City of Wayzata Housing and Redevelopment Authority
Special Meeting Agenda
Thursday, August 3, 2017

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 June 22, 2017

4. Old Business
   a. None

5. New Business
   a. Consider Approval of the Modification to TIF District No. 3
   b. Consider Termination of Covenant at 150 Lake St W
   c. Update on Other Redevelopment Projects

6. Next Meeting Date: 7:30 am on Thursday, October 26, 2017

7. Adjournment

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: August 3, 2017	**AGENDA ITEM:** 3
TITLE: Approval of Minutes from June 22, 2017 Meeting	
PROPOSED MOTION: To Approve the Minutes from the June 22, 2017 HRA Meeting	
PREPARED BY: Jeffrey Dahl, Executive Director	
REVIEWED BY: N/A	

ACTION REQUESTED:
Staff recommends approval of the minutes.

FINANCIAL OR BUDGET CONSIDERATION:
N/A

BACKGROUND:
N/A

ATTACHMENTS:
1. Draft Minutes from June 22, 2017 Meeting

HRA members present: T. Shaver, R. Wothe, B. Petit, B. Ambrose and S. Fox
HRA members absent and excused: none
City Staff present: Becky Malone, Jeff Thomson, Jeff Dahl,
Others present: Stacie Kvilvang, Ehlers

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

APPROVAL OF AGENDA

Ambrose motioned to approve the June 22, 2017 meeting agenda as presented, seconded by Petit. The motion passed 5/0 by voice vote.

APPROVAL OF MINUTES OF APRIL 27, 2017

Ambrose motioned to approve the minutes of April 27, 2017 as presented, seconded by Wothe. The motion passed 5/0 by voice vote.

OLD BUSINESS

None

NEW BUSINESS

a. Consider Approval of the Declaration of Access Easement for 150 Lake Street West

Shaver recused himself from voting on the Declaration of Access Easement for 150 Lake Street West.

Dahl stated TCF Bank is selling its property at 150 Lake Street West. As part of the due diligence process of the sale, it was noted that there is currently no access easement to the City's water treatment plant on the west side of the sire through the parking lot. The City's water treatment plant is owned by the HRA and thus the HRA should have an access easement with the private property to ensure access is maintained.

Petit motioned to approve the Declaration of Access Easement for 150 Lake Street West, seconded by Ambrose. The motion passed 4 ayes and 1 recused (Shaver) by voice vote.

b. Consider Approval of a Resolution 01-2017HRA to Amend the Widsten TIF Plan

Dahl stated the Governor has signed a tax bill, which included special legislation for the Widsten TIF amendment. This allows the City to allow the Mill Street parking ramp to be

DRAFT

a reimbursable expense for the Widsten TIF District. The increment that has been collected along with additional collects up to 2022 can be used for the Mill Street parking ramp.

Kvilvang stated the Widsten TIF District was created in the 1990s to construct a public parking ramp and to do improvements to Mill Street. At that time, the surface parking lot was created and utility and road improvements were done to Mill Street. One of the technicalities of the tax increment law is that anything the City will undertake within the TIF plan must be completed within the first 5-years of certification. Because this condition was not met the only obligations that were outstanding were the bonds that were issued for the surface parking and the road and utility improvements to Mill Street and these were the only expenses that could be reimbursed by tax increment. When the City began considering a public parking ramp there had been discussions about alternative funding sources. In 2015bthe City began the process of seeking exemption from the 5-year rule for the Widsten TIF District and this tax bill was approved in 2017. The way the parking ramp was financed was through general obligation tax increment bonds. These were issued based upon the increment the City had available from the Presbyterian Homes development. Now the Widsten TIF District funds will be used to pay the debt services on these bonds and allow the tax increment from the Presbyterian Homes District can be used for other redevelopment endeavors including the Lake Front initiatives. The amendment to the TIF Plan will include the special legislation and a modification to the budget. The City will look at the actual increment that would be coming in and this is more increment than the City had in the original plan and this will require a public hearing. A redevelopment TIF District term is 26-years. The Widsten TIF District that was created gave an artificially short term by 2-3 years. The City will allow this to go to its natural term and this will be part of the public hearing process.

Shaver asked if the District had been decertified.

Kvilvang explained the District had not been decertified and the existing start date will be in effect and the term will to the natural term end date of 2022

Ambrose stated he would not be able to attend the July 27 HRA meeting.

Kvilvang stated it would work better to have the next meeting after July 27 but before September 4.

Dahl stated he would work with the HRA to determine the next meeting date.

Petit asked if there would be $2.4 million for the Lake Front.

Dahl stated the $2.4 million would to pay for the parking ramp.

Kvilvang clarified there are additional dollars available because the City can now use the Widsten dollars for the ramp and the Presbyterian Homes dollars for other projects.

DRAFT

Petit made a motion to adopt Resolution 01-2017HRA, requesting that the City Council call for a public hearing on the Modification to Tax Increment Financing District #3 (Widsten), seconded by Ambrose. The motion passed 5/0 by voice vote.

c. Other Redevelopment Updates

Dahl stated the whole parking ramp would possibly be open by July 4th. The final items to be finished include the entry portals, installation of directional signage and the landscaping between the ramp and Widsten. The City Council would be discussing add on items such as a monument sign on Superior and a directional kiosk with business advertising. They are projecting to be about $200,000 under budget.

Petit expressed safety concerns with the sharp stones that were being used in the landscaping with the ramp.

Dahl stated staff would look at these concerns.

Fox asked if there had been any public comments on the aesthetics of the ramp.

Dahl stated he has only heard positive comments. The ipe wood and signage would enhance the look of the ramp.

Dahl stated the City is continuing to communicate with property owners from the intersection of Barry and Lake and the old bank building to Ferndale about creating a TIF District. This collaborative would be an effort to eliminate the blight along this strip. They are refining what they want to develop based on the market. They are hoping they would agree to a preliminary term sheet moving forward on some scale and exploring creating a TIF district and paying for the costs. The goal would be to eliminate the blight and creating public parking. The HRA and City Council will have a joint meeting before the City moves forward with these plans. He stated the Meyer Place project received approval and Wayzata Blu received conceptual approval.

Shaver asked for an update on the exploration of the Special Services/Mobility District.

Dahl stated the Mobility District had been discussed as one of the tools to alleviate parking issues downtown. The primary reason for this would be for the ongoing maintenance and operation costs of the ramp. The City has hired a consultant and they are moving forward with the process including surveying business and property owners in the area to determine what other items they would like to see included in the district such as marketing the area or snow removal. The intent is to pay for services above and beyond what the City would normally provide for the area. Once the City Council approves the petition, then they would determine who would provide the services included in the petition.

Wothe asked for an update on the intersection of Superior and Wayzata Blvd.

Dahl stated the Council had determined the flow would be directed to Wayzata Blvd and the next step would be to approve a design contract with an engineering firm. This

DRAFT

would likely include a steering committee to ensure concerns are addressed. The hope is the City would be able to go out for bid early next year.

Shaver stated the Mayor would like to have a member of the HRA serve on the Comp Plan review committee.

Dahl stated there are three new businesses currently in the process of opening in Wayzata. The hotel and restaurant are now open and people are staring to move into the condos.

NEXT MEETING DATE: 7:30 am on JULY 27, 2017

Shaver stated the HRA would not be meeting on July 27 and Dahl would work with the HRA to determine when the next meeting would be.

ADJOURNMENT

There being no further business; Wothe motioned to adjourn at 8:12 a.m., seconded by Ambrose. The motion passed 5/0 by voice vote.

Respectfully submitted,

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

DRAFT

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: August 3, 2017	**AGENDA ITEM:** 5a
TITLE: Consider Approval of the Modification to TIF District No. 3	
PROPOSED MOTION: To Approve Resolution 02-2017, Adopting The Modification to the Tax Increment Financing Plan for the Tax Increment Financing District No. 3 within the Central Area Redevelopment District	
PREPARED BY: Jeffrey Dahl, Executive Director	
REVIEWED BY: N/A	

ACTION REQUESTED:
Staff recommends approval of Resolution 02-2017.

FINANCIAL OR BUDGET CONSIDERATION:
Approving the modification to the Tax Increment Financing (TIF) Plan will allow the City to utilize previously captured increment and future increment generated within TIF District No. 3---Widsten to help pay off expenses and debt related to the Mill Street Parking Ramp. The district, which will be decertified at the end of 2022, generates approximately $400,000 per year.

BACKGROUND:
Please see the attached memo from Stacie Kvilvang of Ehlers and Associates. Upon HRA approval, the next steps will be for the Planning Commission to review the modification on August 21 to determine if it is in compliance with City's Comprehensive Plan and lastly, on September 5 the City Council will hold a public hearing and consider approval.

ATTACHMENTS:
1. Memo from Stacie Kvilvang, dated August 3, 2017
2. Resolution 02-2017, Resolution Adopting The Modification to the Tax Increment Financing Plan for the Tax Increment Financing District No. 3 within the Central Area Redevelopment District
3. Draft TIF Plan Modification for TIF District No. 3

Memo

To: Jeffrey Dahl, HRA Executive Director

From: Stacie Kvilvang

Date: August 3, 2017

Subject: Widsten TIF District #3 Plan Modification

Widsten TIF District is a redevelopment district that was certified on March 1, 1996 and was amended in 2001 and 2008 to update budgets and provide pooling authority. The TIF plan was originally created to allow the City to construct a 300-stall publicly owned parking ramp and to complete public improvements to Mill Street. In 2001 the City sold $3,195,000 in bonds to assist with acquiring the land and developing the former, on-grade parking lot and to complete some public improvements along Mill Street (these bonds were refinanced in 2010 and paid off in December 2015).

In 2017, the City received special legislation for the District that allows the City to use both the existing TIF balance and future TIF receipts to assist in paying for the newly constructed public parking facility that is located within the TIF district. The TIF plan is being modified to incorporate the new legislation, which effectively states:

1. The 5-year rule (must have all obligations in place or bonds sold within 5 years of certification of the district) has been met if the tax increment is spent on projects originally contemplated in the plan; and

2. The district was not required to be decertified at the end of 2015, even though the original bonds were paid off in that year.

In addition to these updates, we have updated the following:

1. Updated the budget to reflect actual TIF received to date and proposed through the remainder of the District;

2. Updated the budget to conform with new Office of the State Auditor (OSA) reporting requirements;

3. Updated the HRA and City's bonding capacity under the TIF plan to allow for use of TIF on the existing bonds issued for the ramp;

4. Updated the actual term of the District to 25 years after the receipt of the first increment, which would go through December 31, 2022 (was December 31, 2020 before); and

5. Update the plan with current statutory requirements that are in place.

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

RESOLUTION NO. 02-2017

RESOLUTION ADOPTING THE MODIFICATION TO THE TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 3 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 Tax Increment Financing District No. 3 (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 finds that the District is in the public interest and is a "redevelopment district" under Minnesota Statutes, Section 469.174, Subd. 10 (a)(1), and finds that the adoption of the proposed Modification conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State of Minnesota which is already built up and that the adoption of the proposed Modification will help provide employment opportunities in the State and in the preservation and enhancement of the tax base of the City and the State because it will discourage commerce and industry from moving their operations to another state or municipality and thereby serves a public purpose.

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.

Approved by the Board of Commissioners of the Wayzata Housing and Redevelopment Authority this 3rd day of August, 2017.

____
Chair

ATTEST:

____
Secretary

As of July 27, 2017
Draft for Fiscal Implications

Modification to the

Tax Increment Financing Plan

for

Tax Increment Financing District No. 3
(a redevelopment district)

within

the Central Area Redevelopment District

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

Adopted:	February 21, 1995
Modification No. 1:	February 6, 2001
Modification No. 2:	August 2008
Modification No. 3 Public Hearing Date:	September 5, 2017

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 Tax Increment Financing District No. 3

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 Tax Increment Financing District No. 3 (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 2017 for the District. Specifically *Minnesota Laws 2017, First Special Session, Chapter 1, Article 6, Section 24* (the "Special Legislation"). A copy of the Special Legislation can be found in Appendix F.

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

Subsection 1-3. Statement of Objectives

The District currently consists of thirty parcels of land and adjacent and internal rights-of-way. The TIF Plan Modification is being completed to incorporate recently approved special legislation, update the budget, and bring the TIF Plan into compliance with current Office of the State Auditor reporting requirements and update to current statutory references. Please see Appendix A and Appendix G for further District information.

This TIF Plan Modification is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Central 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 - The HRA or City currently owns one parcel of property within the District. The remaining 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 on 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 TIF Plan Modification. 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 reaffirming the original 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, as 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:

(i) have or had a capacity of more than one million gallons;
(ii) are located adjacent to rail facilities; or
(iii) 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 District. Further information can be found in Appendix G.

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 and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District is 25 years after receipt of the first increment by the HRA or City (a total of 26 years of tax increment). The HRA received the first tax increment in 1997. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2022, or when the TIF Plan is satisfied. The HRA or 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 1995 for taxes payable 1996.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 1997) 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 1.04786, which is the rate for taxes payable in 1996. 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)	**$502,795**	
Original Estimated Net Tax Capacity (ONTC)	**$14,451**	
Reduction for Fiscal Disparities Contribution	**$0**	
Estimated Captured Tax Capacity (CTC)	**$488,344**	
Current Local Tax Rate	**1.04786**	Pay 2017
Estimated Annual Tax Increment (CTC x Local Tax Rate)	**$511,716**	
Percent Retained by the HRA	**100%**	

Tax capacity includes a 3% 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.

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 TIF Plan Modification. The projects within the District have been financed by bond issues, interfund loans and transfers. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification.

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES OF FUNDS	TOTAL
Tax Increment	$14,402,469
Interest	$1,440,247
TOTAL	**$15,842,716**

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 $14,842,716. 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 Modification as of the date of approval.

Subsection 1-10. Uses of Funds

The TIF Plan Modification is being completed to incorporate recently approved special legislation, update the budget, and bring the TIF Plan into compliance with current Office of the State Auditor reporting requirements and update to current statutory references The HRA and City have determined that it will be necessary to provide assistance to the project(s) 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 development or redevelopment of the District, this TIF Plan Modification authorizes the use of tax increment financing to pay for the cost of certain eligible expenses, including a public parking facility within the District. 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	$3,250,000
Site Improvements/Preparation	$1,500,000
Utilities	$1,200,000
Other Qualifying Improvements	$7,452,469
Administrative Costs (up to 10%)	$1,440,247
PROJECT COST TOTAL	$14,842,716
Interest	$1,000,000
PROJECT AND INTEREST COSTS TOTAL	**$15,842,716**

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 1-9.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF 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 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 a*, (outside the District) are followed, the following method of computation shall apply:

(1) The original net tax capacity and the current net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured net tax capacity and no tax increment determination. Where the original net tax capacity is less than the current net 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 lesser 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 a.

