City of Wayzata Housing and Redevelopment Authority
Special Meeting Agenda
Tuesday, December 5, 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 August 3, 2017 and November 16, 2017

4. Old Business
   a. none

5. New Business
   a. City Council reappointment of Steve Fox to HRA

   b. Approval of Resolution 03-2017HRA adopting a Modification to the Redevelopment Plan for the Central Area Redevelopment District; adopting the Modifications to the TIF Plans for the TIF Districts Therein; and Establishing TIF Financing District No. 6 – Downtown West Therein and Adopting a TIF Plan therefor

   c. Approval of future HRA meetings at 7:30 am on the following dates:
      January 25, 2018;
      April 26, 2018;
      July 26, 2018; and
      October 25, 2018

   d. Discussion of Lodging Tax

6. Next Meeting Date: January 25, 2018

7. Adjournment

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: December 5, 2017	**AGENDA ITEM:** 3
TITLE: Approval of Minutes of August 3, 2017 and November 16, 2017	
PROPOSED MOTION: To approve the Minutes of the August 3, 2017 and November 16, 2017 HRA Meetings	
PREPARED BY: Jeffrey Dahl, City Manager	
REVIEWED BY: N/A	

ACTION REQUESTED:
Staff recommends approval of the attached minutes.

FINANCIAL OR BUDGET CONSIDERATION:
N/A

BACKGROUND:
N/A

ATTACHMENTS:
1. August 3, 2017 Special Meeting Minutes
2. November 16, 2017 Special Workshop Meeting Minutes

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 from the City's consulting firm, Ehlers

Chairman Shaver called the meeting of the HRA to order at 7:34 a.m.

APPROVAL OF AGENDA

Wothe motioned to approve the August 3, 2017 meeting agenda as presented, seconded by Ambrose. The motion passed 5/0 by voice vote.

APPROVAL OF MINUTES OF JUNE 22, 2017

Wothe stated on page 2 line 14, "2015bthe" should be changed to "2015 the".

Ambrose motioned to approve the minutes of June 22, 2017 as amended, seconded by Petit. The motion passed 5/0 by voice vote.

OLD BUSINESS

None

NEW BUSINESS

a. Consider Approval of the Modification to TIF District No.3

Dahl stated 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.

Kvilvang stated there are 7 elements within the TIF Plan that have been updated. The new legislation that is incorporated includes: the 5-year rule has been met if the tax increment is spend on projects originally contemplated in the plan and the district was not required to be decertified at the end of 2015, even though the original bonds were paid off in that year. Other updates include: update the budget to reflect actual TIF received to date and proposed through the remainder of the District, update the budget to conform with new Office of the State Auditor (OSA) reporting requirements, update the HRA and City's bonding capacity under TIF plan to allow for use of TIF on the existing bonds issued for the ramp, update the actual term of the District to 25 years after the receipt of the first increment, which would go through December 31, 2022, and update the plan with current statutory requirements that are in place. There will be a public hearing held by the City Council for this Plan.

Shaver asked what the City's bonding authority would be changed to.

Kvilvang stated the City's bonding authority would change from $3 million to up to $14 million, which would cover the City's previous bonds and the new bonds that were issued.

Ambrose motioned to approve Resolution 02-2017HRA Adopting the Modification to the Tax Increment Financing Plan for Tax Increment Financing District No. 3 Within the Central Area Redevelopment District, seconded by Wothe. The motion passed 5/0 by voice vote.

b. Consider Termination of Covenant at 150 Lake St W

Shaver recused himself from discussions pertaining to 150 Lake St W.

Dahl stated TCF National Bank currently owns the property located at 150 Lake Street W., and Inland Development Partners have a purchase agreement to purchase the property. As part of the development agreement between the original developer and the HRA, there is a covenant that was filed against the property that restricts the use of the lower level basement. It is City staff's understanding 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 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. 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 for the tenants. 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.

Schelzel stated there would be a signature line for the property owner added to page final Termination document.

