240,348)	3,579,838	104.432%	3,738,496	1,869,248	(6,729)	(186,252)	1,676,267	14,865,855	7.5	2022	08/01/22
							1,869,248	(6,729)	(186,252)	1,676,267	16,039,509	8	2022	02/01/23
100%	4,363,207	(335,250)	(258,051)	3,769,906	104.432%	3,936,988	1,968,494	(7,087)	(196,141)	1,765,267	17,251,243	8.5	2023	08/01/23
							1,968,494	(7,087)	(196,141)	1,765,267	18,439,217	9	2023	02/01/24
100%	4,581,368	(335,250)	(276,640)	3,969,478	104.432%	4,145,405	2,072,703	(7,462)	(206,524)	1,858,717	19,665,553	9.5	2024	08/01/24
							2,072,703	(7,462)	(206,524)	1,858,717	20,867,844	10	2024	02/01/25
100%	4,810,436	(335,250)	(296,158)	4,179,028	104.432%	4,364,243	2,182,121	(7,856)	(217,427)	1,956,839	22,108,785	10.5	2025	08/01/25
							2,182,121	(7,856)	(217,427)	1,956,839	23,325,394	11	2025	02/01/26
100%	5,050,958	(335,250)	(316,652)	4,399,056	104.432%	4,594,022	2,297,011	(8,269)	(228,874)	2,059,868	24,580,947	11.5	2026	08/01/26
							2,297,011	(8,269)	(228,874)	2,059,868	25,811,881	12	2026	02/01/27
100%	5,303,506	(335,250)	(338,171)	4,630,085	104.432%	4,835,290	2,417,645	(8,704)	(240,894)	2,168,048	27,082,058	12.5	2027	08/01/27
							2,417,645	(8,704)	(240,894)	2,168,048	28,327,329	13	2027	02/01/28
100%	5,568,681	(335,250)	(360,766)	4,872,666	104.432%	5,088,622	2,544,311	(9,160)	(253,515)	2,281,636	29,612,147	13.5	2028	08/01/28
							2,544,311	(9,160)	(253,515)	2,281,636	30,871,772	14	2028	02/01/29
100%	5,847,115	(335,250)	(384,490)	5,127,375	104.432%	5,354,621	2,677,310	(9,638)	(266,767)	2,400,905	32,171,252	14.5	2029	08/01/29
							2,677,310	(9,638)	(266,767)	2,400,905	33,445,252	15	2029	02/01/30
100%	6,139,471	(335,250)	(409,401)	5,394,820	104.432%	5,633,919	2,816,959	(10,141)	(280,682)	2,526,137	34,759,420	15.5	2030	08/01/30
							2,816,959	(10,141)	(280,682)	2,526,137	36,047,821	16	2030	02/01/31
100%	6,446,445	(335,250)	(435,557)	5,675,638	104.432%	5,927,182	2,963,591	(10,669)	(295,292)	2,657,630	37,376,710	16.5	2031	08/01/31
							2,963,591	(10,669)	(295,292)	2,657,630	38,679,541	17	2031	02/01/32
100%	6,768,767	(335,250)	(463,021)	5,970,496	104.432%	6,235,109	3,117,554	(11,223)	(310,633)	2,795,698	40,023,184	17.5	2032	08/01/32
							3,117,554	(11,223)	(310,633)	2,795,698	41,340,481	18	2032	02/01/33
100%	7,107,205	(335,250)	(491,858)	6,280,097	104.432%	6,558,431	3,279,216	(11,805)	(326,741)	2,940,669	42,698,918	18.5	2033	08/01/33
							3,279,216	(11,805)	(326,741)	2,940,669	44,030,719	19	2033	02/01/34
100%	7,462,566	(335,250)	(522,137)	6,605,179	104.432%	6,897,920	3,448,960	(12,416)	(343,654)	3,092,889	45,403,994	19.5	2034	08/01/34
							3,448,960	(12,416)	(343,654)	3,092,889	46,750,341	20	2034	02/01/35
100%	7,835,694	(335,250)	(553,930)	6,946,514	104.432%	7,254,383	3,627,192	(13,058)	(361,413)	3,252,720	48,138,501	20.5	2035	08/01/35
							3,627,192	(13,058)	(361,413)	3,252,720	49,499,441	21	2035	02/01/36
100%	8,227,478	(335,250)	(587,313)	7,304,916	104.432%	7,628,670	3,814,335	(13,732)	(380,060)	3,420,543	50,902,537	21.5	2036	08/01/36
							3,814,335	(13,732)	(380,060)	3,420,543	52,278,121	22	2036	02/01/37
100%	8,638,852	(335,250)	(622,364)	7,681,238	104.432%	8,021,671	4,010,835	(14,439)	(399,640)	3,596,757	53,696,209	22.5	2037	08/01/37
							4,010,835	(14,439)	(399,640)	3,596,757	55,086,490	23	2037	02/01/38
100%	9,070,795	(335,250)	(659,169)	8,076,376	104.432%	8,434,321	4,217,161	(15,182)	(420,198)	3,781,781	56,519,628	23.5	2038	08/01/38
							4,217,161	(15,182)	(420,198)	3,781,781	57,924,665	24	2038	02/01/39
100%	9,524,335	(335,250)	(697,813)	8,491,272	104.432%	8,867,605	4,433,802	(15,962)	(441,784)	3,976,057	59,372,916	24.5	2039	08/01/39
							4,433,802	(15,962)	(441,784)	3,976,057	60,792,770	25	2039	02/01/40
100%	10,000,552	(335,250)	(738,390)	8,926,912	104.432%	9,322,552	4,661,276	(16,781)	(464,450)	4,180,046	62,256,200	25.5	2040	08/01/40
							4,661,276	(16,781)	(464,450)	4,180,046	63,690,935	26	2040	02/01/41
	Total						**135,626,746**	**(488,256)**	**(13,513,849)**	**121,624,641**				
		Present Value From	**02/01/2014**	**Present Value Rate**	**4.00%**		**71,023,390**	**(255,684)**	**(7,076,771)**	**63,690,935**				

Appendix E

Minnesota Business Assistance Form

(Minnesota Department of Employment and Economic Development)

A Minnesota Business Assistance Form (MBAF) should be used to report and/or update each calendar year's activity by April 1 of the following year.

Please see the Minnesota Department of Employment and Economic Development (DEED) website at http://www.deed.state.mn.us/Community/subsidies/MBAFForm.htm for information and forms.

Appendix F

Redevelopment Qualifications for the District

Please see the original tax increment financing plan in Appendix H for further information.