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 would occur without the creation of the District. 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	1,573,060,731	488,344	**0.0310%**
City of Wayzata	18,677,217	488,344	**2.6147%**
Wayzata ISD No. 284	131,023,960	488,344	**0.3727%**

IMPACT ON TAX RATES

	Pay 2017 Est. Extension Rates	Percent of Total	CTC	Potential Taxes
Hennepin County	0.440870	42.07%	488,344	**215,296**
City of Wayzata	0.233520	22.29%	488,344	**114,038**
Wayzata ISD No. 284	0.262900	25.09%	488,344	**128,386**
Other	0.110570	10.55%	488,344	**53,996**
Total	1.047860	100.00%		**511,716**

The estimates listed above display the captured tax capacity when all construction is completed. The District was certified under Pay 1996 rates and figures. The actual original local tax rate for the District is 1.26796, which is the rate for taxes payable in 1996. The estimated rate of 1.04786 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.

Subsection 1-15. Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF 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 TIF 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 TIF 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 TIF 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 TIF 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 TIF 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, City and property owner(s) improved parcels within the District by February 21, 1999 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 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 TIF 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 TIF 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.*

Tax increments generated in the District will be paid by Hennepin County to the HRA for the Tax Increment Fund of said District. The HRA or City will pay to the developer(s) annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. Remaining increment funds will be used for HRA or City administration (up to 10 percent) and for the costs of public improvement activities outside the District.

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. The HRA or City did not enter into any agreement with a developer and completed necessary public improvements within the District on their own.

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 TIF 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 is 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, when the District was established, the determination was made that the anticipated development would not reasonably be expected to have occurred 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. Further information can be found in the TIF Plan in Appendix G.

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.* **This requirement is not effective for this District pursuant to *Minnesota Laws 2017, First Special Session, Chapter 1, Article 6, Section 24***

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 incorporate recently approved special legislation, update the budget, and bring the TIF Plan into compliance with current Office of the State Auditor reporting requirements and update to current statutory references. The TIF Plan Modification for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113, telephone (651) 697-8500.

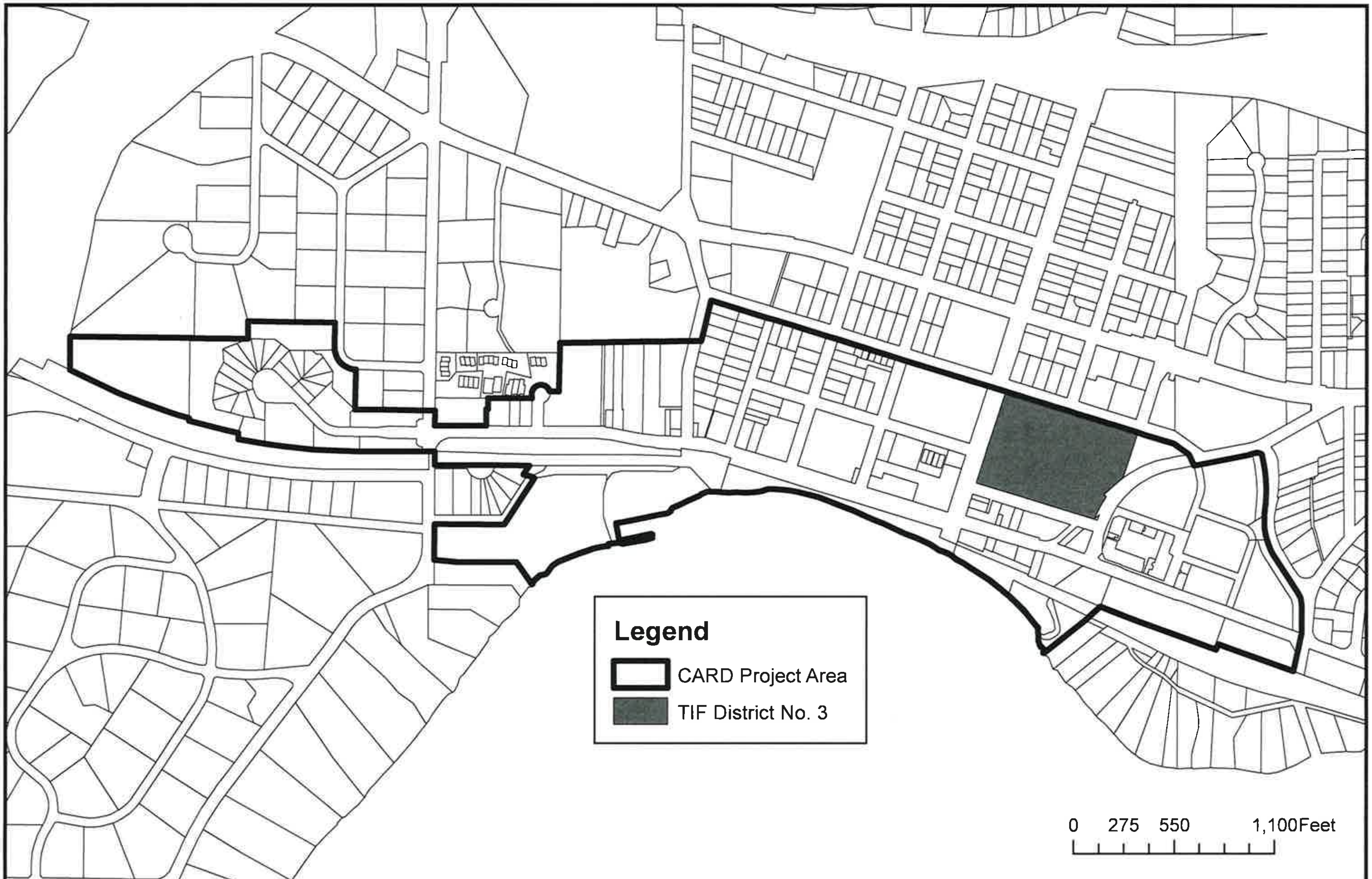
Appendix A

Project Description

The District is being modified to incorporate *Minnesota Laws 2017, First Special Session, Chapter 1, Article 6, Section 24* to allow tax increments from the District to be used to pay for a newly constructed parking ramp within the District as originally outlined in the TIF Plan (See appendix G).

Appendix B

Map of the Central Area Redevelopment District and the District



CARD Project Area / District No. 3

This map is for planning purposes ONLY. This is NOT a legally recorded map. It represents a compilation of information from various sources.

Source:
City of Wayzata

Prepared By:
City of Wayzata

City of Wayzata

Appendix C

Description of Property to be Included in the District

As of the time of this TIF Plan Modification, the District currently encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

06-117-22-42-0051	06-117-22-42-0052	06-117-22-42-0053	06-117-22-42-0054
06-117-22-42-0055	06-117-22-42-0056	06-117-22-42-0057	06-117-22-42-0058
06-117-22-42-0059	06-117-22-42-0060	06-117-22-42-0061	06-117-22-42-0062
06-117-22-42-0063	06-117-22-42-0064	06-117-22-42-0065	06-117-22-42-0066
06-117-22-42-0067	06-117-22-42-0068	06-117-22-42-0069	06-117-22-42-0070
06-117-22-42-0071	06-117-22-42-0072	06-117-22-42-0073	06-117-22-42-0074
06-117-22-42-0075	06-117-22-42-0076	06-117-22-42-0077	06-117-22-42-0078
06-117-22-42-0079	06-117-22-42-0084		

Appendix D

Redevelopment Qualifications for the District

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

Appendix E

Findings Including But/For Qualifications

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

Appendix F

Special Legislation

Minnesota Laws 2017, First Special Session, Chapter 1, Article 6, Section 24

Sec. 24. CITY OF WAYZATA; TIF DISTRICT 3; WIDSTEN.

(a) The requirements 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, are considered to be met for Tax Increment Financing District 3 (Widsten) in the city of Wayzata if the revenues derived from tax increments from the district are expended for any project contemplated by the original tax increment financing plan for the district, including, without limitation, a municipal parking ramp within the district.

(b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, do not apply to the district if the revenues derived from tax ncrement from the district are expended for any project contemplated by the original tax increment financing plan for the district, including, without limitation, a municipal parking ramp within the district.

EFFECTIVE DATE. This section is effective upon compliance by the chief clerical officer of the governing body of the city of Wayzata with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Appendix G

Original Tax Increment Financing Plan

TAX INCREMENT FINANCING PLAN

FOR

TAX INCREMENT FINANCING DISTRICT NO. 3

WIDSTEN SCHOOL PROJECT

Project # 1406

APPROVED FEBRUARY 21, 1995 BY THE

HOUSING AND REDEVELOPMENT AUTHORITY

IN AND FOR THE CITY OF WAYZATA, MINNESOTA

AND CITY OF WAYZATA

TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT 3

I. INTRODUCTION

The Housing and Redevelopment Authority in and for the City of Wayzata (the "HRA") proposes to capture the increase in tax capacity valuation and the resulting increase in real property taxes on improvements within the following described Tax Increment District No. 3 as authorized in Minnesota Statutes, Sections 469.174 to 469.179 (the TIF Act).

A. Project Background

The redevelopment of Wayzata Central Business District, focused around the ten block Lake Street vicinity has been a long and sustained effort by the community. The City and HRA have implemented a phased approach to the area's redevelopment that have reflected the area's public improvement needs matched with redevelopment opportunities put forth by the private sector.

In 1970, the City conducted its first Renewal Feasibility Study that established a planning basis for all subsequent redevelopment efforts. In 1977, the Central Area Redevelopment Plan (CARD), pursuant to Minnesota Statutes 462, was adopted and the first Tax Increment Financing District was established by the HRA. The CARD plan has been amended from time to time and an additional TIF District was established by the HRA in 1986 (the "1986 TIF District"), as part of an orderly and systematic plan of the HRA and the City of Wayzata (the "City") to bring about the redevelopment of the Central Business District.

The City and HRA's efforts have resulted in substantial private reinvestment in the Wayzata Central Business District with several commercial and residential projects having been completed to date.

B. Project Description

The City through its HRA proposes to undertake several additional public improvement projects designed to support and enhance economic vitality of the Wayzata Central Business District.

The largest proposed project is the construction of an approximate 300 car municipal parking ramp at the intersection of Broadway and Mill Street, which is one block off Lake Street. The parking ramp would be built at a cost of approximately $2,150,000 on land already owned by the City of Wayzata.

The City will make street, sewer and water improvements to Broadway Street from Mill Street to Rice Street, then east on Rice to Superior Boulevard, at a proposed cost of approximately $200,000.

Mill Street between Broadway and Superior will be reconstructed with new storm sewer. The Mill Street area will also receive considerable streetscape improvements to complement streetscape activities already completed along Lake Street. The project will cost approximately $300,000. The HRA has prior budget authority for $200,000 from the TIF Plan for the 1986 TIF District. Therefore, an additional $100,000 in TIF budget is now sought.

The HRA may also assist a private developer to construct a commercial building or buildings on the existing City garage site located within the TIF District No. 3 area.

The street and utility public improvements described above will facilitate a 96 unit rental apartment project. No direct developer subsidies would be provided to the rental housing project, other than the provision for public infrastructure improvements adjacent to the project.

C. **Development Program**

1. Public Activities.

   a. Land Acquisition. The HRA proposes to acquire one undeveloped 5,227 square foot parcel owned by Vodegel. The cost of the land acquisition is within the municipal parking ramp budget.

   b. Relocation. Implementation of the plan will not require the displacement of any privately owned businesses or residential units.

      The City maintenance garage will be relocated to a new site. TIF funds will not be used to build a new City garage.

   c. Municipal Parking Ramp. To answer the growing need for off-street parking, the City will construct an approximate 300 car parking ramp located at Mill Street and Broadway Street (see Exhibit C, Public Improvement Map). The anticipated development cost in approximately $2,150,000. Construction could begin in early 1997.

   d. Municipal Surface Parking Lot. The City proposes to construct an approximate 35 car surface parking lot located at the intersection of Rice Street and Superior Boulevard. The parking lot is necessary to alleviate parking shortages by existing area apartment buildings. The City is already in ownership of the site. Parking lot development costs are approximately $35,000. Construction could begin in 1996.

e. Infrastructure Public Improvements. Street, curb and gutter, sanitary sewer, storm sewer, and water lines needs to be upgraded and/or replaced in Broadway Street from Mill Street to Rice Street, then east on Rice to Superior Boulevard. The estimated construction cost is $200,000.

Mill Street, between Broadway to Superior, would be reconstructed with a new storm sewer. Mill Street would receive streetscape improvements comparable with the City's streetscape program already partially completed. The estimated construction cost is $300,000 with new TIF budget authority sought in this TIF Plan for $100,000.

See Exhibit C, Public Improvement Map for the location of the improvements. The public improvement projects would be started in 1996 and completed in 1997.

2. Private Activities.

a. Rental Housing. Stuart Companies has proposed to build a 96 unit rental apartment project on the site of the old Widsten School. The project has an estimated development cost of approximately $11,000,000. The project would start construction the Spring of 1995 and be completed by early 1996. Stuart Companies, as developer, has entered into an agreement with the City of Wayzata which defines the responsibilities of the developer and City for the redevelopment of the Widsten School site.

b. Commercial Project. The HRA has entered preliminary discussions with commercial developers to discuss the feasibility of a commercial building anchoring the redevelopment of the existing City garage site on Mill Street. The estimated 1.5 million dollar project could start construction in late 1995 or early 1996. The preliminary site investigation has revealed soil contamination requiring corrective action. The HRA may participate in the demolition, soil correction, environmental clean up, and site improvement costs.

II. STATEMENT OF OBJECTIVE

The actions set forth in this Tax Increment Financing Plan seek to achieve the beneficial program objectives identified in the Central Area Redevelopment Plan, amended.

Specific objectives sought to be accomplished by this Tax Increment Financing Plan are:

A. Assist the private redevelopment of the old Widsten School site and Mill Street area.

B. Facilitate and support activities that will promote the long term economic viability of the Wayzata Central Business District.

C. Increase the tax base of the state.

D. Increase the employment base of the state.

III. TAX INCREMENT FINANCING DISTRICT NO. 3

The Tax Increment Financing District No. 3 (TIF District) is comprised of five parcels. See Exhibit E, TIF District No. 3 Property List for identification of the district parcels.

The TIF District No. 3 is within the area subject to the Central Area Redevelopment Plan, as amended, of the HRA. Exhibit A, Central Area Redevelopment District Boundary Map identifies the TIF District No. 3 within the Central Area Redevelopment District No. 2, amended.

IV. STATUTORY AUTHORITY AND DISTRICT ELIGIBILITY AS A REDEVELOPMENT DISTRICT

A. **Redevelopment District**

TIF District No. 3 is certified as a Redevelopment District Under Minnesota Statutes, Section 469.174, Subd. 10.

1. Required Findings. On November 10, 1993, a written report was prepared by Northwest Associated Consultants that surveyed the area to be included in TIF District No. 3 in order to make a determination of compliance with the requirements of Minnesota Statutes, Section 469.174, Subd. 10(a)(1).

The results of that survey are summarized as follows:

Parcel	Improved Area	Percent Improved	Total Area
06-117-22-42-0045	2.33	44.0	5.2967*
06-117-22-42-0046	0.0459	14.5	.3168
06-117-22-42-0002	0.20	100.0	.2000*
06-117-22-42-0003	0.268	100.0	.2680*
06-117-22-42-0047	0	0	1.7300

TOTAL IMPROVED ACREAGE*	5.76
TOTAL ACREAGE	7.6792
PERCENT IMPROVED	75 percent

2. Fifty percent of the buildings are structurally substandard to a degree requiring substantial renovation or clearance. The proposed district contains one building, which has been determined to be substandard.