Ambrose motioned to approve the Termination of Covenant at 150 Lake St W pertaining the restrictions of the use of the basement, seconded by Petit. The motion passed 4/0/1 (Shaver recused) by voice vote.

c. Update on Other Redevelopment Projects

Dahl stated the Mill Street Parking Ramp is running and fully utilized. The City will be celebrating the opening on August 10. The project was about $250,000 under budget and the overall cost was about $9.8 million.

Shaver asked if the City was tracking the electric charging station usage to determine how well it was being utilized.

Dahl stated these were not currently being utilized because they have not been activated yet. Once activated the charging stations will be programmed and the City will determine the usage and potential charges for use.

Shaver asked what would happen to the Carish Ramp.

Dahl stated at this time the ramp is open to the public. The ramp is no longer restricted by the redevelopment agreement and the owners could decide to charge for parking or block off access to the public. The City is continuing discussions with the owners to extend the development agreement that would keep the ramp open to the public.

Dahl stated staff has continued to meet with developers Mr. Zitloff, Mr. Hoyt, Mr. Hughes, and Mr. Carlson in regard to a potential Lake Street TIF District between Ferndale and Barry and discussion of development options. Mr. Carlson has submitted a development application and has not requested any TIF assistance. The other developers are in the process of putting together conceptual plans and they have indicated a desire to use tax increment financing to pay for eligible costs including eliminating blight and public parking. The City's goal is to eliminate blight and make it more economical for these developers to redevelop their properties as well as add public parking in this area. The first steps would include making sure the area would qualify as a TIF District and the City is currently setting up blight inspections. Once this is done there would be a joint meeting with the HRA and the City Council.

Shaver asked if the parking easement with Wayzata Blu and Boatworks had been addressed as part of the Wayzata Blu development proposal.

Dahl stated they City is still reviewing the plans but they have reserved the air rights in order to potentially build a ramp above the easement.

Mr. Dahl went on to state that the City is working with Michael McLaughlin on the Mobility District/Special Service District. He would be discussing additional services residents would like to see included in the district. The intent of this district would be to offset the City's costs related to the maintenance and operational costs of the Mill Street Parking Ramp.

Petit stated the rocks do not match the organic nature of the ramp.

Dahl stated the City's concerns are with safety and there are two areas on the ramp that people could potential get out of their cars and step onto these rocks. The City is working with the architect to find a solution to this. He stated the City Council approved a kiosk for the corner of Broadway and one in the middle that would contain an illuminated directory and a monument sign on the corner of Superior and Mill.

Fox stated one of the goals of the HRA is to create an environment that would allow local businesses to compete with area businesses. He stated the City might be missing an opportunity now that the Landing is opening to impose lodging tax on that facility.

The City can create a 3% lodging tax for rooms rented at that facility. This would bring approximately $60,000-$65,000 to the City to use for promotional purposes.

Dahl stated exploring a lodging tax is in the City's strategic plan for 2018-2019. There are additional considerations prior to moving forward with this type of tax.

Shaver stated the lodging tax is in the City's Strategic Plan and would be looked into. He requested staff to do research to determine the true net economic benefit to the City including administration costs and provide an update at the next scheduled meeting.

Thomson stated Ambrose and Shaver were appointed to the Comprehensive Plan Update Committee. The Community Survey would be activated today to launch the community engagement piece of the Comp Plan.

NEXT MEETING DATE: 7:30 AM on OCTOBER 26, 2017

ADJOURNMENT

There being no further business; Ambrose motioned to adjourn at 8:20 a.m., seconded by Wothe. The motion passed 5/0 by voice vote.

Respectfully submitted,

Becky Malone
City Clerk
City of Wayzata

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

HRA members present: T. Shaver, R. Wothe, B. Petit, and B. Ambrose
HRA members absent and excused: S. Fox
City Staff present: Jeff Thomson, and Jeff Dahl,
Others present: Stacie Kvilvang from the City's consulting firm, Ehlers

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

Dahl stated that this meeting had been scheduled in order to provide an update on the establishment of TIF District #6 on the west side of Lake Street. The primary goals of elimination of blight, increased public parking within the area, and infrastructure improvements along Lake Street. The other objective of the meeting is to get a general recap of Tax Increment Financing, how it can be used, and specifics related to potential development on Lake Street

Kvilvang went through a power point presentation on the basics of Tax Increment Finance.