Appendix G

Findings Including But/For Qualifications

But-For Analysis	
Current Market Value	16,800,000
New Market Value - Estimate	222,936,766
Difference	206,136,766
Present Value of Tax Increment	71,023,390
Difference	135,113,376
Value Likely to Occur Without TIF is Less Than:	**135,113,376**

Appendix H

Original Tax Increment Financing Plan

FINAL

CITY OF WAYZATA, MINNESOTA

TAX INCREMENT FINANCING PLAN
FOR
REPLACEMENT REDEVELOPMENT TIF DISTRICT NO. 5

Redevelopment TIF District No. 5 Original Adoption: December 16, 2008

Request for Decertification: December 19, 2011

Adoption of TIF Plan for Replacement TIF District No. 5: November 15, 2011

Request for Certification of Replacement TIF District No. 5: December 19, 2011

Certification for Replacement TIF District No. 5: To Be Determined

TABLE OF CONTENTS

DEFINITIONS

Section 1.1 Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

"Agreement" means the Redevelopment Agreement, dated as of October 21, 2008, as amended, between the City of Wayzata, Minnesota, the Housing and Redevelopment Authority of the City of Wayzata, Minnesota, and the Wayzata Bay Development Company, LLC.

"Authority" means the Wayzata Housing and Redevelopment Authority of the City of Wayzata, Minnesota.

"Available Tax Increment" means ninety-five percent (95%) of the Tax Increment received and retained by the Authority from the County during any applicable time frame.

"CARD" means the City's Central Area Redevelopment District, established in 1977 pursuant to the HRA Act and the adoption of a Redevelopment Plan, as amended from time to time.

"City" means the City of Wayzata, Minnesota.

"County" means the County of Hennepin, Minnesota.

"HRA Act" means Minnesota Statutes, Sections 469.001 to 469.047, as amended.

"Master Redeveloper" means Wayzata Bay Redevelopment Company, LLC.

"Project" means the Phase I and Phase II Minimum Improvements and Public Infrastructure Improvements as defined in the Agreement and described in this TIF Plan.

"TIF" means tax increment financing.

"TIF Act" means Minnesota Statutes, Sections 469.174 to 469.1799, as amended.

"TIF Assistance" means TIF Notes or TIF Bonds.

"TIF Bond(s)" means the TIF revenue bonds which may be issued by the Authority pursuant to Section 9.7 of the Agreement.

"TIF Plan" means this Tax Increment Financing Plan for Replacement Redevelopment TIF District No. 5.

"TIF Project Area" consists of the property which includes the Minimum Improvements Area and the Public Infrastructure Improvements Area. The TIF District covers a larger area than the TIF Project Area. The TIF Project Area excludes those parcels within the TIF District west of new Superior Boulevard resulting from the Superior Boulevard Improvements, as illustrated on the TIF Project Area Map.

"TIF Note(s)" means the TIF revenue note or notes to be issued by the Authority to the Master Redeveloper to pay or reimburse the Master Redeveloper for the funding of Qualified Redevelopment Costs.

"2010 Wayzata TIF District No. 5 Special Law" means 2010 Minnesota Laws, Chapter 389, Article 7, Section 23 which provides for special rules for Redevelopment Tax Increment Financing District No. 5.

Other capitalized terms included in this TIF Plan, and not defined herein, have the meanings given in the Agreement.

TAX INCREMENT FINANCING PLAN
REPLACEMENT REDEVELOPMENT TIF DISTRICT NO. 5

A. Introduction

The City Council of the City of Wayzata, Minnesota (the "City") and the Housing and Redevelopment Authority in and for the City (the "Authority") have determined that pursuant to the 2010 Wayzata TIF District No. 5 Special Law, it is necessary and in the best interests of the City to decertify Redevelopment Tax Increment Financing District No. 5, originally certified June 11, 2009, and adopt and implement a Tax Increment Financing TIF Plan ("TIF Plan") for Replacement Redevelopment TIF District No. 5 ("Replacement TIF District No. 5") and request a new Replacement TIF District No. 5 certification. Replacement TIF District No. 5 lies within the Central Area Redevelopment District (the "CARD"), which was established in 1977 and enlarged and modified by amendments to the Redevelopment Project Plan in 1979, 1986, 1992, 1995 and 1999, and 2008.

The 2010 Wayzata TIF District No. 5 Special Law was enacted by the Minnesota legislature in recognition of the detrimental impact of the 2008 economic downturn on real estate redevelopment projects such as the proposed redevelopment of the Wayzata Bay Center as described in the Agreement and TIF Plan for TIF District No. 5. The City and Authority were allowed additional flexibility, in part, as follows:

- Any parcel is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (1), if the following conditions are met:
  1) a building on the parcel was demolished by a developer or the city after the city council found the building to be structurally substandard upon approval of original tax increment financing plan for the district; and
  2) the city decertifies Redevelopment Tax Increment Financing District No. 5, but files a request with the county auditor for certification of the parcel as part of a subsequent redevelopment or renewal and renovation district within ten years after the date of demolition.

Replacement TIF District No. 5 is located in downtown Wayzata on parcels generally located north of Lake Street, east and south of Superior Boulevard and west of Circle A Drive South. The property is currently the site of the Wayzata Bay Center shopping center and several other commercial uses. Parcels included in Replacement TIF District No. 5 are listed in Section G below. For the specific boundaries of parcels included in the proposed Replacement TIF District No. 5, see Exhibit A, "Map of Replacement TIF District No. 5".

The TIF assistance is directed at financing public infrastructure improvements and other redevelopment activities and costs as authorized in the TIF Act. The TIF Assistance will be on a pay-as-you go basis in the form of one or more TIF Note(s) or TIF Bond(s) in a maximum original principal amount of $22,910,879. The public improvements authorized in the TIF Plan are consistent with the redevelopment objectives established for the CARD Redevelopment Project Plan as amended.

B. Planned Redevelopment Activities

Private Redevelopment Activities. Under the Agreement, the City and the Authority have agreed to provide tax increment financing assistance to the Wayzata Bay Development Company, LLC (the "Master Redeveloper") for the purpose of facilitating the redevelopment of property in accordance with a City-approved mixed-use commercial and housing planned unit development

Project. Proposed Project elements include commercial office and retail uses, a hotel and both “all age” and senior housing. The proposed redevelopment will provide a broader range of housing options for residents and will provide comprehensive and innovative stormwater management techniques to reduce current stormwater drainage into Lake Minnetonka. Specific uses are presently planned as follows:

1. Approximately 254 units of senior housing, including independent living apartments, assisted living, memory care, and skilled nursing units. The senior housing component will be owned and operated by Presbyterian Homes & Services or an affiliate.
2. Approximately 150 conventional housing units that would be for sale condominiums or rental apartments.
3. Approximately 175,000 square feet of retail and office space.
4. Approximately 65,000 square foot hotel.
5. Approximately 1,240 structured parking spaces.

The Project also includes extensive public common space and green space components.

The Master Redeveloper has received Planning Commission and City Council approvals of the General Plan for the Project, as well as Authority and City Council approvals of the Agreement, as may be modified from time to time by the Master Redeveloper, the Authority and the City Council. Construction is anticipated in phases over several years with final completion required under the Agreement by September 30, 2016. Total private redevelopment costs are estimated at $147,594,826 and are anticipated to be completed in 2016.