Substandard Definition

"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.

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. If the evidence supports a reasonable conclusion that the building is not disqualified as structurally substandard, the municipality may make such a determination without an interior inspection or an independent, expert appraisal of the cost of repair and rehabilitation of the building.

The City Building Inspector has inspected the City garage and determined that the structure is substandard. A copy of his report is on file at City Hall.

B. **Economic Necessity**

The proposed development would not be economically feasible without participation of the City and HRA through the use of tax increment financing. The HRA and developer explored other funding sources, none of which were of sufficient magnitude to support the public costs. The developer has notified the HRA that it would not be economically feasible for the developer to pay market value for the public improvements. Therefore, in the opinion of the City and HRA, the proposed development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore, the City and HRA elects to use tax increment financing pursuant to the TIF Act to finance part of the project cost.

C. **Conformance with General Plan**

The Wayzata City Planning Commission at their February 6, 1995 meeting found that the proposed redevelopment conforms to the Comprehensive Plan for the City.

V. FINANCING PLAN

A. **Estimated Public Redevelopment Cost**

The estimated public redevelopment costs of the improvements to be made within TIF District No. 3 and financed by tax increments are as follows:

Public Parking Ramp	$2,175,000
Surface Parking Lot	35,000
Infrastructure	300,000
Commercial Project	175,000
Administration	25,000
Capitalized Interest	500,000
	$3,210,000

Costs will only be incurred to the extent that anticipated tax increment revenues to cover the anticipated expense.

The items of cost and the costs thereof shown above are estimated to be necessary based upon the qualified appraisers, consultants, legal and cost information now available. It is anticipated that the items of cost and the costs thereof shown in each category above may decrease or increase, but that the total project cost will not exceed the amount shown above.

The total administrative expense is defined in Minnesota Statutes, Section 469.176, Subd. 3 of the TIF Act and is estimated to be $75,000, which amount does not exceed 10 percent of the total tax increment expenditures.

The proposed project is in compliance with Minnesota Statutes 469.174, Subd. 4.J. that requires at least 90 percent of the revenues derived from tax increments from a redevelopment district be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovation districts under Minnesota Statutes 469.174. These costs include acquiring properties containing structurally substandard buildings or improvements, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition of structures, clearing of the land, and installation of utilities, roads, sidewalks and parking facilities for the site. The allocated administrative expenses of the City may be included in the qualifying costs.

B. **Source of Revenue - Tax Increment Bonds**

The HRA proposes to capture the tax increments generated by the proposed development to pay obligated project expenses. No ad valorem tax levy is necessary to finance the HRA or City obligations.

The public redevelopment costs of the project will be financed by the issuance of general obligation tax increment bonds or a limited tax increment revenue note. Any debt will be issued by the City. The maximum amount of indebtedness is presently estimated to be $3,210,000.

The principal of and interest on the bonds to be issued by the City to finance the public development cost of the project will be payable primarily from the tax increments to be received by the City with respect to the district. In addition, such principal and interest will be paid from certain proceeds of the bonds (capitalized interest) and interest earnings thereon.

C. **Original Tax Capacity Valuation**

The most recent tax capacity of all the property in the TIF District No. 3, which amount is expected to be certified by the Hennepin County Auditor as the original tax capacity value, is $20,815.

See Exhibit E, TIF District No. 3 Property List for tax capacity values on an individual parcel basis.

D. Captured Tax Capacity Value

It is estimated that the "captured tax capacity value" of all taxable property in the project, upon completion of the development of the TIF District No. 3 in accordance with this plan, will be $330,965. The captured tax capacity value represents over a $12,500,000 investment in the project area.

E. Excess Tax Increments

The HRA and City shall use excess tax increments, if any, in the following manner:

1. Prepay any outstanding tax increment note or bond.

2. Discharge the pledge of tax increments.

3. Return the excess amount to the County Auditor who shall distribute the excess amount to the municipality, county and school district in which the tax increment financing district is located, in direct proportion to their respective tax capacity rates.

4. Amend the TIF District.

F. Duration of the District

It is estimated that the district will remain in existence until March 1, 2020, or until the City and HRA's obligation to pay the project expenses has been discharged in accordance with the resolution authorizing the issuance of the debt.

G. Election as to Increment

The City and HRA finds it necessary to receive 100 percent of the captured tax capacity value to produce sufficient tax increments to fund project expenses in least amount of time.

H. Prior Planned Improvements

Pursuant to Minnesota Statutes, Section 469.177, Subdivision 4, the HRA has reviewed and searched the properties to be included in the tax increment financing redevelopment district. No permits have been issued for any of the projects under consideration.

I. Fiscal Disparities

The HRA elects the method of tax increment computation set forth in Section 469.177, Subd. 3, clause a. The contribution ratio of the municipality is not applied to commercial-industrial property inside a tax increment district, but the contribution these properties would otherwise make would be spread on commercial-industrial properties outside the district. Therefore, the total amount of captured tax capacity is available for tax increment debt retirement.

J. Estimated Impact on Other Tax Jurisdictions

The taxing jurisdictions within which the District is located will continue to receive taxes as if no new development were to occur with the current tax capacity valuation neither increasing nor decreasing. The HRA will receive all taxes derived from the increased tax capacity valuation above the adjusted base. This precludes the jurisdictions from receiving tax increases due to the Project, inflation, other than base inflation, or other development of the taxable property in the District. As Exhibit D indicates, this property comprises a very small portion of the tax capacity value of these jurisdictions.

The tax capacity value of the taxable property within the District will be frozen at its original tax capacity value through 2020, or whenever the TIF District is terminated. At that point, the taxing jurisdictions will begin to receive taxes on the full tax capacity value of the property. The amount each jurisdiction will receive annually during the duration of the District will vary with changes in the tax capacity rate. Exhibit D further describes the impact the proposed project will have on the taxing jurisdictions.

VI. TAX INCREMENT FINANCING REQUIREMENTS

A. Limitation on Administrative Expenses

In accordance with Minnesota Statutes, Section 469.174, Subd. 14 and Minnesota Statutes, Section 469.176, Subd. 3, administrative expenses means all expenditures of an Authority other than amounts paid for the purchase of land or amounts paid to contractors and engineering services, directly connected with the physical development of the real property in the district, relocation benefits paid to or services provided for persons residing or business located in the district or amounts used to pay interest on, fund a reserve for, or sell at a discount bonds issued pursuant to Section 469.178. Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, and planning for economic development consultants. No tax increment shall be used to pay any administrative expenses for a project which exceeds ten percent 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.

B. **Project Administration and Maintenance of Tax Increment Account**

Administration of the tax increment economic development district will be handled by the Office of the City Manager.

The tax increment received as a result of increases in the tax capacity value of the tax increment financing district will be maintained in a special account separate from all other municipal accounts and expended only upon sanctioned municipal activities identified in the financing plan.

C. **Limitation on Duration of Tax Increment Financing Districts**

Pursuant to Minnesota Statutes, Section 469.176, Subd. 1, no tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original net tax capacity of the taxable real property in the district by the County Auditor, unless within the three year period: (1) bonds have been issued in aid of the project containing the district pursuant to Section 469.178, or any other law, except revenue bonds issued pursuant to Sections 469.152 to 469.165, or (2) the authority has acquired property within the district, or (3) the authority has constructed or caused to be constructed public improvements within the district. The HRA may therefore issue bonds or acquire property, or construct or cause public improvements to be constructed by 1998 or the office of the County Auditor may dissolve the tax increment financing district.

D. **Limitation on Qualification of Property Tax Increment District Not Subject to Improvement**

Pursuant to Minnesota Statutes, 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..., 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 the 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 the parcel and the original net tax capacity value of that parcel shall be excluded from the original net tax capacity value 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 tax capacity value 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.

E. **Limitation on the Use of Tax Increment**

All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used to finance or otherwise pay public redevelopment costs pursuant to Minnesota Statutes, Sections 469.124 to 469.134. No revenues derived from tax increment shall 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 shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a common area used as a public park or a facility used for social, recreational or conference purposes and not primarily for conducting the business of the municipality.

F. **County Costs**

1. Tax increments may be used to pay for the county's actual administrative expenses under Sections 469.174 to 469.179. The County may require payment of those expenses by February 15 of the year after the year in which the expenses are incurred. The amount of these payments is not required to be set forth in the tax increment financing plan for the project. To obtain payment for actual administrative costs, the County Auditor must submit to the authority a record of costs incurred by the County Auditor related to administration of the authority's tax increment financing districts.

2. Tax increments may be used to pay County road costs as provided in Section 469.175, Subdivision 1(a).

G. **Restrictions on Pooling; Five-Year Limit**

Expenditures Outside District. (a) For each tax increment financing district, an amount equal to at least 75 percent of the revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the process of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of the revenue derived from tax increments paid by properties in the district may be expended, through development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay or secure payment of, debt service on credit enhanced bonds. The revenue derived from tax increments for the district that are expended on costs under Section 469.176, Subdivision 4.h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

Five Year Rule. (a) Revenues derived from tax increments are considered to have been expended on an activity within the district under Subdivision 2 only if one of the following occurs:

1. Before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity.

2. Bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five year period, or (ii) a reasonable temporary period within the meaning of the use of that term under Section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund.

3. Binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligations.

4. Costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs.

Use of Revenues for Decertification. Beginning with the sixth year following certification of the district, 75 percent of the revenues derived from tax increments paid by properties in the district that remain after the expenditures permitted under Subdivision 3 must be used only to pay outstanding bonds, as defined in Subdivision 3, paragraphs (a), clause (2) and (b) cost contracts, as defined in Subdivision 3, paragraph (a), clauses (3) and (4). When the outstanding bonds have been defended and when sufficient money has been set aside to pay contractual obligations as defined in Subdivision 3, paragraph (a), clauses (3) and (4), the district must be decertified and the pledge of tax increment discharged.

H. Annual Disclosure Requirements

Pursuant to Minnesota Statutes, Section 469.175, Subd. 6, an Authority must file an annual disclosure report for all tax increment financing districts. The report shall be filed with the School Board, County Board and the State Auditor's Office. The report shall include the following information:

1. The original tax capacity value of the district;

2. The captured tax capacity value of the district, including the amount of any captured tax capacity value shared with other taxing districts;

3. The outstanding principal amount of bonds issued or other loans incurred to finance project costs in the district;

4. For the reporting period and for the duration of the district, the amount budgeted under the tax increment financing plan, and the actual amount expended for, at least, the following categories:

   a. Acquisition of land and buildings through condemnation or purchase;

   b. Site improvements or preparation costs;

   c. Installation of public utilities or other public improvements;

   d. Administrative costs, including the allocated cost of the authority;

5. For properties sold to developers, the total cost of the property to the Authority and the price paid by the Developer;

6. The amount of tax exempt obligations, other than those reported under clause (3), that were issued on behalf of private entities for facilities located in the district.

The annual disclosure report is designed to be a two-way medium of information dissemination for both the office of the County Auditor and the City. Should the Auditor want additional activities, such information should be requested prior to submission of the annual disclosure report by the City. Similarly, the City Council may utilize the annual disclosure report as a means for requesting information from the office of the County Auditor. The City must also file the annual report to the Minnesota Commissioner of Revenue as required under Minnesota Statutes, Section 469.175, Subd. 6.(a).

I. Modifications of the Tax Increment Financing District

In accordance with Minnesota Statutes, Section 469.175, Subd. 4, any reduction or enlargement of the geographic area of the Project or tax increment financing district, increase in amount of bonded indebtedness to be incurred, including a determination or capitalized interest on debt of that determination as not part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured tax capacity value to be retained by the HRA, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the HRA shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original plan. The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original gross tax capacity value by the County Auditor. The tax increment financing development district may therefore be expanded until approximately February 2000.

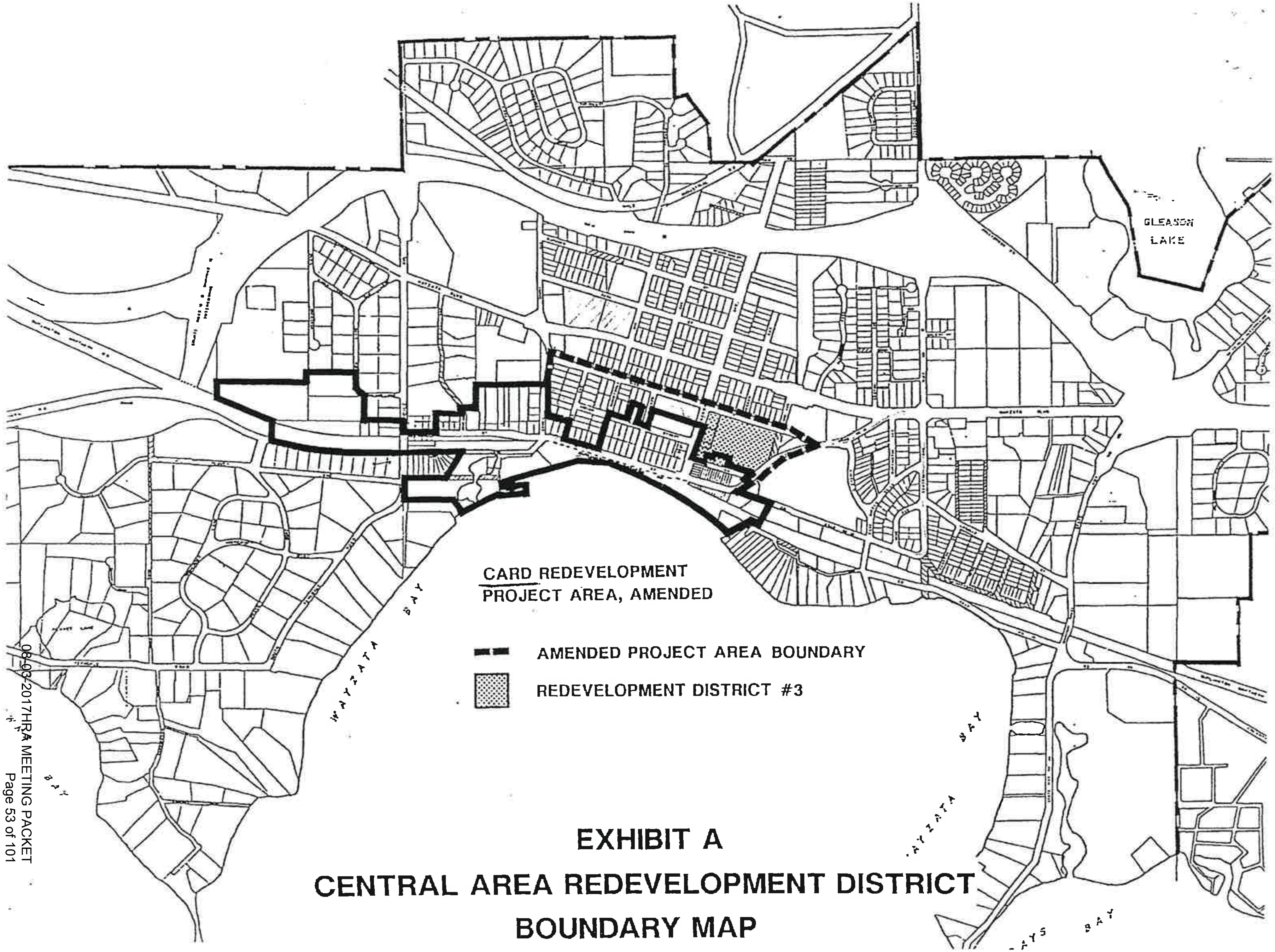


EXHIBIT A
CENTRAL AREA REDEVELOPMENT DISTRICT
BOUNDARY MAP

Legal Description
Amended Central Area Redevelopment District

Beginning at the point of the northeast corner of the Central Area Redevelopment District which lies on the easterly right-of-way line of Superior Boulevard, thence northeasterly along the easterly right-of-way line of Superior Boulevard to a point where said line intersects the extended northerly right-of-way line of Rice Street, thence westerly along the northerly right-of-way line of Rice Street to a point where said line extended intersects the westerly right-of-way line of Barry Avenue, thence southerly along the westerly right-of-way line of Barry Avenue to the point where said line intersects with the northerly line of the Central Area Redevelopment District, and bounded on the south by the existing Central Area Redevelopment District.