Dahl and Thomson provided an update of the TIF and Planning Applications that have been submitted to the City thus far regarding the redevelopment area on West Lake Street.

Kvilvang highlighted the rest of the schedule relating to the establishment of the TIF district.

The workshop meeting was adjourned at 8:31 a.m.

Respectfully submitted,

Becky Malone
City Clerk
City of Wayzata

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: December 5, 2017	**AGENDA ITEM:** 5a
TITLE: City Council reappointment of Steve Fox to HRA	
PROPOSED MOTION: N/A	
PREPARED BY: Jeffrey Dahl, City Manager	
REVIEWED BY: N/A	

ACTION REQUESTED:
No action is needed. This item is on the agenda to officially acknowledge the reappointment of Steve Fox to the HRA for a 5-year term (Jan 1, 2018 to Dec 31, 2022).

FINANCIAL OR BUDGET CONSIDERATION:
N/A

BACKGROUND:
At its November 21, 2017 meeting, the City Council reappointed Steve Fox to fill the only expiring term of the HRA.

ATTACHMENTS:
N/A

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: December 5, 2017	**AGENDA ITEM:** 5b
TITLE: Consider Approval of Resolution 03-2017HRA, Adopting a Modification to the Redevelopment Plan for the Central Area Redevelopment District; adopting the Modifications to the TIF Plans for the TIF Districts Therein; and Establishing TIF Financing District No. 6 – Downtown West Therein and Adopting a TIF Plan Therefor	
PROPOSED MOTION: To Approve Resolution 03-2017HRA, Adopting a Modification to the Redevelopment Plan for the Central Area Redevelopment District; adopting the Modifications to the TIF Plans for the TIF Districts Therein; and Establishing TIF Financing District No. 6 – Downtown West Therein and Adopting a TIF Plan Therefor	
PREPARED BY: Jeffrey Dahl, Executive Director	
REVIEWED BY: N/A	

ACTION REQUESTED:
Staff recommends approval of the attached resolution.

FINANCIAL OR BUDGET CONSIDERATION:
Consultant costs to set up the district are being paid proportionately by the developers who wish to utilize tax increment for redevelopment purposes. The long-term financial impacts are analyzed in the attached draft TIF (Tax Increment Financing) Plan, which will be discussed at the meeting.

BACKGROUND:
Over the past year, City staff has been meeting with three property owners, along Lake Street west of Manitoba Avenue, who wish to redevelop their properties with uses consistent with the City's Zoning Code and Comprehensive Plan. Redevelopment of this area is a key strategic initiative of the City Council.

As such, the City has been exploring the establishment of a TIF District in the aforementioned area which would provide for reimbursement of certain private and public development costs in order to help facilitate the elimination of blight in the area, provide for increased off-street public parking, and also to help fund future street and utility improvements.

The first step of this process was to determine if the area would qualify for a Redevelopment TIF District. The City hired consultant engineer LHB to inspect all of the properties in the area. LHB recently produced a report that showed that the proposed district would meet requirements per State Statutes for a Redevelopment TIF District.

Next Steps

The next steps with this redevelopment initiative are to proceed with establishing the TIF district and review planning and TIF assistance applications from the developers.

At its October 17th meeting, the City Council called for a Public Hearing to consider establishment of TIF District #6 and adoption of a TIF Plan at their December 19, 2017 meeting. In order to move forward in the meantime, the HRA will need to consider approval of the attached resolution. Also, the Planning Commission will be reviewing the draft TIF plan to ensure it is consistent with the Comprehensive Plan.

Lastly, staff continues to review planning and TIF applications from the owner of 253 Lake Street East. We also are working with the other two key property owners as they prepare to submit their planning and TIF applications.

If the TIF district is established per the attached schedule, early in 2018 the HRA will likely consider redevelopment agreements with the three property owners in order to move forward with those developments.

Stacie Kvilvang, of Ehlers and Associates, will be present to answer any questions from the HRA.