<u>Public Redevelopment Activities</u>. Public redevelopment activities include the acquisition of right of way and the realignment of the Superior Boulevard and Lake Street intersection as well as additional street and utility infrastructure improvements on Lake Street, Superior Boulevard and Circle A Drive and Mill Street. The public redevelopment costs were estimated at $10,000,000 in 2008. Right of way acquisition, the realignment of the Superior Boulevard and Lake Street intersection and related street and utility improvements have been undertaken and are near completion as of June 2011. Additional improvements on Lake Street as well as Circle A Drive and Mill Street are anticipated to be completed by 2017.

Additional planned public redevelopment activities to be constructed in the future (planned from between 2012 and 2017) include public parking, sidewalks, streetscape and related pedestrian amenities totaling $1,000,000. These additional public redevelopment costs will be outside TIF District No. 5 but within the CARD Redevelopment Project Area and will be financed with a portion of the tax increment generated by the TIF Project Area paid to the City and from any additional tax increment that may be generated from future private redevelopment activities on parcels 06-117-22-42-0008 and 06-117-22-42-0009, as replatted.

C. <u>Redevelopment Costs</u>

Total private and public redevelopment costs are estimated at $157,594,826, excluding interest costs on Redeveloper financing. The following table shows the projected breakdown of the $157,594,826 redevelopment project costs.

Projected Redevelopment Costs	
Land Acquisition & Lease Resolution* *(TIF Eligible Expense)*	$ 26,000,000
Site Improvement Costs* *(TIF Eligible Expense)*	$ 25,161,372
Senior Housing with Parking	$ 42,375,440
Parking & City Improvements	29,189,009
Subtotal Construction	$ 71,564,449
Development Expenses	$ 18,525,111
Financing Expenses	$ 4,896,155
Working Capital	$ 1,200,000
Reserves	$ 5,735,206
Miscellaneous Expenses	$ 4,512,533
Total Projected Redevelopment Costs	**$157,594,826**

*Total eligible TIF costs exceed the $22,910,879 (2011 dollars) negotiated for reimbursement to the Master Redeveloper from pay-as-you-go TIF Financing. The Master Redeveloper will receive annual pay-as-you-go TIF payments until the sum of the annual payments received equals an amount of $22,910,879, when discounted back to September 1, 2011 at 8.75%. Annual pay-as-you-go TIF payments will be utilized by the Master Redeveloper to pay a portion of the private financing costs associated with the improvements.

Budget for TIF Expense. The projected TIF cashflow is attached as Exhibit 2. Based on current projections, Replacement TIF District No. 5 is projected to generate $102,125, 096 in total TIF revenue through 2040. It is currently projected that pay-as-you-go TIF payments will be adequate to fund the $22,910,879 (2011 dollars) obligation to the Master Redeveloper in 2039, one year prior to the maximum 26 year duration. Based on these projections the Master Redeveloper would receive an estimated $89,108,938, in total TIF pay-as-you-go payments through 2039. The City would receive an estimated $4,795,214 for administrative costs through 2039. Total TIF payments through 2039 would be $93,904,153. For purposes of estimating the economic impact of the Replacement TIF District No. 5 on all taxing jurisdictions, the total projected TIF dollars of $102,125,096 (26 year maximum duration) has been utilized.

D. Statement of Need & Findings

The City and the Authority have determined that it is necessary for the City to take certain actions in order to encourage, ensure and facilitate development and redevelopment by the private sector of underutilized, inappropriately used property located within the corporate limits of the City. The City and the Authority have further determined and found the following:

1. That the proposed redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future; and
2. The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district; and
3. That the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole; and
4. That the TIF Plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the redevelopment of the project by private enterprise; and

5. That the TIF Plan and decertification of TIF District No. 5 and re-certification of Replacement TIF District No. 5 complies with the provision of the TIF Act and the 2010 Wayzata TIF District No. 5 Special Law.

E. Statement of Objectives for Improvement of the Redevelopment Project

The City and Authority have established goals in the CARD Redevelopment Project Plan, as amended December 16, 2008. In addition to the goals and objectives identified in the CARD Redevelopment Project Plan, the City and Authority has determined that the TIF Project Area was, as of December 16, 2008, and is currently underutilized, with obsolete structures and physical arrangements, substantial vacant areas and building vacancies, poor soils and potential contamination, inconsistent legal restrictions on redevelopment and outdated and inadequate public infrastructure and circulation. The City and the Authority further determine that redevelopment of the TIF Project Area has been impeded by the difficulty of redevelopment without a consistent overall plan ensuring compatible land uses and that the TIF Project Area also offers the principal opportunity within the City for creation of a unified, mixed use redevelopment, with significant opportunities for new senior housing, other housing, and commercial redevelopment. The City further determines that a realignment of the intersection of Superior Boulevard and Lake Street, within the Project Area, will achieve the optimal configuration for land use, pedestrian access, safety and engineering, and the realigned streets, including any additional right-of-way or easements obtained with regard thereto, will be acquired for a public purpose and owned by the City for the use, occupation and enjoyment of the general public. The City and the Authority seek to, within the Project Area, redevelop blighted areas, prevent the emergence of blight, and foster an increase in commercial and retail development providing jobs, create new rental housing, particularly senior housing, and create new for sale housing appropriate for various life stages of the City's residents and not currently available in the City.

F. Redevelopment District Designation

Under the TIF Act, redevelopment districts are a type of tax increment district in which one or more of the following conditions exists and is reasonably distributed throughout the district:

a. Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;
b. The property consists of vacant, unused, underused, inappropriately used, or infrequently used railyards, rail storage facilities, or excessive or vacated railroad rights-of-way;
c. Tank facilities, or property whose immediately previous use was for tank facilities, as defined in M.S. Section 115C.02, subdivision15, if the tank facilities:
    i. have or had a capacity of more than 1,000,000 gallons;
    ii. are located adjacent to rail facilities; and
    iii. have been removed or are unused, underused, inappropriately used. Or infrequently used; or
    iv. a qualifying disaster area, as defined in subdivision 10b.

At least 90 percent of the tax increment from a redevelopment district must be used to finance the cost of correcting conditions that allow designation as a redevelopment district. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of land, removal of hazardous substances, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the Authority may be included in the qualifying costs.

Replacement TIF District No. 5 qualifies as a redevelopment district based on the Redevelopment Eligibility Assessment, dated as of November 4, 2008, prepared by Precision Architectural Services, in conjunction with Bonestroo and as pursuant to the 2010 Wayzata TIF District No. 5 Special Law. Of note in the Precision Architectural Services study:

Coverage Test—In the proposed TIF District, 3 of the 4 parcels met the coverage test with a 98.8% area coverage. This exceeds the 70% area coverage requirement.

Conditions of Buildings Test—83 percent of the buildings—5 of the 6 buildings were found to be “structurally substandard” when considering code deficiencies and other deficiencies of sufficient total significance to justify substantial renovation or clearance (see definition of “structurally substandard” as follows). This exceeds the “condition of buildings test” whereby over 50% of buildings, not including outbuildings, must be found “structurally substandard.”