EXHIBIT B

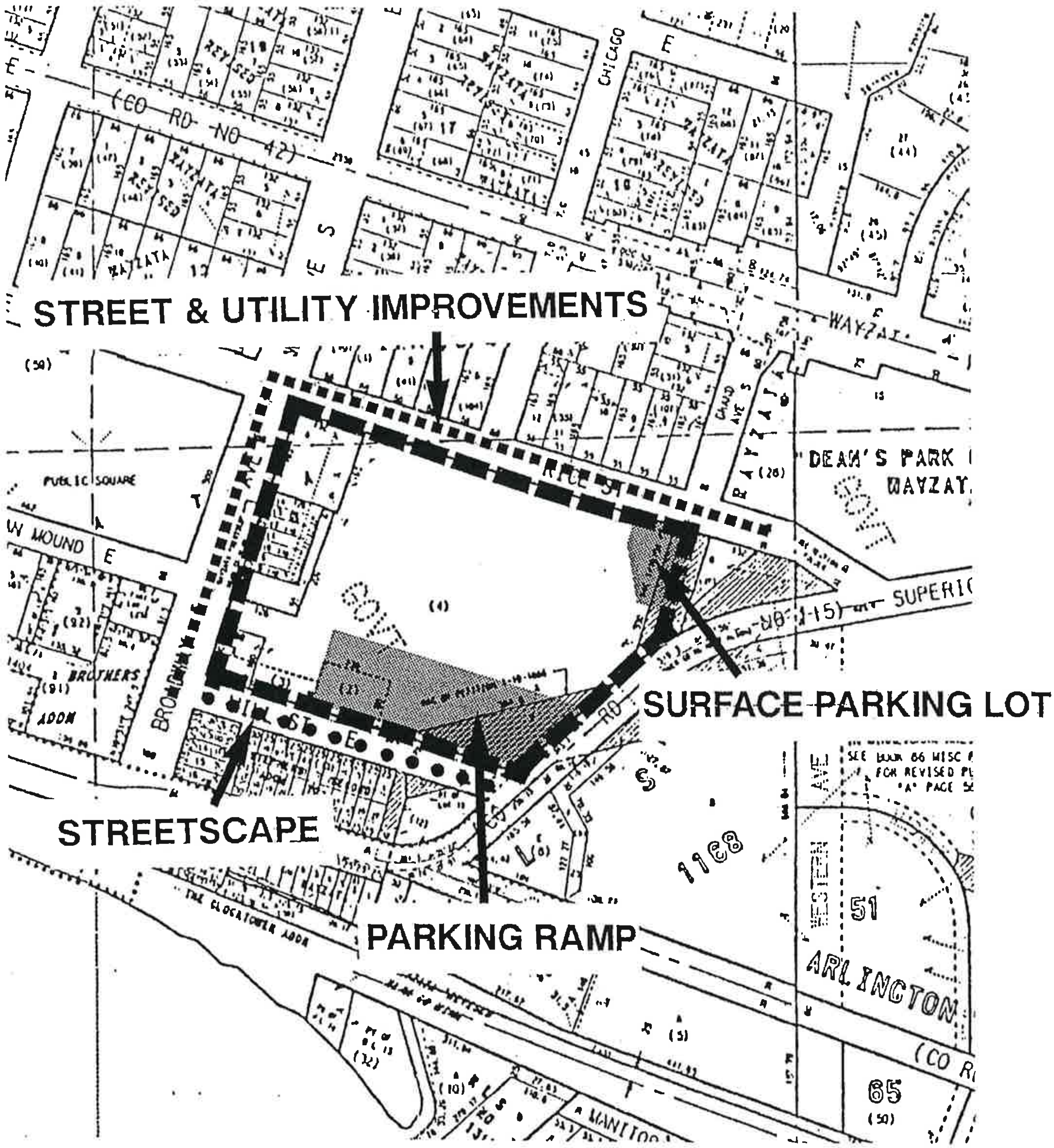


EXHIBIT C - PUBLIC IMPROVEMENTS MAP

EXHIBIT D

IMPACT ON TAXING JURISDICTION
IN THE WIDSTEN SCHOOL TAX INCREMENT FINANCING DISTRICT
WAYZATA, MINNESOTA

Jurisdiction	1994-95 Total Tax Capacity Valuation	Increased * Tax Capacity	%Of Total	% of Total Tax Capacity Available For Normal Growth
City of Wayzata	7,320,896	330,965	4.32	95.68
School District 284	65,884,159	330,965	.50	99.5
Hennepin County	966,907,816	330,965	.034	99.96

*Frozen tax capacity $20,815

ESTIMATED TAX CAPACITY RATE IMPACT
$415,000 ANNUAL TAX INCREMENT

Jurisdiction	1993-94 xx Capacity Rate	Percent of Total Capacity	Distribution of Tax Increment	Potential Tax Capacity Impact of TIF
City of Wayzata	20.256	16.14	66,981	0.915
School District 284	59.667	47.54	197,291	0.300
Hennepin County	37.441	29.83	123,794	0.012
Intermediate School Dist # 287 xxx	.809	0.006	2,490	
Special District	7.31	0.582	24,153	
	125.485	100.00	415,000	1.227

xx 1995 Rate Not Available
xxx No Levy in 1995

City of Wayzata, MN

Projection of Widsten (Carlson Project) Tax Increment

Property Classification	# of S.F. Units	Development Cost per Unit	EMV at 90%	Total Tax Capacity	# of S.F. Units	Development Cost per Unit	EMV at 90%	Tax Capacity
	Contruction Complete Jan 2, 1997 1997 Pay 1998				Contruction Complete Jan 2, 1998 1998 Pay 1999			
Residential -- Homesteaded								
Townhouses	8	$525,000	$472,500	$69,840				
Townhouses	6	$350,000	$315,000	$33,480				
Townhouses	6	$300,000	$270,000	$28,080				
Townhouses					4	$525,000	$472,500	$34,920
Townhouses					4	$350,000	$315,000	$22,320
Townhouses					3	$300,000	$270,000	$14,040
Total Residential Tax Capacity				$131,400				$71,280
Total Tax Capacity				$131,400				$71,280
Accumulated TCapacity			1997 Pay 1998	$131,400				$202,680
			Tax Capacity Base	$0				$0
			Current Tax Capacity	$131,400				$202,680
			Tax Capacity Base	$0				$0
			Captured TC	$131,400				$202,680
			TC Rate	127%				127%
			TIF $$$	**$166,878**				**$257,404**

15
Tax-exempt
2,000,000 ?

- pay water/sewer
- parking ramps
- mill street

Prepared by Public Financial Management, Inc.

7/6/95 12:32 PM
WESTEND.XLS WIDSTEN

1995 AMENDMENT TO CENTRAL AREA REDEVELOPMENT PLAN

District #3

WIDSTEN SCHOOL PROJECT

Project # 1406

APPROVED FEBRUARY 21, 1995 BY THE

HOUSING AND REDEVELOPMENT AUTHORITY

IN AND FOR THE CITY OF WAYZATA, MINNESOTA

AND CITY OF WAYZATA

1995 AMENDMENT TO CENTRAL AREA REDEVELOPMENT DISTRICT PLAN

I. INTRODUCTION

A. Purpose of Amended Redevelopment Plan

It is the City of Wayzata's (the "City") and the Housing and Redevelopment Authority's (the "HRA) intent to amend the Central Area Redevelopment District Plan (the Redevelopment Plan) to enlarge the Central Area Redevelopment District in order to permit the establishment of Tax Increment Financing District No. 3 and to permit the use of tax increment financing proceeds in an expanded area. The amendments are necessary to allow for the redevelopment activities in the Central Area Business District of the City.

B. Statement of Authority

The City and HRA seek to amend the Redevelopment Plan by the authority granted in Minnesota Statutes 469.001 through 469.047, commonly referred to as the HRA Act.

C. Previous Actions

1. Original Redevelopment Plan. The City and HRA in 1977 adopted the original redevelopment plan and the first tax increment financing plan. Those plans created a redevelopment project pursuant to Minnesota Statutes, Chapter 462 (the project area) and a tax increment financing district (the TIF District).

2. 1979 Amendment to Redevelopment Plan. The Redevelopment Plan was amended in July 1979 to enlarge the project area and authorize additional redevelopment activities.

3. 1986 Amendment to Redevelopment Plan. The Redevelopment Plan was amended in June 1986 to enlarge the project area and authorize additional redevelopment activities.

D. Incorporation of Prior Plans

The Redevelopment Plan, amended, is incorporated by reference to this plan amendment.

E. Statement of Public Purpose

The HRA has determined that there exists conditions within the set forth amended project area which have prevented normal development of the land by private enterprise and have resulted in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety, and welfare. Specific conditions include:

1. The area is in need of streetscape improvements that will complement existing and planned and future project area development.
2. There exists within the amended project area substandard and blighted property.
3. The amended project area is in need of upgraded public utilities.

The HRA has prepared the 1995 Amendment to the Central Area Redevelopment Plan and Tax Increment Financing Plan No. 3, which provides for the elimination of these conditions, thereby making the land useful and valuable for contributing to the public health, safety, and welfare.

It has been further determined that there is a need for new development within the project area to provide employment opportunities, to improve the tax base, and to improve the general economy of the City and the State. It has been found that the project area is potentially more useful and valuable than has been realized under existing development; is less productive because of the lack of public utilities, lack of proper utilization and lack of investment; and is not contributing to the tax base to its full potential. Therefore, the HRA and City find that there is a need to provide public utilities and provide impetus for private development, maintain and increase employment, and to increase the tax based for the taxing jurisdiction within the City's corporate limits. These public purpose goals are not attainable in the foreseeable future without the intervention of the HRA and City in the normal development process.

F. Project Area Boundary, Amended

The HRA finds is necessary to expand the project area boundaries. Exhibit A is the Amended Project Area Boundary Map, which illustrates the original and amended project area boundaries.

The attached Exhibit B, Legal Description is the description of the Amended Central Area Redevelopment District.

G. Project Area Activities

Additional project area activities are detailed in the attached Tax Increment Financing Plan.

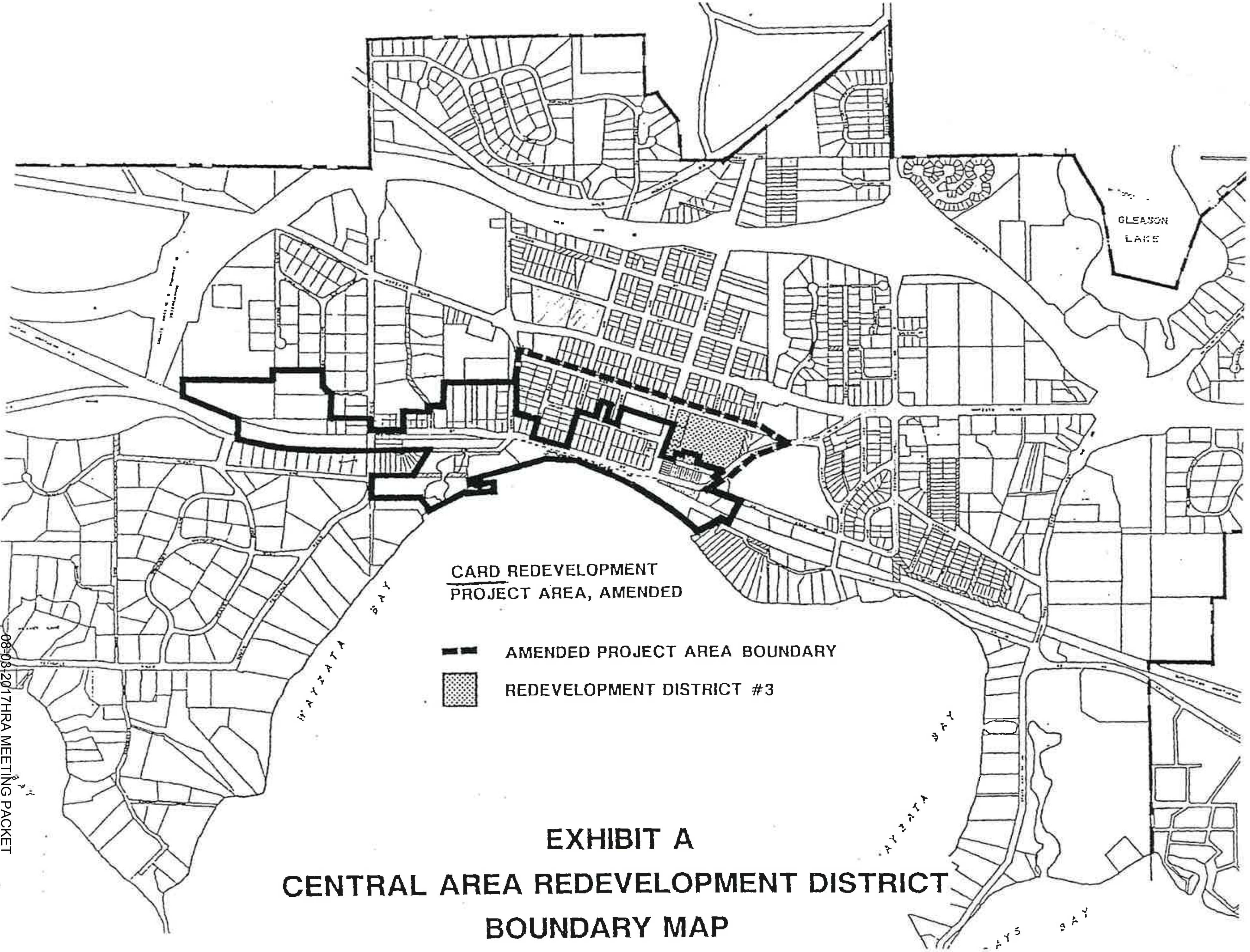


EXHIBIT A
CENTRAL AREA REDEVELOPMENT DISTRICT
BOUNDARY MAP

Legal Description
Amended Central Area Redevelopment District

Beginning at the point of the northeast corner of the Central Area Redevelopment District which lies on the easterly right-of-way line of Superior Boulevard, thence northeasterly along the easterly right-of-way line of Superior Boulevard to a point where said line intersects the extended northerly right-of-way line of Rice Street, thence westerly along the northerly right-of-way line of Rice Street to a point where said line extended intersects the westerly right-of-way line of Barry Avenue, thence southerly along the westerly right-of-way line of Barry Avenue to the point where said line intersects with the northerly line of the Central Area Redevelopment District, and bounded on the south by the existing Central Area Redevelopment District.