Subsequent to 2009 certification of TIF District No. 5 and the enactment of the 2010 Wayzata TIF District No. 5 Special Law, a structurally substandard building on one parcel was demolished. Pursuant to the provision of the 2010 Wayzata TIF District No. 5 Special Law, the parcel is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (1).

G. Parcels Included in the TIF District

The list of Property Identification Numbers (PIN) for parcels included in TIF District No. 5 is as follows:

Property Identification No. as of 2010/2011

06-117-22-41-0036
06-117-22-41-0037
06-117-22-42-0008*
06-117-22-42-0009*

*Parcels included in Replacement TIF District No. 5 but not included in the TIF Project Area. A portion of parcel 06-117-22-42-0008 will be used for construction of the realigned Superior Boulevard and Lake Street intersection. The southern portion of 06-117-22-42-0009 will be transferred to the City. As of June, 2011, parcels 06-17-22-42-0008 and 06-117-22-42-009 have been transferred to the City. Any future tax increment generated by private redevelopment that may occur on these two parcels, or by the parcels as replatted, will be retained by the City and the Authority.

In addition to the above-referenced parcels, the following public infrastructure improvements are included in Replacement TIF District No. 5:

- The entire width of the public right of way of Lake Street from the west right of way line of Broadway Avenue South to the west right of way line of Wise Avenue South.

- The entire width of the public right of way of Broadway Avenue South from the north right of way line of Mill Street East to the south right of way line of Lake Street East.

- The entire width of the public right of way of Mill Street East from the east right of way line of Broadway Avenue South to the west right of way line of Superior Boulevard.

- The entire width of the public right of way of Arlington Circle South from the north right of way line of the Burlington Northern Railroad to the north right of way line of Circle A Drive South.

- The entire width of the public right of way of Circle A Drive South from the east right of way line of Arlington Circle South to the south right of way line of Superior Boulevard.

- The entire width of the public right of way of Superior Boulevard from the north right of way line of Lake Street East to the south right of way line of Wayzata Boulevard East.

- The entire width of the public right of way of Rice Street East from the east right of way line of Grand Avenue South to the northwest right of way line of Superior Boulevard.

- The entire width of the public right of way of Wayzata Boulevard East from the west right of way line of Central Avenue South to the northerly extension of the west property line of Lot 14 of DEANS PARK OUTLOTS TO WAYZATA.

- The entire width of the public right of way of Benton Avenue North from the north right of way line of Wayzata Boulevard to the easterly extension of the north property line of Lot 2 Block 1 YANKOUPE ADDITION.

H. Parcels for Acquisition

The Authority or City may acquire any parcel within Replacement TIF District No. 5, including the rights of way described in Section G. In addition, in lieu of direct acquisition, the Authority may instead reimburse the developer for the cost of acquisition of any such parcel or right of way by Master Redeveloper.

I. Source of Revenues

The City and the Authority anticipate the provision of financial assistance to the proposed redevelopment through the use of a pay-as-you-go approach. As tax increments are collected from the TIF Project Area within Replacement TIF District No. 5 in future years, 95% of collected tax increments will be distributed to the Master Redeveloper, as reimbursement for $22,910,879 (2011 dollars) in qualified capital project costs incurred. In evidence of this obligation the Authority will issue to the Master Redeveloper one or more TIF Notes with the total principal value of $22,910,879.

J. Estimated Amount of Bonded Indebtedness

The Authority plans to issue one or more TIF Notes in an amount totaling $22,910,879 to the Master Redeveloper but does not currently anticipate the issuance of General Obligation or TIF Revenue bonded indebtedness to finance any of the identified public costs related to the Project at this time. Pursuant to the Section 9.7 of the Agreement, in lieu of TIF Notes, the Master Redeveloper may request the Authority to issue the TIF Bonds in a principal amount that yields net proceeds in the same amount as the original principal amount of TIF Notes described in Section 9.2 (of the Agreement).

K. Original Net Tax Capacity

The City of Wayzata Assessor's projected estimated market value for the four parcels for taxes levied in 2011 for collection in 2012 is $16,800,000. The projected estimated market value is subject to change prior to finalization by Hennepin County. Parcel "0036" is currently classified as commercial property while the other parcels are classified as tax-exempt. It is anticipated that parcel "0036" will be subdivided and replatted based on the final redevelopment project uses. The original net tax capacity of all parcels in Redevelopment TIF District No. 5 for 2011/2012 is estimated at $335,250, as follows:

Parcel	Net Tax Capacity	Base Year
06-117-22-41-0036	$335,250	2011/2012
06-117-22-41-0037	0	2011/2012
06-117-22-42-0008	0	2011/2012
06-117-22-42-0009	0	2011/2012
Total Original Tax Capacity	$335,250	

The County Auditor shall certify in each year (beginning in the payment year) the amount by which the original tax capacity has increased or decreased as a result of a change in tax-exempt property within Replacement TIF District No. 5, reduction or enlargement of Replacement TIF District No. 5 or changes in connection with previously issued building permits.

If the classification under Minnesota Statutes Section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be re-determined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed. It is anticipated that the property located within Replacement TIF District No. 5 will be replatted and the tax classification of a portion of the property will be changed. It is anticipated that the original net tax capacity used in this TIF Plan will change to $228,421 based on property reclassifications.

L. Original Local Tax Capacity Rate

At the time of the initial certification of the original net tax capacity for Replacement TIF District No. 5, the Hennepin County Auditor shall certify the original local tax capacity rate that applies to Replacement TIF District No. 5. This is the sum of all tax rates that apply to the property in TIF District No. 5. The rate certified is the rate in effect for the same taxes payable year as the certified original net tax capacity.

The tax generated by the extension of the lesser of (a) the local taxing district tax rates or (b) the original tax capacity rate to the retained captured net tax capacity of Replacement TIF District No. 5 is the tax increment. The sum of the local tax rated for taxes levied in 2011 and payable in

2012 has not yet been determined. For purposes of TIF projections the 2010 pay 2011 tax capacity rate of 103.684%, has been utilized and is shown for each taxing district below:

Taxing Jurisdiction	2010/2011 Tax Capacity Rate
Hennepin County	45.840%
City of Wayzata	23.032%
I.S.D. No. 284 (Wayzata)	24.034%
Special Districts*	10.778%
Total Original Tax Capacity Rate	103.684%

*Includes the Metropolitan Council, Metropolitan Transit District, Park Museum, Metropolitan Mosquito Control District, Hennepin County Regional Rail Authority, and the Three Rivers Parks District.

M. Current Tax Capacity

The current tax capacity of Replacement TIF District No. 5 is $335,250, the same as the original net tax capacity, based on City of Wayzata Assessor's projections of estimated market values of the parcels for 2011/2012. j

Estimated Captured Tax Capacity/Tax Increment on Project Completion. Pursuant to Section 469.177, Subdivision 1, 2 and 4 of the TIF Act, the estimated captured tax capacity in Replacement TIF District No. 5, for taxes payable in 2015 (the first year in which captured tax capacity will be available) is $1,721,085 and the first gross tax increment is estimated at $1,784,490, net of fiscal disparities and utilizing the 103.684% total composite tax rate for taxes payable in 2011. The captured tax capacity and increment increases to $2,285,215 and $2,369,402, respectively, in 2016 as private redevelopment improvements are completed. The 26 year projected average of gross tax increment is $3,942,080. Exhibit 2 represents the projected tax increment and cash flow for Replacement TIF District No. 5.

N. Fiscal Disparities

The City and the Authority elect pursuant to Minnesota Statutes, Section 469.177, subdivision 3, clause (b) to have the fiscal disparities contribution with respect to the parcels in Replacement TIF District No. 5 paid from valuation generated by parcels in Replacement TIF District No. 5.

O. Collection of First Increment

Pursuant to Minnesota Statutes Section 469.175, subdivision 1(b), the Authority plans to collect the first tax increment in 2015, following the 2011 planned approval of the district.

P. Duration of the District

In accordance with Minnesota Statutes Section 469.176, subdivision 1, of the TIF Act, the duration of Replacement Redevelopment District No. 5 cannot extend beyond twenty-five (25) years from the first receipt of tax increment (i.e. 26 years of collection). Modifications of the TIF Plan shall not extend this duration limitation. Assuming the first tax increment collection is received in 2015, Replacement TIF District No. 5 may extend to the maximum 25 year duration following the first receipt of tax increment, through 2040.

Q. Estimated Impact on Other Taxing Jurisdictions

The City and HRA believe the development and redevelopment in the CARD would not occur without the creation of a tax increment financing district and the provision of public assistance. Based on this assumption, there will be no adverse impact on the other taxing jurisdictions during the duration of Replacement TIF District No. 5 and there will be some positive financial impact based on the projected fiscal disparities contribution. A positive impact on all taxing jurisdictions will occur when the tax increment financing districts are decertified and the Project becomes part of the tax base of all affected taxing jurisdictions. When this occurs, the tax capacity rates of the taxing jurisdictions will be lower than if the tax increment financing districts had not been established. Assuming however that the redevelopment would have proceeded without TIF assistance, the average annual tax increment is projected at $3,942,080.

The composite tax capacity extension rate for the affected property was 103.684% for taxes payable in 2011. Hennepin County's tax capacity rate was 45.840%, the Independent School District No. 284 (Wayzata) tax capacity rate was 24.034%, and the special districts' tax capacity rate totaled 10.778%. The City of Wayzata's tax capacity rate was 23.032%. Utilizing the 2011 composite taxing jurisdictions' tax rates and the average projected gross annual tax increment ($3,942,080) for the 26 year duration of the district, the impact on the taxing jurisdictions is calculated in Tables I and II. The amount of Replacement TIF District No. 5 TIF revenues foregone, or "lost", by each jurisdiction is listed in Table I.

Table I
Percent of Tax Increment Attributable
To Various Taxing Jurisdictions
2010/2011

	2010/11Total Tax Capacity Rate	Percent of Total Rate	Estimated Tax Loss
Hennepin County	45.840%	44.21%	$1,742,794
City of Wayzata	23.032%	22.21%	875,536
I.S.D. No. 284	24.034%	23.18%	913,774
Special Districts[1]	10.778%	10.40%	409,976
Total	103.684%	100.00%	$3,942,080

[1] Includes the Metropolitan Council, Metropolitan Transit District, Park Museum, Metropolitan Mosquito Control District, Hennepin Parks, Hennepin County Regional Rail Authority, and Watershed District No. 3.

Table II represents the increase in tax capacity rates, which would have to be levied to compensate each taxing jurisdiction for "lost" dollars. Although the increase in tax capacity due to the captured portion of the Project will not be available for application to the tax capacity rate for the duration of the TIF District, the increased tax capacity will eventually permit a tax capacity rate decrease. Table II shows the estimate of how much the tax capacity for property outside the TIF District would have to be increased to raise the same number of tax dollars.

Table II
Increment in Tax Capacity Rates
By Various Taxing Jurisdictions
2010/11

	Taxable Net Tax Capacity	Estimated Loss	Tax Capacity Increase Required
Hennepin County	$1,476,968,856	$1,742,794	0.1180%
City of Wayzata	15,408,281	875,536	5.6822%
I.S.D. No. 284	119,249,213	913,774	0.7663%
Special Districts[2]	3,961,188,051	409,976	0.0103%
		$3,942,080	

[2] Represents loss attributed to Metropolitan Council, Metropolitan Transit District and Three Rivers Park District taxing jurisdictions.

R. Additional Fiscal and Economic Impact Projections

Additional fiscal and economic impacts are projected as follows:

Estimate of total tax increments generated over 26 year life of district: $102,125,092.

Impact on City provided services: The City does not anticipate that the planned private redevelopment activities will have any significant financial impact related to police or fire services or other services. The Agreement does provide for the payment by the Redeveloper of certain costs related to maintenance of public spaces and public parking as well as for the financing of certain public redevelopment infrastructure costs. The City does not currently anticipate the issuance of General Obligation Bonds for the proposed project and projects no material impact on the City's bonding capacity.

Amount of total tax increment attributable to I.S.D. No. 284 (Wayzata) levies: $23,672,596.
Amount of total tax increment attributable to Hennepin County levies: $45,149,503.
Amount of total tax increment attributable to City of Wayzata levies: $22,681,983.

S. Assessment Agreements

The City and the Authority may, upon entering into a development or redevelopment agreement, enter into a written assessment agreement in recordable form with the developer or redeveloper of the property within the Tax Increment District which establishes a minimum market value of the land and completed improvements to be constructed thereon, until a specified termination date, which date shall not be later than the duration of the Tax Increment District. The Agreement does not provide for any assessment agreements.

T. Administration and Limitation on Administrative Expenses

Upon adoption of the TIF Plan, the City shall submit a copy of such plan to the Minnesota Department of Revenue and the Office of the State Auditor. The Executive Director of the Authority will handle the administration of Replacement TIF District No. 5. The tax increments received as a result of increases in the tax capacity of the Tax Increment Financing District will be maintained in a special account separate from all other municipal accounts and expended only upon activities identified in the Redevelopment Program and Tax Increment Financing Plan.

Pursuant to Section 469.176, Subdivision 3 of the TIF Act, no tax increment shall be used to pay any administrative expenses for the projects which exceed ten percent (10%) of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less. It is the City's and the Authority's intention to reimburse itself from annual tax increment revenues those amounts necessary to reimburse the City and the Authority for expenses incurred in the administration of Replacement TIF District No. 5 within this limitation .