CITY OF WAYZATA, MINNESOTA

Tax Increment Financing Plan
For
Tax Increment Financing District No. 3

Certified March 1, 1996
Amended
February 6, 2001

TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT 3

I. INTRODUCTION

The City Council of the City of Wayzata (the "City") and the Housing and Redevelopment Authority in and for the City of Wayzata (the "HRA") have determined that it is necessary to and in the best interests of the City to amend the Tax Increment Financing Plan for the Tax Increment Financing District No. 3 (the "Widsten District") as authorized in Minnesota Statutes, Sections 469.174 to 469.179 (the TIF Act). The purpose of this amendment to the Widsten District TIF Plan is to authorize the acquisition of parcels for redevelopment and to increase the amount of authorized expenditures to finance property acquisition and costs related to the construction of public parking, streetscape and other utility improvements.

A. Project Background

The redevelopment of Wayzata Central Business District, focused around the ten-block Lake Street vicinity, has been a long and sustained effort by the community. The City and HRA have implemented a phased approach to the area's redevelopment that has reflected the area's public improvement needs matched with redevelopment opportunities put forth by the private sector.

In 1970, the City conducted its first Renewal Feasibility Study that established a planning basis for all subsequent redevelopment efforts. In 1977, the Central Area Redevelopment Plan (CARD), pursuant to Minnesota Statutes 462, was adopted and the first tax increment financing district was established by the HRA. The CARD plan has been amended from time to time and an additional TIF district was established by the HRA in 1986 (the "1986 TIF District #2"), as part of an orderly and systematic plan of the City and HRA to bring about the redevelopment of the central business district.

The City and HRA's efforts have resulted in substantial private reinvestment within the City's Central Business District with several commercial and residential projects having been completed to date.

B. Project Description

The City through its HRA proposes to undertake several additional public improvement projects designed to support and enhance economic vitality of the Wayzata Central Business District.

The largest proposed project is the construction of public parking at the intersection of Broadway and Mill Street, which is one block off Lake Street. A 250 car-parking ramp would cost approximately $3,000,000. Additional costs for a parking ramp could come from the Central Area Redevelopment District (CARD) TIF financing plan and/or private developers.

Mill Street between Broadway and Superior will be reconstructed with new storm sewer. The Mill Street area will also receive considerable streetscape improvements to complement streetscape activities already completed along Lake Street. The project will cost approximately $300,000. The HRA has prior budget authority for $200,000 from the CARD TIF Financing Plan and $100,000 from the 1986 Widsten TIF Financing Plan.

The HRA may also consider assisting a private developer to construct a commercial building or buildings on Mill Street.

C. **Development Program**

1. Public Activities

a. Land Acquisition. The HRA proposes to acquire a 5,227 square foot parcel (PID # 06-117-22-42-0012 the portion which lies north of Mill Street) owned by Vodegel and a 85,706 square foot parcel (PID's 06-117-22-42-0003, 06-117-22-42-0002 & 06-117-22-42-0047) owned by the City of Wayzata (see Exhibit A, Public Improvement Map). The cost of the land acquisition is within the public parking budget.

b. Public Parking. To address the growing need for off-street parking, the City will construct either a surface parking lot or a parking ramp located at Mill Street and Broadway Street (see Exhibit A, Public Improvement Map). The anticipated development cost of a 250 car-parking garage is approximately $3,000,000. It is anticipated that construction will begin in early 2001.

c. Mill Street, between Broadway to Superior, would be reconstructed with a new storm sewer. Mill Street would receive streetscape improvements comparable with the City's streetscape program already partially completed. The estimated construction cost is $300,000 with no new TIF budget authority sought in this TIF Plan amendment. See Exhibit A, Public Improvement Map for the location of the improvements. It is anticipated that construction will begin in 2001.

2. Private Activities

a. Commercial Project. The HRA may consider the feasibility of a commercial building anchoring the redevelopment on Mill Street. The preliminary site investigation has revealed soil contamination requiring corrective action. The HRA may participate in the demolition, soil correction, environmental clean up, and site improvement costs.

b. Developer Contributions for Parking. (Re)developers of property within the same parking zone as Mill Street who require additional parking shall be required to contribute to the repair and maintenance and may be required to contribute to the construction of a parking facility.

II. STATEMENT OF OBJECTIVE

The actions set forth in this Tax Increment Financing Plan seek to achieve the beneficial program objectives identified in the Central Area Redevelopment Plan, as amended.

Specific objectives sought to be accomplished by this Tax Increment Financing Plan, as amended are:

A. Assist the private redevelopment of the old Widsten School site and Mill Street area.

B. Facilitate and support activities that will promote the long-term economic viability of the Wayzata Central Business District.

C. Increase the tax base of the state.

D. Increase the employment base of the state.

III. TAX INCREMENT DISTRICT NO. 3

The Tax Increment Financing District No. 3 (the "Widsten District") is comprised of twenty-nine parcels. Exhibit B - Parcels Included in Widsten District contains a list of the property identification numbers (PID), market values, tax capacity and tax increment for each of the parcels included in the Widsten District for taxes payable in 2000.

The Widsten District is located within the area subject to the Central Area Redevelopment Plan, as amended, of the HRA. Exhibit C, Central Area Redevelopment District Boundary Map identifies the Widsten District within the Central Area Redevelopment District No. 2, as amended.

IV. FINANCING PLAN

A. Estimated Public Redevelopment Cost

The estimated public redevelopment costs of the improvements to be made within the Widsten District and financed by tax increments are as follows:

Public Parking/Land Acquisition	$3,000,000
Infrastructure	300,000
Miscellaneous	20,000
Administration/Costs of Issuance	75,000
	$3,395,000

The estimated sources of revenue to finance the public redevelopment cost are as follows:

General Obligation Tax Increment Bonds	$3,195,000
CARD TIF contribution	200,000
	$3,395,000

The items of cost and the costs thereof shown above are estimated to be necessary based upon the qualified appraisers, consultants, legal and cost information now available. It is anticipated that the items of cost and the costs thereof shown in each category above may decrease or increase, but that the total project cost will not exceed the amount shown above.

The total administrative expense is defined in Minnesota Statutes, Section 469.176, Subd. 3 of the TIF Act and is estimated to be $75,000, which amount does not exceed ten percent of the total tax increment expenditures.

The proposed project is in compliance with Minnesota Statutes 469.174, Subd. 4.J. that requires at least 90 percent of the revenues derived from tax increments from a redevelopment district be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovations districts under Minnesota Statutes 469.174. These costs include acquiring properties containing structurally substandard buildings or improvements, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition of structures, clearing of the land, and installation of utilities, roads, sidewalks and parking facilities for the site. The allocated administrative expenses of the City may be included in the qualifying costs.

B. Source of Revenue – Tax Increment Bonds

The HRA proposes to capture the increase in tax capacity valuation and the resulting increases in real property taxes on the improvement within the Widsten District. Thus, the City and the HRA proposes to use the tax increments to pay for the obligated project expenses. No ad valorem tax levy is necessary to finance the City or HRA obligations.

The public redevelopment costs of the project will be financed by the issuance of general obligation tax increment bonds or a limited tax increment revenue note. Any debt will be issued by the City. The maximum amount of indebtedness is presently estimated to be $3,195,000.

The principal of and interest on the bonds to be issued by the City to finance the public development cost of the project will be payable primarily from the tax increments to be received by the City with respect to the district. In addition, such principal and interest will be paid from tax increments already on hand and interest earnings thereon.

C. Original Tax Capacity Valuation

The Hennepin County Auditor certifies the original adjusted tax capacity of all parcels within the Widsten District. The original adjusted tax capacity is $19,858 for taxes payable in 2000.

Exhibit B - Parcels Included in Widsten District contains a list of the property identification numbers (PID), market values, tax capacity and tax increment for each of the parcels included in the Widsten District for taxes payable in 2000.

D. Captured Tax Capacity Value and Increment

For taxes payable in 2000, the "captured tax capacity value" of Widsten District was $213,024. Based on the City's tax capacity rate of 118.769% for taxes payable in 2000, the Widsten District generated $253,006 of tax increment.

See Exhibit B – Parcels included in Widsten District for more details. Exhibit D shows the projected tax increment from the Widsten District.

E. Excess Tax Increments

The HRA and City shall use excess tax increments, if any, in the following manner:

1. Prepay any outstanding tax increment note or bond.

2. Discharge the pledge of tax increments.

3. Return the excess amount to the County Auditor who shall distribute the excess amount to the municipality, county and school district in which the tax increment financing district is located, in direct proportion to their respective tax capacity rates

4. Amend the Widsten District.

F. Duration of the District

It is estimated that the Widsten District will remain in existence until March 1, 2020, or until the City and HRA's obligation to pay the project expenses has been discharged in accordance with the resolution authorizing the issuance of the debt.

G. Election as to Increment

The City and HRA finds it necessary to receive 100 percent of the captured tax capacity value to produce sufficient tax increments to fund project expenses in least amount of time.

H. Fiscal Disparities

The HRA elects the method of tax increment computation set forth in Section 469.177, Subd. 3, clause a. The contribution ratio of the municipality is not applied to commercial-industrial property inside the tax increment district, but the contribution these properties would otherwise make would be spread on commercial-industrial properties outside the district. Therefore, the total amount of captured tax capacity is available for tax increment debt retired.

I. Estimated Impact on Other Tax Jurisdictions

The taxing jurisdictions, within which the Widsten District is located, will continue to receive taxes as if no new development were to occur with the original tax capacity valuation neither increasing nor decreasing. The HRA will receive all taxes derived from the increased tax capacity valuation above the adjusted base. This precludes the jurisdiction from receiving tax increases due to the project, inflation, other than base inflation, or other development of the taxable property in the Widsten District. As shown in Exhibit E, the property located within Widsten District is a very small percentage of the tax capacity values of these jurisdictions.

The tax capacity value of the taxable property within the Widsten District will be frozen at its original tax capacity value through 2020, or whenever the Widsten District is terminated. At that point, the taxing jurisdictions will begin to receive taxes on the full tax capacity value of the property. The amount each jurisdiction will receive annually during the duration of the Widsten District will vary with changes in the tax capacity rate. Exhibit E quantifies the impact the Widsten District will have on the taxing jurisdictions.

V. TAX INCREMENT FINANCING REQUIREMENTS

A. Limitations on Administrative Expenses

In accordance with Minnesota Statutes, Section 469.174, Subd. 14 and Minnesota Statutes, Section 469.174, Subd. 3, administrative expenses, means all expenditures of an authority other than amounts paid for the purchase of land or amounts paid to contractors and engineering services, directly connected with the physical development of the real property in the district, relocation benefits paid to or services provided for persons residing or business located in the district bonds issued pursuant to Section 469.178. Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, and planning for economic development consultants. No tax increment shall be used to pay any administrative expenses for a project which exceeds ten percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whatever is less.

B. Project Administration and Maintenance of Tax Increment Account

The Office of the City Manager will administer the tax increment redevelopment district.

The tax increment received as a result of increases in the tax capacity value of the tax increment financing district will be maintained in a special account separate from all other municipal accounts and expended only upon sanctioned municipal activities identified in the financing plan.

C. Limitation on Duration of Tax Increment Financing Districts

Pursuant to Minnesota Statutes, Section 469.176, Subd. 1, within three years from the date of certification of the original net tax capacity of the taxable real property in the district the authority has constructed or caused to be constructed public improvements within the district.

D. Limitations on Qualification of Property Tax Increment District Not Subject to Improvement

Pursuant to Minnesota Statutes, Section 469.176, Subd. 6, within four years from the date of certification of the original net tax capacity of the tax increment financing district, demolition, rehabilitation or renovation of property or other site preparation including qualified improvement of a street adjacent to a parcel has been commenced on parcels located within the tax increment financing district by the authority.

E. Limitation on the Use of Tax Increment

All revenue derived from tax increment shall be used in accordance with the tax increment-financing plan. The revenues shall be used to finance or otherwise pay public redevelopment costs pursuant to Minnesota Statutes, Sections 469.124 to 469.134. No revenues derived from tax increment shall 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 shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a common area used as a public or a facility used for social, recreational or conference purposes and not primarily for conducting the business of the municipality.

F. County Costs

1. Tax increments may be used to pay for the county's actual administrative expenses under Sections 469.174 to Sections 469.179. The County may require payment of those expenses by February 15 of the year after the year in which the expenses are incurred. The amount of these payments is not required to be set forth in the tax increment financing plan for the project. To obtain payment for actual administrative costs, the County Auditor must submit to the authority a record of costs incurred by the County Auditor related to administration of the authority's tax increment financing districts.

2. Tax increments may be used to pay county road costs as provided in Section 469.175, Subdivision 1(a).

G. Restrictions on Pooling: Five-Year Limit

Expenditures Outside District: (a) For each tax increment financing district, an amount equal to at least 75 percent of the revenue derived from tax increments paid by properties in 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 in the district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of the revenue derived from tax increments paid by properties in the district may be expended, through development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay or secure payment of, debt service on credit enhanced bonds. The revenue derived from the tax increments for the district that are expended on costs under Section 469.176, Subdivision 4.h., paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

Five-Year Rule: (a) Revenues derived from tax increments are considered to have been expended on an activity within the district under Subdivision 2 only if one of the following occurs:

1. Before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity.

2. Bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five year period, or (ii) a reasonably temporary period within the meaning of the use of that term under Section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund.

3. Binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligations.

4. Costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs.

Use of Revenues for Decertification: Beginning with the sixth year following certification of the district, 75 percent of the revenues derived from the tax increments paid by properties in the district that remain after the expenditures permitted under Subdivision 3, paragraphs (a), clause (2) and (b) cost contracts, as defined in Subdivision 3, paragraph (a), clauses (3) and (4). When the outstanding bonds have been defeased and when sufficient money has been set aside to pay contractual obligations as defined in Subdivision 3, paragraph (a), clauses (3) and (4), the district must be decertified and the pledge of tax increment discharged.