U. Consultations

Prior to the actual formation of Replacement TIF District No. 5, and at least 30 days prior to the adoption of the TIF Plan, the Authority provided the County Auditor and the clerk of the school board with the proposed TIF Plan, including the Authority's estimate of the fiscal and economic implications and provided an opportunity for members of the Hennepin County Board of Commissioners and the School Board of Independent School District No. 284 (Wayzata) to meet with the Authority.

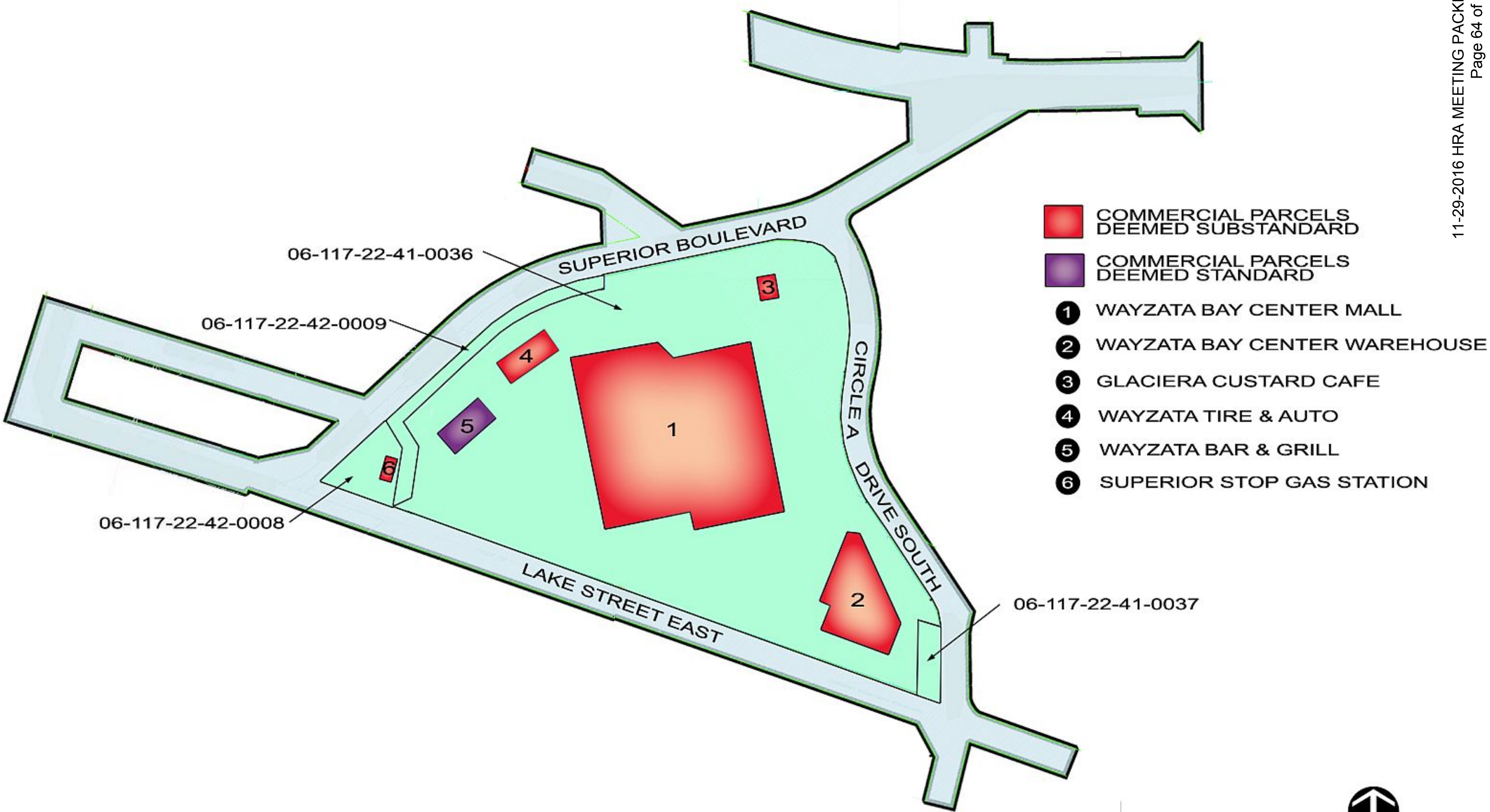
V. Public Hearing

Prior to approval of this TIF Plan by the City Council, a public hearing will be held by the City Council in accordance with Minnesota Statutes, Section 469.175, notice of such hearing being published in a newspaper of general circulation in the city at least once, not less than 10 days and not more than 30 days prior to the hearing date. At this hearing County Board Members and the School Board will be given an opportunity to present comments. The public hearing is anticipated to be held on November 15, 2011.

This plan was prepared with the assistance of Public Financial Management, Inc. and is expected to be considered by the Board of Commissioners of the Authority at a meeting tentatively scheduled for October 25, 2011. It is anticipated that the City Council of the City of Wayzata will hold a public hearing on the proposed Replacement TIF Plan No. 5 on November 15, 2011. Following the public hearing, the City Council will consider actions to request decertification of the existing TIF District No. 5 and to consider approval of the TIF Plan for Replacement District No. 5 and requested certification of the Replacement TIF District No. 5.

Exhibit 1

Map of Proposed Wayzata Bay Center
Replacement TIF District No. 5



MAP OF PROPOSED WAYZATA BAY CENTER TIF DISTRICT

Bonestroo

Exhibit 2

Wayzata Bay Center
Replacement TIF District No. 5 Projected Cash Flow

TIF District Number 5 Adjusted Projected Cash Flow

Exhibit 2

Assumptions					
First Collection Year	2015	Base Tax Capacity	335,250	Discount Rate	8.75%
TIF Term	26	Local Tax Rate	103.684%	EMV Growth Rate	3.87%
Final Year of TIF	2040	Office of State Auditor Rate	0.36%	Admin Base Expense	25,000
Fiscal Disparity Percentage	35%	Dated Date	9/1/2011	Admin Growth Rate	3.00%

	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Wayzata Bay Master Redevelopment												
Estimated Market Value	$ -	$ -	$ 16,800,000	$ 17,782,469	$ 18,822,393	$ 70,033,665	$163,997,225	$218,652,199	$231,439,047	$244,973,674	$259,299,810	$274,463,743
Projected Tax Capacity												
Ownership Housing	-	-	-	-	-	83,531	631,262	1,058,899	1,099,858	1,142,401	1,186,589	1,232,487
Rental Housing	-	-	-	-	-	562,500	584,258	606,857	630,331	654,713	680,037	706,341
Retail/Office/Hotel	-	-	-	-	-	334,337	1,129,210	1,304,431	1,354,887	1,407,295	1,461,730	1,518,271
Total Project Tax Capacity	-	-	-	-	-	980,368	2,344,730	2,970,187	3,085,076	3,204,408	3,328,357	3,457,100
Less: Fiscal Disparity	-	-	-	-	-	(117,018)	(395,224)	(456,551)	(474,210)	(492,553)	(511,606)	(531,395)
Less: Original Tax Capacity[1]	-	(335,250)	(335,250)	(335,250)	(335,250)	(335,250)	(228,421)	(228,421)	(228,421)	(228,421)	(228,421)	(228,421)
Captured Tax Capacity	-	-	-	-	-	528,100	1,721,085	2,285,215	2,382,444	2,483,434	2,588,330	2,697,284
Gross Tax Increment	-	-	-	-	-	547,556	1,784,490	2,369,402	2,470,213	2,574,923	2,683,684	2,796,652
Less: Office of State Auditor	-	-	-	-	-	(1,971)	(6,424)	(8,530)	(8,893)	(9,270)	(9,661)	(10,068)
Projected Net Increment (Wayzata Bay)	$ -	$ -	$ -	$ - [2]	$ - [2]	$ 545,584 [2]	$ 1,778,066	$ 2,360,872	$ 2,461,320	$ 2,565,654	$ 2,674,023	$ 2,786,584
95% Paid to Master Developer for TIF Note	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,689,163	$ 2,242,829	$ 2,338,254	$ 2,437,371	$ 2,540,322	$ 2,647,254
5% Paid to City HRA	$ -	$ -	$ -	$ -	$ -	$ -	$ 88,903	$ 118,044	$ 123,066	$ 128,283	$ 133,701	$ 139,329
Present Value of Master Redeveloper TIF[3]	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,174,387	$ 1,433,860	$ 1,374,590	$ 1,317,570	$ 1,262,733	$ 1,210,011
Present Value of Master Redeveloper TIF - Accumulated	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,174,387	$ 2,608,247	$ 3,982,837	$ 5,300,407	$ 6,563,140	$ 7,773,150
Excess Tax Increment												
Other Private Development Activity[4]												
Estimated Market Value	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000
Projected Tax Capacity	26,870	26,870	26,870	26,870	26,870	26,870	26,870	26,870	26,870	26,870	26,870	26,870
Less: Original Tax Capacity	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)
Captured Tax Capacity	-	-	-	-	-	-	-	-	-	-	-	-
Gross Tax Increment	-	-	-	-	-	-	-	-	-	-	-	-
Projected Net Increment (Other)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5% Paid to City HRA	$ -	$ -	$ -	$ -	$ -	$ -	$ 88,903	$ 118,044	$ 123,066	$ 128,283	$ 133,701	$ 139,329
Total Project Net Increment paid to City HRA	$ -	$ -	$ -	$ -	$ -	$ -	$ 88,903	$ 118,044	$ 123,066	$ 128,283	$ 133,701	$ 139,329
Less: Projected Admininistrative Expenses	-	-	-	-	-	-	(25,000)	(25,750)	(26,523)	(27,318)	(28,138)	(28,982)
Net Available TIF for Pooling or Other Qualified Redevelop. Projects	$ -	$ -	$ -	$ -	$ -	$ -	$ 63,903	$ 92,294	$ 96,544	$ 100,965	$ 105,563	$ 110,347

[1] Original tax capacity is adjusted after property has been reclassified and replatted in 2015.
[2] Increment collected will be distributed to taxing jurisdictions by county auditor.
[3] Master Redeveloper Receives total tax increment payment equal to $22,910,879 in 2011 dollars discounted at 8.75%.
[4] Includes future private deveopment of parcels 06-117-22-42-0008 and 06-117-22-42-0009 not pledged to TIF Note.

TIF District Number 5 Adjusted Projected Cash Flow

	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033
Wayzata Bay Master Redevelopment													
Estimated Market Value	$290,514,467	$307,503,843	$325,486,763	$344,521,329	$364,669,043	$385,995,002	$408,568,109	$432,461,298	$457,751,768	$484,521,233	$512,856,184	$542,848,172	$574,594,101
Projected Tax Capacity													
Ownership Housing	1,280,161	1,329,678	1,381,111	1,434,533	1,490,022	1,547,657	1,607,521	1,669,701	1,734,286	1,801,370	1,871,048	1,943,421	2,018,594
Rental Housing	733,663	762,042	791,518	822,134	853,935	886,966	921,274	956,910	993,924	1,032,369	1,072,302	1,113,779	1,156,861
Retail/Office/Hotel	1,576,998	1,637,998	1,701,356	1,767,166	1,835,521	1,906,520	1,980,265	2,056,863	2,136,424	2,219,062	2,304,897	2,394,052	2,486,655
Total Project Tax Capacity	3,590,822	3,729,718	3,873,985	4,023,834	4,179,478	4,341,143	4,509,061	4,683,474	4,864,634	5,052,801	5,248,246	5,451,252	5,662,110
Less: Fiscal Disparity	(551,949)	(573,299)	(595,475)	(618,508)	(642,432)	(667,282)	(693,093)	(719,902)	(747,748)	(776,672)	(806,714)	(837,918)	(870,329)
Less: Original Tax Capacity[1]	(228,421)	(228,421)	(228,421)	(228,421)	(228,421)	(228,421)	(228,421)	(228,421)	(228,421)	(228,421)	(228,421)	(228,421)	(228,421)
Captured Tax Capacity	2,810,452	2,927,997	3,050,090	3,176,904	3,308,624	3,445,440	3,587,547	3,735,151	3,888,464	4,047,708	4,213,111	4,384,913	4,563,359
Gross Tax Increment	2,913,989	3,035,865	3,162,455	3,293,941	3,430,514	3,572,370	3,719,712	3,872,754	4,031,715	4,196,825	4,368,322	4,546,453	4,731,473
Less: Office of State Auditor	(10,490)	(10,929)	(11,385)	(11,858)	(12,350)	(12,861)	(13,391)	(13,942)	(14,514)	(15,109)	(15,726)	(16,367)	(17,033)
Projected Net Increment (Wayzata Bay)	$ 2,903,498	$ 3,024,936	$ 3,151,070	$ 3,282,083	$ 3,418,164	$ 3,559,509	$ 3,706,321	$ 3,858,812	$ 4,017,201	$ 4,181,717	$ 4,352,596	$ 4,530,085	$ 4,714,440
95% Paid to Master Developer for TIF Note	$ 2,758,324	$ 2,873,689	$ 2,993,516	$ 3,117,979	$ 3,247,256	$ 3,381,534	$ 3,521,005	$ 3,665,871	$ 3,816,341	$ 3,972,631	$ 4,134,967	$ 4,303,581	$ 4,478,718
5% Paid to City HRA	$ 145,175	$ 151,247	$ 157,553	$ 164,104	$ 170,908	$ 177,975	$ 185,316	$ 192,941	$ 200,860	$ 209,086	$ 217,630	$ 226,504	$ 235,722
Present Value of Master Redeveloper TIF[3]	$ 1,159,336	$ 1,110,644	$ 1,063,867	$ 1,018,942	$ 975,807	$ 934,397	$ 894,654	$ 856,518	$ 819,931	$ 784,836	$ 751,179	$ 718,906	$ 687,966
Present Value of Master Redeveloper TIF - Accumulated	$ 8,932,487	$ 10,043,130	$ 11,106,998	$ 12,125,940	$ 13,101,747	$ 14,036,144	$ 14,930,798	$ 15,787,317	$ 16,607,248	$ 17,392,084	$ 18,143,263	$ 18,862,170	$ 19,550,135
Excess Tax Increment													
Other Private Development Activity[4]													
Estimated Market Value	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000
Projected Tax Capacity	26,870	26,870	26,870	26,870	26,870	26,870	26,870	26,870	26,870	26,870	26,870	26,870	26,870
Less: Original Tax Capacity	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)
Captured Tax Capacity	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Tax Increment	-	-	-	-	-	-	-	-	-	-	-	-	-
Projected Net Increment (Other)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5% Paid to City HRA	$ 145,175	$ 151,247	$ 157,553	$ 164,104	$ 170,908	$ 177,975	$ 185,316	$ 192,941	$ 200,860	$ 209,086	$ 217,630	$ 226,504	$ 235,722
Total Project Net Increment paid to City HRA	$ 145,175	$ 151,247	$ 157,553	$ 164,104	$ 170,908	$ 177,975	$ 185,316	$ 192,941	$ 200,860	$ 209,086	$ 217,630	$ 226,504	$ 235,722
Less: Projected Admininistrative Expenses	(29,851)	(30,747)	(31,669)	(32,619)	(33,598)	(34,606)	(35,644)	(36,713)	(37,815)	(38,949)	(40,118)	(41,321)	(42,561)
Net Available TIF for Pooling or Other Qualified Redevelop. Projects	$ 115,324	$ 120,500	$ 125,884	$ 131,485	$ 137,310	$ 143,370	$ 149,672	$ 156,227	$ 163,045	$ 170,137	$ 177,512	$ 185,183	$ 193,161