H. Annual Disclosure Requirements

Pursuant to Minnesota Statutes, Section 469.175, Subd. 6, an authority must file an annual disclosure report for all tax increment-financing districts. The report shall be filed with the School Board, County Board and the State Auditor's Office. The report shall include the following information:

1. The original tax capacity value of the district;

2. The captured tax capacity value of the district, including the amount of any captured tax capacity value shared with other taxing districts;

3. The outstanding principal amount of bonds issued or other loans incurred to finance project costs in the district;

4. For the reporting period and for the duration of the district, the amount budgeted under that tax increment financing plan, and the actual amount expended for, at least, the following categories:

    a. Acquisition of land and buildings through condemnation or purchase;

    b. Site improvements or preparation costs;

    c. Installation of public utilities or other public improvements

    d. Administrative costs, including the allocated cost of the authority;

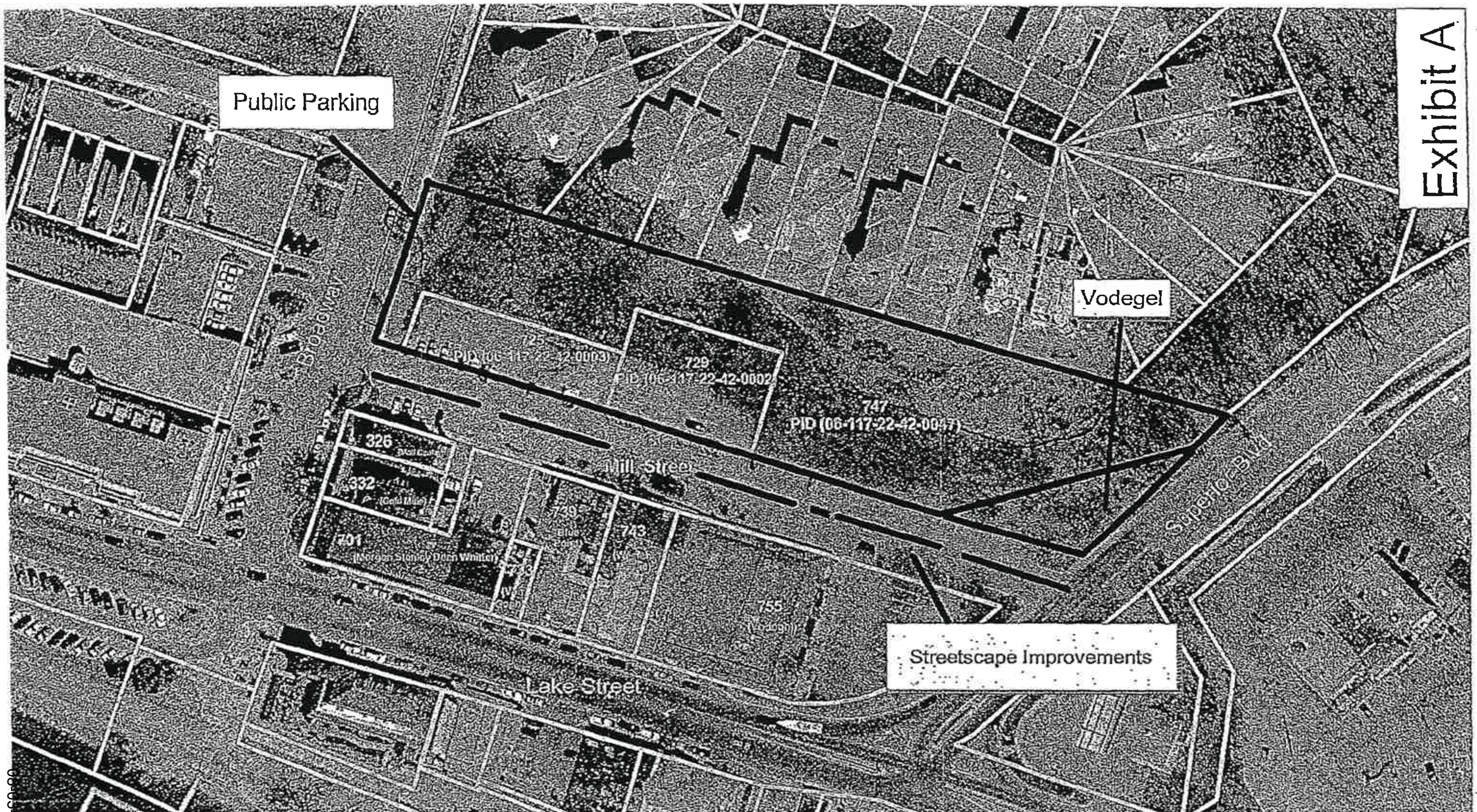
5. For properties sold to developers, the total cost of the property to the authority

6. The amount of tax exempt obligations, other than those reported under clause (3), that were issued on behalf of private entities for facilities located in the district.

The annual disclosure report is designed to be a two-way medium of information disseminated for both the office of the County Auditor and the City. Should the Auditor want additional activities; such information should be requested prior to submission of the annual disclosure report by the City. Similarly, the City Council may utilize the annual disclosure report as a means for requesting information from the office of the County Auditor. The City must also file the annual report to the Minnesota Commissioner of Revenue as required under Minnesota Statutues, Section 469.175, Subd. 6 (a).

I. Modifications of the Tax Increment Financing District

In accordance with Minnesota Statutes, Section 469.175, Subd. 4, any reduction or enlargement of the geographic area of the Project or tax increment financing district, increase in amount of bonded indebtedness to be incurred, including a determination of capitalized interest on debt of that determination as not part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured tax capacity value to be retained by the HRA, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the HRA shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original plan. The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original gross tax capacity value by the County Auditor. The tax increment financing development district may therefore be expanded until March 1, 2001.



Source:
City of Wayzata

Prepared By:
City of Wayzata

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

100 0 100 200 Feet

Public Improvements

December 2000

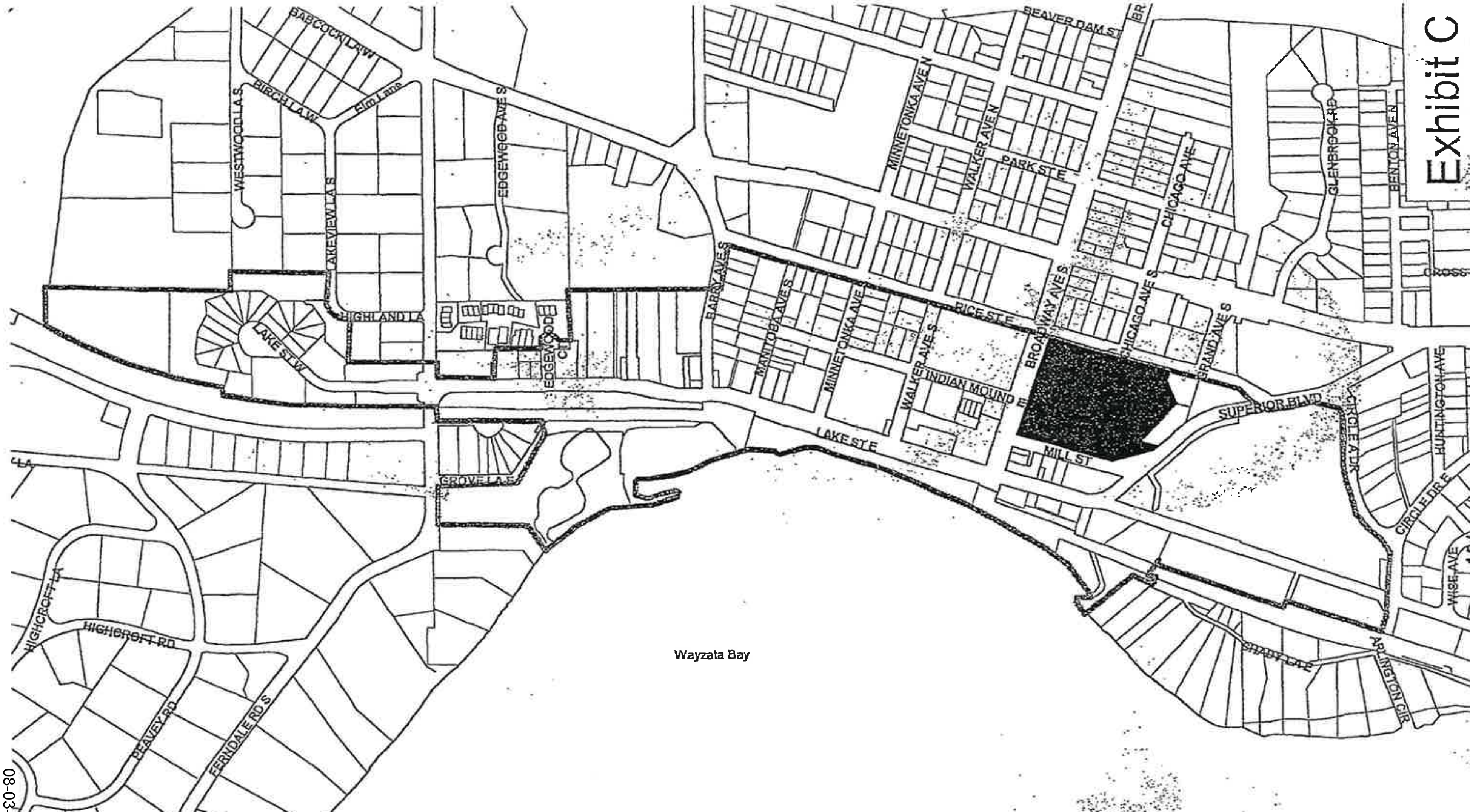
8/Dec/'00

EXHIBIT B

Parcels Included in Widsten District
Taxes Payable 2000
Tax Increment Financing Plan
Redevelopment TIF District No. 3
City of Wayzata

Property ID No.	2000 Market Value	2000 Tax Capacity	Base Tax Capacity	Captured Capacity	TIF Increment 118.769
06-117-22-42-0051	$495,700	$7,510	$1,000	$6,510	$7,732
06-117-22-42-0052	607,600	9,683	1,000	8,683	10,313
06-117-22-42-0053	655,000	10,314	680	9,634	11,442
06-117-22-42-0054	560,900	8,761	680	8,081	9,598
06-117-22-42-0055	568,500	8,887	1,042	7,845	9,317
06-117-22-42-0056	644,000	10,284	386	9,898	11,756
06-117-22-42-0057	638,500	10,042	386	9,656	11,468
06-117-22-42-0058	681,000	10,743	386	10,357	12,301
06-117-22-42-0059	707,000	11,324	1,564	9,760	11,592
06-117-22-42-0060	777,900	12,493	746	11,747	13,952
06-117-22-42-0061	680,000	10,727	1,064	9,663	11,477
06-117-22-42-0062	748,000	11,849	1,064	10,785	12,809
06-117-22-42-0063	475,900	7,359	874	6,485	7,702
06-117-22-42-0064	400,700	6,118	690	5,428	6,447
06-117-22-42-0065	422,000	6,470	782	5,688	6,756
06-117-22-42-0066	399,000	6,090	782	5,308	6,304
06-117-22-42-0067	424,000	6,503	782	5,721	6,795
06-117-22-42-0068	423,000	6,486	340	6,146	7,300
06-117-22-42-0069	401,200	6,126	690	5,436	6,456
06-117-22-42-0070	377,900	5,742	736	5,006	5,946
06-117-22-42-0071	381,000	5,793	500	5,293	6,286
06-117-22-42-0072	409,000	6,255	500	5,755	6,835
06-117-22-42-0073	455,700	7,026	240	6,786	8,060
06-117-22-42-0074	362,600	5,489	460	5,029	5,973
06-117-22-42-0075	423,200	6,489	552	5,937	7,051
06-117-22-42-0076	468,300	7,385	552	6,833	8,115
06-117-22-42-0077	369,500	5,755	460	5,295	6,289
06-117-22-42-0078	438,500	6,893	460	6,433	7,640
06-117-22-42-0079	532,100	8,286	460	7,826	9,295
	$14,927,700	$232,882	$19,858	$213,024	$253,006

Exhibit C



Legend

1406 Widsten - District # 3
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

December 2000

CARD Project Area / District # 3

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

City of Wayzata, MN

EXHIBIT D

Projection of Widsten Tax Increment Cashflow

2.00% Projected Tax Valuation Growth after 2002

Redevelopment District: 1406
Project: Widsten
First Year Increment: 1995/1996
Last Year Increment: 2018/2019
Certification Date: 18-Dec-95

G.O. Debt
$3,195,000

Tax Year Assess	Tax Year Pay	Tax Capacity Current	Tax Capacity Base	Tax Capacity Captured	Tax Cap. Rate	Project Revenues TIF $$$$	Project Revenues Resvd.	Project Revenues Net TIF $$$	Debt Service	Project Expenses Administ Expense	Project Expenses Other Expense	Total Expenses	Net Surplus/ (Deficit)	(1) Transfers	Beginning Balance	Ending Balance
1995	1996	$27,934	$27,934	$0	126.796	$0		$0		$0	$0	$0	$0		$0	$0
1996	1997	$30,644	$27,934	$2,710	115.365	$3,126	($143)	$2,983		$0	$16,760	$16,760	($13,777)		$0	($13,777)
1997	1998	$123,801	$24,676	$99,125	118.313	$117,278	($292)	$116,986		$0	$110,652	$110,652	$6,334		($13,777)	($7,443)
1998	1999	$191,105	$20,425	$170,680	125.104	$213,528	$605	$214,133		$3,603	$52,750	$56,353	$157,780		($7,443)	$150,337
1999	2000	$232,882	$19,858	$213,024	118.769	$253,006		$253,006		$10,000	$0	$10,000	$243,006		$150,337	$393,343
2000	2001	$250,689	$19,858	$230,831	118.769	$274,156		$274,156	$375,333	$10,000	$0	$385,333	($111,177)		$393,343	$282,166
2001	2002	$250,678	$19,858	$230,820	118.769	$274,143		$274,143	$305,673	$10,000	$0	$315,673	($41,530)		$282,166	$240,636
2002	2003	$255,692	$19,858	$235,834	118.769	$280,097		$280,097	$308,623	$10,000	$0	$318,623	($38,525)		$240,636	$202,111
2003	2004	$260,805	$19,858	$240,947	118.769	$286,171		$286,171	$305,943	$10,000	$0	$315,943	($29,772)		$202,111	$172,339
2004	2005	$266,021	$19,858	$246,163	118.769	$292,366		$292,366	$307,940	$10,000	$0	$317,940	($25,574)		$172,339	$146,765
2005	2006	$271,342	$19,858	$251,484	118.769	$298,685		$298,685	$309,365	$10,000	$0	$319,365	($20,680)		$146,765	$126,085
2006	2007	$276,769	$19,858	$256,911	118.769	$305,130		$305,130	$310,115	$10,000	$0	$320,115	($14,985)		$126,085	$111,100
2007	2008	$282,304	$19,858	$262,446	118.769	$311,705		$311,705	$310,268	$10,000	$0	$320,268	($8,563)		$111,100	$102,538
2008	2009	$287,950	$19,858	$268,092	118.769	$318,410		$318,410	$309,813	$10,000	$0	$319,813	($1,402)		$102,538	$101,136
2009	2010	$293,709	$19,858	$273,851	118.769	$325,250		$325,250	$308,740	$10,000	$0	$318,740	$6,510		$101,136	$107,646
2010	2011	$299,583	$19,858	$279,725	118.769	$332,227		$332,227	$307,040	$10,000	$0	$317,040	$15,187		$107,646	$122,833
2011	2012	$305,575	$19,858	$285,717	118.769	$339,343		$339,343	$309,585	$10,000	$0	$319,585	$19,758		$122,833	$142,591
2012	2013	$311,687	$19,858	$291,829	118.769	$346,602		$346,602	$306,085	$10,000	$0	$316,085	$30,517		$142,591	$173,108
2013	2014	$317,920	$19,858	$298,062	118.769	$354,006		$354,006	$306,785	$10,000	$0	$316,785	$37,221		$173,108	$210,329
2014	2015	$324,279	$19,858	$304,421	118.769	$361,557		$361,557	$306,385	$10,000	$0	$316,385	$45,172		$210,329	$255,501
2015	2016	$330,764	$19,858	$310,906	118.769	$369,260		$369,260	$0	$10,000	$0	$10,000	$359,260		$255,501	$614,762
2016	2017	$337,380	$19,858	$317,522	118.769	$377,117		$377,117	$0	$10,000	$0	$10,000	$367,117		$614,762	$981,879
2017	2018	$344,127	$19,858	$324,269	118.769	$385,131		$385,131	$0	$10,000	$0	$10,000	$375,131		$981,879	$1,357,010
2018	2019	$351,010	$19,858	$331,152	118.769	$393,306		$393,306	$0	$10,000	$0	$10,000	$383,306		$1,357,010	$1,740,316
2019	2020															