TIF District Number 5 Adjusted Projected Cash Flow

	12/31/2034	12/31/2035	12/31/2036	12/31/2037	12/31/2038	District Termination 12/31/2039	District would terminate 12/31/2039 12/31/2040	Total TIF Collected through 2039
Wayzata Bay Master Redevelopment								
Estimated Market Value	$608,196,542	$643,764,063	$681,411,585	$ 721,260,745	$763,440,296	$ 808,086,520	$ 855,343,669	
Projected Tax Capacity								
Ownership Housing	2,096,674	2,177,775	2,262,012	2,349,508	2,440,389	2,534,785	2,632,832	
Rental Housing	1,201,609	1,248,088	1,296,365	1,346,509	1,398,593	1,452,691	1,508,882	
Retail/Office/Hotel	2,582,841	2,682,747	2,786,517	2,894,301	3,006,254	3,122,538	3,243,320	
Total Project Tax Capacity	5,881,124	6,108,609	6,344,894	6,590,318	6,845,236	7,110,014	7,385,034	
Less: Fiscal Disparity	(903,994)	(938,961)	(975,281)	(1,013,005)	(1,052,189)	(1,092,888)	(1,135,162)	
Less: Original Tax Capacity(1)	(228,421)	(228,421)	(228,421)	(228,421)	(228,421)	(228,421)	(228,421)	
Captured Tax Capacity	4,748,708	4,941,227	5,141,192	5,348,892	5,564,626	5,788,704	6,021,451	
Gross Tax Increment	4,923,651	5,123,261	5,330,593	5,545,945	5,769,627	6,001,960	6,243,281	
Less: Office of State Auditor	(17,725)	(18,444)	(19,190)	(19,965)	(20,771)	(21,607)	(22,476)	
Projected Net Increment (Wayzata Bay)	$ 4,905,925	$ 5,104,818	$ 5,311,403	$ 5,525,980	$ 5,748,856	$ 5,980,353	$ 6,220,805	
95% Paid to Master Developer for TIF Note	$ 4,660,629	$ 4,849,577	$ 5,045,833	$ 5,249,681	$ 5,461,413	$ 5,681,336	$ 5,909,765	**$ 91,109,073**
5% Paid to City HRA	$ 245,296	$ 255,241	$ 265,570	$ 276,299	$ 287,443	$ 299,018	$ 311,040	**$ 4,795,214**
Present Value of Master Redeveloper TIF(3)	$ 658,307	$ 629,881	$ 602,640	$ 576,539	$ 551,533	$ 527,580	$ 504,636	
Present Value of Master Redeveloper TIF - Accumulated	$ 20,208,442	$ 20,838,323	$ 21,440,963	$ 22,017,502	$ 22,569,036	$ 22,910,879	$ 22,910,879	
Excess Tax Increment								
Other Private Development Activity(4)								
Estimated Market Value	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ 1,381,000	$ -	
Projected Tax Capacity	26,870	26,870	26,870	26,870	26,870	26,870	-	
Less: Original Tax Capacity	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	(26,870)	-	
Captured Tax Capacity	-	-	-	-	-	-	-	
Gross Tax Increment	-	-	-	-	-	-	-	
Projected Net Increment (Other)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
5% Paid to City HRA	$ 245,296	$ 255,241	$ 265,570	$ 276,299	$ 287,443	$ 299,018	$ -	
Total Project Net Increment paid to City HRA	$ 245,296	$ 255,241	$ 265,570	$ 276,299	$ 287,443	$ 299,018	$ -	
Less: Projected Admininistrative Expenses	(43,838)	(45,153)	-	-	-	-	-	
Net Available TIF for Pooling or Other Qualified Redevelop. Projects	$ 201,459	$ 210,088	$ 265,570	$ 276,299	$ 287,443	$ 299,018	$ -	

Appendix I

Special Legislation

Sec. 23. **CITY OF WAYZATA; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

Subdivision 1. **First receipt extended.** Notwithstanding Minnesota Statutes, section 469.175, subdivision 1, paragraph (b), the city of Wayzata may modify the tax increment financing plan for Redevelopment Tax Increment Financing District No. 5 to change the first year in which it elects to receive increment, up to six years following the year of approval of the district. Minnesota Statutes, section 469.175, subdivision 4, paragraph (b), does not apply to such modification of the tax increment financing plan.

Subd. 2. **Five-year rule.** The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for Redevelopment Tax Increment Financing District No. 5 in the city of Wayzata if the activities were undertaken within ten years from the date of certification of the district.

Subd. 3. **Parcels deemed occupied.** Any parcel in Redevelopment Tax Increment Financing District No. 5 in the city of Wayzata is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (1), if the following conditions are met:

(1) a building on the parcel was demolished by a developer or the city after the city council found the building to be structurally substandard upon approval of original tax increment financing plan for the district; and

(2) the city decertifies Redevelopment Tax Increment Financing District No. 5, but files a request with the county auditor for certification of the parcel as part of a subsequent redevelopment or renewal and renovation district within ten years after the date of demolition.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Wayzata with the requirements of Minnesota Statutes, section 645.021, subdivision 3.