EXHIBIT E

Impact on Taxing Jurisdications
Tax Increment Financing Plan
Redevelopment TIF District No. 3
City of Wayzata

Jurisdiciton	1999-2000 Total Tax Capacity Valuation	2000 Increased * Tax Capacity	% of Total	% of Total Tax Capacity Available for Normal Growth
City of Wayzata	8,734,826	213,024	2.44%	97.56%
School District #284	80,469,906	213,024	0.26%	99.74%
Hennepin County	975,464,453	213,024	0.02%	99.98%
	* Frozen tax capacity	19,858		

ESTIMATED TAX CAPACITY RATE IMPACT
$253,006 ANNUAL TAX INCREMENT

Jurisdiciton	1999-2000 Total Tax Capacity Rates	% of Total	Distribution of Tax Increment	Tax Capacity Impact of TIF
City of Wayzata	20.973	17.65%	44,656	0.0051
School District #284	49.190	41.42%	104,795	0.0013
Hennepin County	39.655	33.39%	84,479	0.0001
Special Districts	8.951	7.54%	19,077	
	118.769	100.00%	253,006	

CITY OF WAYZATA, MINNESOTA

Tax Increment Financing Plan
For
Tax Increment Financing District No. 3 (Widsten)

Plan Adopted February 21, 1995
Certification Request February 22, 1995
Certified March 1, 1996 as No. 1406

TIF Plan Amendment No. 1 Adopted February 06, 2001
TIF Plan Amendment No. 2 Adopted August __, 2008

TABLE OF CONTENTS

TAX INCREMENT FINANCING PLAN FOR
TAX INCREMENT FINANCING DISTRICT 3

I. Introduction

The City Council of the City of Wayzata (the "City") and the Housing and Redevelopment Authority in and for the City of Wayzata (the "HRA") have determined that it is necessary to and in the best interests of the City to amend the Tax Increment Financing Plan for the Tax Increment Financing Redevelopment District No. 3 ("TIF District No. 3") as authorized in Minnesota Statutes, Sections 469.174 to 469.179 (the TIF Act). TIF District No. 3 lies within the Central Area Redevelopment District (the "CARD") and was created to facilitate the redevelopment objectives for the CARD as identified in the CARD Project Plan originally adopted July 1979 and as subsequently amended.

TIF District No. 3 was submitted for certification on February 22, 1995 and was certified March 1, 1996. TIF District No. 3 must be decertified no later than March 1, 2020. Current projections anticipate that TIF District No. 3 will be decertified in 2015, following the expenditure of qualified pooled TIF expenditures and the repayment of outstanding debt. TIF District No. 3 was amended February 20, 2001. The purpose of the 2001 amendment was to authorize the acquisition of parcels for redevelopment and to increase the amount of authorized expenditures to finance property acquisition and costs related to the construction of public parking, streetscape and other utility improvements.

A. Background & History of TIF District No. 3

TIF District No. 3 is comprised of contiguous parcels located just north of the Central Business District on the city block where the Widsten School was located. The Widsten School city block is bounded by Rice Street on the north, Superior Blvd. on the east, Mill Street along the south and Broadway on the west. TIF District No. 3 is depicted on the map included as Exhibit 1. The redevelopment of Wayzata Central Business District, focused around the ten-block Lake Street vicinity, has been a long and sustained effort by the community. The City and HRA have implemented a phased approach to the area's redevelopment that has reflected the area's public improvement needs matched with redevelopment opportunities put forth by the private sector.

TIF District No. 3 was originally established in 1995 to facilitate the redevelopment of the Widsten Elementary School which had been vacated by I.S.D. No. 284 (Wayzata). Pursuant to the 1995 TIF Plan the City and HRA acquired certain parcels and completed public redevelopment activities including various utility and streetscape improvements. The 1995 TIF Plan also included authorization to build a municipal parking ramp on Mill Street which was not completed. Acquired land on the Widsten block was resold for private redevelopment. An amendment to the TIF Plan for TIF District No. 3 was adopted February 21, 2001 authorizing increased expenditures for a municipal parking facility on Mill Street and addition storm sewer improvements. The parking facility was not constructed.

The City and HRA's efforts, as authorized in the 1995 TIF Plan and 2001 TIF Plan Amendment, have resulted in substantial private reinvestment within the City's Central

Business District with several commercial and residential projects having been completed to date.

B. Description of Current Plan Amendment

Pursuant to Section 469.1763 of the TIF Act, no new expenditures may be made in TIF District No. 3, except for authorized pooled expenditures and for payment of debt service. The City and HRA may utilize up to 25% of collected TIF revenues ("Pooled TIF Revenues"), adjusted for administrative expenses, for authorized qualified expenditures outside TIF District No. 3. This Plan Amendment undertakes the following:

1. Calculates through 2008, and projects through 2015, the amount of TIF revenues that may be expended for pooled purposes; and
2. Identifies qualified projects for expenditure of the pooled TIF Revenues.

II. District Eligibility As a Redevelopment District (From 1995 Adopted Plan)

A. Eligibility Tests

TIF District No. 3 was certified as a Redevelopment District under Minnesota Statutes, Section 469.174, Subdivision 10 pursuant to a study prepared by Northwest Consultants and dated November 10, 1993 with required findings as follows:

Parcel	Improved Area (Acres)	Percent Improved	Total Area (Acres)
06-117-22-42-0045	2.33	44.0%	5.2967*
06-117-22-42-0046	0.0459	14.5%	.3168
06-117-22-42-0002	0.20	100.0%	.2000*
06-117-22-42-0003	0.268	100.0%	.2680*
06-117-22-42-0047	0	0	1.7300
		Total Improved Acres*	5.76
		Total Acres	7.6792
		Percent Improved	75%

The proposed district included one building that was determined to be structurally substandard to a degree requiring substantial renovation or clearance.

Upon resale of the acquired parcels, the land was replatted and currently includes 29 parcels.

B. Objectives for Improvement of District

The actions set forth in this Tax Increment Financing Plan seek to achieve the beneficial program objectives identified in the Central Area Redevelopment Plan, as amended.

Specific objectives sought to be accomplished by this Tax Increment Financing Plan, as amended are:

1. Assist the private redevelopment of the old Widsten School site and Mill Street area.

2. Facilitate and support activities that will promote the long-term economic viability of the Wayzata Central Business District.

3. To provide streetscape and pedestrian amenities on public right-of-way consistent with those provided along Lake Street throughout the CARD.

4. Complete qualified public improvements, including streets and bridges, storm sewer, sanitary sewer and water system projects within the CARD to improve vehicular and pedestrian traffic, facilitate commercial and residential development and enhance the quality of life for Wayzata citizens.

5. Increase the tax base of the state

6. Increase the employment base of the state.

C. Parcels Included in the District

The list of Property Identification Numbers (PINs) for parcels are replatted in TIF District No. 3 are as follows:

Parcel PIN	Parcel PIN
06-117-22-42-0051	06-117-22-42-0065
06-117-22-42-0052	06-117-22-42-0066
06-117-22-42-0053	06-117-22-42-0067
06-117-22-42-0054	06-117-22-42-0068
06-117-22-42-0055	06-117-22-42-0069
06-117-22-42-0056	06-117-22-42-0070
06-117-22-42-0057	06-117-22-42-0071
06-117-22-42-0058	06-117-22-42-0072
06-117-22-42-0059	06-117-22-42-0073
06-117-22-42-0060	06-117-22-42-0074
06-117-22-42-0061	06-117-22-42-0075
06-117-22-42-0062	06-117-22-42-0076
06-117-22-42-0063	06-117-22-42-0077
06-117-22-42-0064	06-117-22-42-0078
	06-117-22-42-0079

III. Development Program and Financing Plan

A. Public and Private Development Activities

Public Activities --2001 TIF Plan Amendment
Land Acquisition. The HRA acquired a 5,227 square foot parcel (PID # 06-117-22-42-0012 the portion which lies north of Mill Street) owned by Vodegel and an 85,706 square foot parcel (PID's 06-117-22-42-0003, 06-117-22-42-0002 & 06-117-22-42-0047) owned by the City of Wayzata. The cost of the land acquisition is within the public expenditure budget.

Public Parking. The 2001 TIF Plan Amendment increased the expenditure authorization for a Mill Street public ramp to $3,000,000 and also authorized additional storm sewer projects. The public ramp was not constructed but surface public parking was developed. G.O. TIF Bonds totaling $3,195,000 were issued to facilitate the funding of the public improvements.

Public Activities—Current 2008 Plan Amendment
This 2008 Plan Amendment authorizes expenditures of Pooled TIF revenues from TIF District No. 3 on qualified expenditures outside TIF District No. 3 but within the CARD, as amended. Calculation of Pooled TIF revenues currently available and projected is provided in the following table and as presented on Exhibit 2. "Projection of Widsten Tax Increment Cashflow."

Computation	Value	Source
Total TIF Revenues (1997-2008)	$2,685,155	City Audited Financial Statements through 2007, projected for 2008.
Pooled Authorization Percentage	.25	TIF Act
Gross Pooled Dollars	$671,289	
Less: Administrative Fees	134,779	City Audited Financial Statements through 2007, projected for 2008.
Net Eligible Pooled TIF Revenue thru 2008	**$536,510**	
Projected TIF Revenue (2009-2015)	$2,999,247	See Exhibit 2 Cash flow projection
Pooled Authorization Percentage	.25	TIF Act
Gross Pooled Dollars	$749,812	
Less: Administrative Fees	140,000	See Exhibit 2 Cash flow projection.
Net Projected Pooled TIF post-2008	**$609,812**	See Exhibit 2 Cash flow projection.
Total Current and Projected Pooled TIF Revenues	**$1,146,321**	See Exhibit 2 Cash flow projection.

The planned expenditure budget for Pooled TIF Revenue from TIF District No. 3 is as follows:

Public Development	**Projected Expenditure from Pooled TIF**
Public Parking Street, storm sewer & bridge improvements Sanitary sewer and water system improvements Street projects include Superior Blvd, Lake Street, Holdridge, related signage, Peavey Bridge design	
Administration Expense through 2009-2015	140,000
Total Projects with Administration	**$1,146,321***
* To be spent on one or more projects within categories identified consistent with TIF Act requirements.	

Private Activities—2001 TIF Plan Amendment

Commercial & Residential Development. A planned unit development of owner-occupied townhouse condominiums and rental properties was privately developed on the Widsten block.

Private Activities—2005 TIF Plan Amendment

The City and the HRA are not aware of any planned additional private development in TIF District No. 3.

B. Original Tax Capacity Valuation

The Hennepin County Auditor certifies the original adjusted tax capacity of all parcels within TIF District No. 3. The original adjusted tax capacity is $14,451 for taxes payable in 2008.

C. Captured Tax Capacity Value and Increment

For taxes payable in 2008, the "captured tax capacity value" of TIF District No. 3 is $468,623. Based on the City's tax capacity rate of 86.02% for taxes payable in 2008, $365,316 in TIF Revenue is projected in 2008. See Exhibit 1. "Projection of Widsten Tax Increment Cashflow."

D. Excess Tax Increments

The HRA and City shall use excess tax increments, if any, in the following manner:

1. Prepay any outstanding tax increment note or bond.
2. Discharge the pledge of tax increments.
3. Return the excess amount to the County Auditor who shall distribute the excess amount to the municipality, county and school district in which the tax increment financing district is located, in direct proportion to their respective tax capacity rates
4. Amend TIF District No. 3 consistent with the TIF Act.

E. Duration of the District

While the mandatory decertification is March 1, 2020, it is anticipated that TIF District No. 3 will be terminated and decertified by the end of 2105.

F. Election as to Increment

The City and HRA elected to receive 100 percent of the captured tax capacity value to produce sufficient tax increments to fund project expenses in least amount of time.

G. Fiscal Disparities

The HRA elected the method of tax increment computation set forth in Section 469.177, Subdivision 3a. The contribution ratio of the municipality is not applied to commercial-industrial property inside the tax increment district, but the contribution these properties would otherwise make would be spread on commercial-industrial properties outside the district. Therefore, the total amount of captured tax capacity is available for tax increment debt retired.

H. Estimated Impact on Other Tax Jurisdictions

The TIF Act requires that the TIF Plan Amendment estimate the impact of the proposed district or amendment to a TIF Plan on the affected taxing jurisdictions. There will be no adverse impact of the other taxing jurisdictions during the duration of the tax increment financing district since the development and redevelopment in the CARD would not have occurred without the creation of tax increment financing districts and the provision of public assistance. A positive impact on the taxing jurisdictions will occur when the tax increment financing districts are decertified and the development in the tax increment financing districts become 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.

The affected taxing jurisdictions will continue to receive property taxes from the base valuation, as adjusted, but will not receive any property taxes from new development in TIF District No. 3. Based on a composite tax rate in 1994-1995 of 127.309%, the original tax impact analysis projected a total tax increment of $392,718. Due to property taxation adjustments authorized the Minnesota legislature in 2001 and lower tax capacity rates, the tax increment projected for taxes payable in 2008 is $365,318. This current tax increment amount is used to compute the impact on taxing jurisdictions in Table I and II below.

Table I
Percent of Tax Increment Attributable
To Various Taxing Jurisdictions
2007/08 Values

	2007/2008 Total Tax Capacity Rate	Percent of Total Rate	Estimated Tax Loss
Hennepin County	38.571%	44.84%	$163,809
City of Wayzata	20.308%	23.61%	86,251
I.S.D. No. 284	19.668%	22.86%	83,512
Special Districts[1]	7.474%	8.69%	31,746
Total	86.021%	100.00%	$365,318

[1] Includes the Metropolitan Council, Metropolitan Transit District, Park Museum, Metropolitan Mosquito, HCRRA and Three River Parks District.

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 development 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 No.3 would have to be increased to raise the same number of tax dollars.

Table II
Increment in Tax Capacity Rates
By Various Taxing Jurisdictions
Taxes Payable 2008

	2007/08 Taxable Net Tax Capacity	Estimated Loss	Tax Capacity Increase Required
Hennepin County	$1,602,797,286	$163,809	0.010%
City of Wayzata	15,390,772	86,251	0.560%
I.S.D. No. 284	121,496,934	83,512	0.068%
Special Districts[1]	5,919,318,212	31,746	0.006%
		$365,318	

[1] Includes the Metropolitan Council, Metropolitan Transit District, Park Museum, Metropolitan Mosquito, HCRRA and Three River Parks District

IV. Tax Increment Financing Limitations

A. Limitations on Administrative Expenses

In accordance with Minnesota Statutes, Section 469.174, Subd. 14 and Minnesota Statutes, Section 469.174, Subd. 3, administrative expenses, means all expenditures of an authority other than amounts paid for the purchase of land or amounts paid to contractors and engineering services, directly connected with the physical development of the real property in the district, relocation benefits paid to or services provided for persons residing or business located in the district bonds issued pursuant to Section 469.178. Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, and planning for economic development consultants. No tax increment shall be used to pay any administrative expenses for a project which exceeds ten percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whatever is less. The City and HRA is in compliance with this limitation.

B. Project Administration and Maintenance of Tax Increment Account

The Office of the City Manager will administer the tax increment redevelopment district.

The tax increment received as a result of increases in the tax capacity value of the tax increment financing district will be maintained in a special account separate from all other municipal accounts and expended only upon sanctioned municipal activities identified in the financing plan.

C. Limitation on Duration of Tax Increment Financing Districts

Pursuant to Minnesota Statutes, Section 469.176, Subd. 1, within three years from the date of certification of the original net tax capacity of the taxable real property in the district the authority has constructed or caused to be constructed public improvements within the district.

D. Limitations on Qualification of Property Tax Increment District Not Subject to Improvement

Pursuant to Minnesota Statutes, Section 469.176, Subd. 6, within four years from the date of certification of the original net tax capacity of the tax increment financing district, demolition, rehabilitation or renovation of property or other site preparation including qualified improvement of a street adjacent to a parcel has been commenced on parcels located within the tax increment financing district by the authority.

E. Limitation on the Use of Tax Increment

All revenue derived from tax increment shall be used in accordance with the tax increment-financing plan. The revenues shall be used to finance or otherwise pay public redevelopment costs pursuant to Minnesota Statutes, Sections 469.124 to 469.134. No revenues derived from tax increment shall 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 shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a common area used as a public or a facility used for social, recreational or conference purposes and not primarily for conducting the business of the municipality.

F. County Costs

Tax increments may be used to pay for the county's actual administrative expenses under Sections 469.174 to Sections 469.179. The County may require payment of those expenses by February 15 of the year after the year in which the expenses are incurred. The amount of these payments is not required to be set forth in the tax increment financing plan for the project. To obtain payment for actual administrative costs, the County Auditor must submit to the authority a record of costs incurred by the County Auditor related to administration of the authority's tax increment financing districts.

Tax increments may be used to pay county road costs as provided in Section 469.175, Subdivision 1(a).

G. Restrictions on Pooling: Five-Year Limit

Expenditures Outside District. (a) For each tax increment financing district, an amount equal to at least 75 percent of the revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the process of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of the revenue derived from tax increments paid by properties in the district may be expended, through development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay or secure payment of, debt service on credit enhanced bonds. The revenue derived from the tax increments for the district that are expended on costs under Section 469.176, Subdivision 4.h., paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

Five-Year Rule. (a) Revenues derived from tax increments are considered to have expended on an activity within the district under Subdivision 2 only if one of the following occurs:

1. Before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity.

2. Bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five year period, or (ii) a reasonably temporary period within the meaning of the use of that term under Section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund.

3. Binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligations.

4. Costs with respect to the activity are paid before of within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs.

Use of Revenues for Decertification. Beginning with the sixth year following certification of the district, 75 percent of the revenues derived from the tax increments paid by properties in the district that remain after the expenditures permitted under Subdivision 3, paragraphs (a), clause (2) and (b) cost contracts, as defined in Subdivision 3, paragraph (a), clauses (3) and (4). When the outstanding bonds have been repaid and when sufficient money has been set aside to pay contractual obligations as defined in Subdivision 3, paragraph (a), clauses (3) and (4), the district must be decertified and the pledge of tax increment discharged.

H. Annual Disclosure Requirements

Pursuant to Minnesota Statutes, Section 469.175, Subd. 6, an authority must file an annual disclosure report for all tax increment-financing districts. The City and HRA are in compliance with this requirement.

I. Modifications of the Tax Increment Financing District

In accordance with Minnesota Statutes, Section 469.175, Subd. 4, any reduction or enlargement of the geographic area of the Project or tax increment financing district, increase in amount of bonded indebtedness to be incurred, including a determination or capitalized interest on debt of that determination as not part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured tax capacity value to be retained by the HRA, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the HRA shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original plan. The geographic area of a tax increment financing district may be reduced, but shall not enlarged after five years following the date of certification of the original gross tax capacity value by the County Auditor.

J. Consultations

Prior to the actual formation of the Tax Increment District, and prior to the adoption of plan amendments, the City and HRA 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 City Council.

K. Public Hearing

Prior to approval of this amended plan by the City Council, a public hearing was held 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 were given an opportunity to present comments.

This plan was prepared with the assistance of Public Financial Management, Inc. and approved by the Board of Directors of the HRA on June 24, 2008 and by the City Council of Wayzata on August __, 2008.

CITY OF WAYZATA, MINNESOTA

Exhibit 2

Projection of Widsten Tax Increment Cashflow

Redevelopment District: 1406
Project: Widsten
First Year Increment: 1996/1997
Last Year Increment: 2019/2020
Certification Date: 30-Jun-95

4.00% Assumed Tax Capacity Growth Rate after 2008

G.O. Debt 1995/2004C — Taxable $425,000

Tax Year Assess	Pay	Current Tax Capacity	Base Tax Capacity	Captured Tax Capacity	Tax Cap. Rate	Project Revenues: TIF $$$$	Project Revenues: Interest & Misc.	Project Revenues: Transfers In	Project Revenues: Total Revenues	Project Expenses: Debt Service	Project Expenses: Transfer to CIP Fund	Project Expenses: Admin Expenses	Project Expenses: Total Expenses	Net Surplus/ (Deficit)	(1) Transfers	Beginning Balance	Ending Balance
1995 /	1996	$27,934	$27,934	$0	126.796	$0			$0	$0	$0	$0	$0	$0		$0	($132,157)
1996 /	1997	30,644	27,934	16,609	115.365	2,983	0	0	2,983	0	29,996	4,607	34,603	(31,620)		(132,157)	(163,777)
1997 /	1998	123,801	27,676	145,756	118.313	116,986	0	0	116,986	0	0	6,359	6,359	110,627		(163,777)	(53,150)
1998 /	1999	191,105	20,425	238,163	125.104	213,007	1,126	0	214,133	0	0	3,603	3,603	210,530		(53,150)	157,380
1999 /	2000	232,882	19,858	294,872	118.769	252,374	14,413	0	266,787	0	25,553	1,795	27,348	239,439		157,380	396,819
2000 /	2001	250,689	19,858	408,040	112.939	260,047	11,885	751,819	1,023,751	308,870	0	0	308,870	714,881	(396,819)	396,819	714,881
2001 /	2002	182,290	16,812	271,940	117.547	193,813	13,025	0	206,838	278,028		10,708	288,736	(81,898)		714,881	632,983
2002 /	2003	203,238	14,451	290,106	111.097	209,016	6,091	0	215,107	282,602		15,596	298,198	(83,091)		632,983	549,892
2003 /	2004	231,963	14,451	326,352	103.253	220,793	5,808	0	226,601	281,828		16,838	298,666	(72,065)		549,892	477,827
2004 /	2005	272,195	14,451	356,436	97.776	254,056	9,664	0	263,720	285,791		17,712	303,503	(39,783)		477,827	438,044
2005 /	2006	318,396	14,451	413,631	93.203	281,989	17,031	0	299,020	284,132		16,763	300,895	(1,875)		438,044	436,169
2006 /	2007	372,511	14,451	438,988	88.151	314,773	18,112	0	332,885	287,103		15,798	302,901	29,984		436,169	466,153
2007 /	2008	436,784	14,451	468,623	86.020	365,318	20,000	0	385,318	289,798		25,000	314,798	70,520	(500,000)	466,153	36,673
2008 /	2009	454,255	14,451	439,804	86.020	378,320	7,500	0	385,820	291,298		20,000	311,298	74,522		36,673	111,195
2009 /	2010	472,426	14,451	457,975	86.020	393,950	7,500	0	401,450	292,783		20,000	312,783	88,667	(100,000)	111,195	99,861
2010 /	2011	491,323	14,451	476,872	86.020	410,205	7,500	0	417,705	293,033		20,000	313,033	104,672	(100,000)	99,861	104,533
2011 /	2012	510,976	14,451	496,525	86.020	427,110	7,500	0	434,610	292,928		20,000	312,928	121,682	(100,000)	104,533	126,216
2012 /	2013	531,415	14,451	516,964	86.020	444,692	7,500	0	452,192	292,148		20,000	312,148	140,044	(100,000)	126,216	166,260
2013 /	2014	552,671	14,451	538,220	86.020	462,977	7,500	0	470,477	295,673		20,000	315,673	154,804	(100,000)	166,260	221,064
2014 /	2015	574,778	14,451	560,327	86.020	481,993	7,500	0	489,493	298,253		20,000	318,253	171,240	(146,321)	221,064	245,983
2015 /	2016	0	0	0	0.000	0	0	0	0	0		0					0
																	0

Total Transfers of Pooled TIF 1,146,321

TIF thru 2008	2,685,155	Projected TIF after 2008	2,999,247
	0.25		0.25
Gross Pooled TIF	$ 671,289	Gross Pooled TIF	$ 749,812
Less Admin.	$ 134,779	Less Admin.	140,000
Net Pooled thru 2008	536,510	Net Pooled after 2008	609,812
		Total thru 2015	1,146,321

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: August 3, 2017	**AGENDA ITEM:** 5b
TITLE: Consider Termination of Covenant at 150 Lake Street West	
PROPOSED MOTION: To Approve the Agreement Terminating the Covenant at 150 Lake Street West	
PREPARED BY: Jeffrey Dahl, Executive Director	
REVIEWED BY: N/A	

ACTION REQUESTED:
Staff recommends approval of the attached agreement.

FINANCIAL OR BUDGET CONSIDERATION:
The termination of the covenant would not have any impact on the City budget.

BACKGROUND:
TCF National Bank currently owns the property located at 150 Lake St W and Inland Development Partners has a purchase agreement to purchase the property. As a part of the Redevelopment Agreement between the original developer and the HRA, there is covenant that was filed against the property in 1998 that restricts the use of the lower level basement. The covenant states that:

> *The basement space to be constructed under the principal structure on the Property shall be used solely for storage purposes and to house building mechanicals. The basement space shall not be used for any office or other purposes.*

City staff's understanding is that the covenant was put in place in order to ensure that the site would provide adequate parking to serve the uses within the building. Based on the size of the existing building and number of parking stalls on the site, there would not be enough off-street parking on the site to meet the City's minimum parking requirements if the basement was used for office space. The basement of the existing building is currently used for mechanical systems for the building, and storage.

Inland Development Partners has stated that they would like to continue to use the basement for mechanical and storage, with the potential of adding common amenities (lunch room, workout room, etc.) for the tenants of the building. Inland is not planning on converting the space to any use that would increase parking demand and require additional parking.

After reviewing the covenant, staff has determined that the covenant is not needed. The City's parking ordinance, which applies to the existing building and any future changes in use, would require that the site meet the minimum parking requirements if the basement included floor area devoted to retailing activities, production or processing of goods, or to business or professional offices. If the uses in the basement changed, the potential for parking issues would be addressed by the City's parking requirements. Therefore, the existing covenant can be terminated, which requires a written agreement by all owners of the property, the City, and the HRA.

The City Council approved the attached agreement at their July 5th, 2017 meeting.

ATTACHMENTS:

1. Draft Termination of Covenant Agreement between Property Owner, City Council, and HRA

TERMINATION OF COVENANT

Date: July ___, 2017

THAT CERTAIN COVENANT entered into for the benefit of the undersigned, dated November 11, 1998, filed on November 17, 1998 with the Hennepin County, Minnesota Registrar of Titles as Document No. 3086732, filed against the property legally described as:

Lot 24, Block 1, Westlake, Hennepin County, Minnesota

which said Covenant was executed by John L. Laurent and Ann M. Laurent, husband and wife, (the "Owners") for the benefit of the City of Wayzata, a Minnesota municipal corporation (the "City") and the Housing and Redevelopment Authority in and for the City of Wayzata, a body corporate and politic under the laws of Minnesota (the "HRA") is hereby terminated.

[NEXT PAGE IS THE SIGNATURE PAGE]

Housing and Redevelopment Authority in and for the City of Wayzata, a body corporate and politic under the laws of Minnesota

By: ________________________________
Roger Wothe
Its: Vice Chair

By: ________________________________
Jeffrey Dahl
Its: Executive Director

STATE OF MINNESOTA
} ss
COUNTY OF ____________

The foregoing instrument was acknowledged before me this ___ day of July, 2017, by Jeffrey Dahl, the Executive Director of the Housing and Redevelopment Authority in and for the City of Wayzata, a body corporate and politic under the laws of Minnesota, on behalf of the Authority.

(Notarial Stamp or Seal)

____
Notary Public

City of Wayzata, a Minnesota municipal corporation

By: ________________________________
Ken Willcox
Its: Mayor

By:________________________________
Jeffrey Dahl
Its: City Manager

STATE OF MINNESOTA
} ss
COUNTY OF ____________

The foregoing instrument was acknowledged before me this ___ day of July, 2017, by Ken Willcox and Jeffrey Dahl, respectively the Mayor and the City Manager of the City of Wayzata, a Minnesota municipal corporation, on behalf of the City.

(Notarial Stamp or Seal)

Notary Public

THIS INSTRUMENT DRAFTED BY:
Paul E. Kaminski
Best & Flanagan LLP
60 South Sixth Street, Suite 2700
Minneapolis, MN 55402
(612) 339-7121

009550-921035/2725063_1

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: August 3, 2017	**AGENDA ITEM:** 5c
TITLE: Update on Other Redevelopment Projects	
PROPOSED MOTION: N/A	
PREPARED BY: Jeffrey Dahl, Executive Director	
REVIEWED BY: N/A	

ACTION REQUESTED:
N/A

FINANCIAL OR BUDGET CONSIDERATION:
N/A

BACKGROUND:
Staff will provide a verbal update of the following items:

- Progress on Mill Street Parking Ramp Construction;
- Exploration of Lake Street TIF District between Ferndale and Barry and discussion of development options; and
- Update on exploration of Special Services District ("Mobility District").

ATTACHMENTS:
N/A