ATTACHMENTS:

1. Resolution 03-2017HRA
2. Draft TIF Plan for TIF Dist. #6, dated November 28, 2017
3. Schedule

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

RESOLUTION NO. 03-2017HRA

RESOLUTION ADOPTING A MODIFICATION TO THE REDEVELOPMENT PLAN FOR THE CENTRAL AREA REDEVELOPMENT DISTRICT; ADOPTING THE MODIFICATIONS TO THE TAX INCREMENT FINANCING PLANS FOR THE TAX INCREMENT FINANCING DISTRICTS THEREIN; AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 6 - DOWNTOWN WEST THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.

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 expand the geographic boundaries of the Central Area Redevelopment District and adopt a Modification to the Redevelopment Plan (the "Redevelopment Plan Modification") for the Central Area Redevelopment District (the "Project Area"), adopt a Modification to the Tax Increment Financing Plans for the Tax Increment Financing Districts therein (the "TIF Plan Modifications"), and establish Tax Increment Financing District No. 6 - Downtown West (the "District") and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Redevelopment Plan Modification, the TIF Plan Modifications, and the TIF Plan are referred to collectively herein as the "Plans"), 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 Plans and presented for the Board's consideration; and

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

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

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

1. The boundaries of the Project Area are being expanded to include parcel number 0611722230034.

2. The TIF Plan Modifications are being made to incorporate the expanded boundaries of the Project Area.

3. The reasons and facts supporting the findings in this resolution are described in the Plans.

4. 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, and finds that the adoption of the proposed Plans conform 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 Plans 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 because it will promote the construction of high-quality housing and thereby serves a public purpose.

5. The HRA further finds that the Plans will afford maximum opportunity, consistent with the sound needs for the City as a whole, for the development or redevelopment of the Project Area by private enterprise in that the intent is to provide only that public assistance necessary to make the private developments financially feasible.

6. The HRA elects to calculate fiscal disparities for the District in accordance with Minnesota Statutes, Section 469.177, Subd. 3, clause b, which means the fiscal disparities contribution would be taken from inside the District.

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

8. Upon approval of the Plans by the City Council, the staff, the HRA's advisors and legal counsel are authorized and directed to proceed with the implementation of the Plans 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 Plans does not constitute approval of any project or a Development Agreement with any developer.

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

10. The Executive Director of the HRA is authorized and directed to forward a copy of the Plans to the Hennepin County Auditor and request that the Auditor certify the original tax capacity of the District as described in the Plans, all in accordance with Minnesota Statutes 469.177.

Approved by the Board on December 5, 2017.

____
Tom Shaver, Chair

ATTEST:

____
Jeffrey Dahl, Executive Director

ACTION ON THIS RESOLUTION:

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution:

I hereby certify that the foregoing is a true and correct copy of Resolution No. 03-2017HRA adopted by the Wayzata Housing and Redevelopment Authority in and for the City of Wayzata, Minnesota, at a duly authorized meeting held on December 5, 2017.

____
Becky Malone, City Clerk

SEAL

As of November 28, 2017
Draft for HRA

Modification to the Redevelopment Plan for the Central Area Redevelopment District

and the

Modification to the Tax Increment Financing Plans for the Tax Increment Financing Districts within the Central Area Redevelopment District

and the

Tax Increment Financing Plan for the establishment of Tax Increment Financing District No. 6 - Downtown West (a redevelopment district)

within

the Central Area Redevelopment District

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

Public Hearing: December 19, 2017
Adopted:

EHLERS

Prepared by: EHLERS & ASSOCIATES, INC.
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Table of Contents
(for reference purposes only)

Section 1 - Modification to the Redevelopment Plan for the Central Area Redevelopment District

Foreword

The following text represents a Modification to the Redevelopment Plan for the Central Area Redevelopment District. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for the Central Area Redevelopment District. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 6 - Downtown West.

For further information, a review of the Redevelopment Plan for the Central Area Redevelopment District is recommended. It is available from the City Manager at the City of Wayzata. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within the Central Area Redevelopment District.

Boundaries of the Central Area Redevelopment District

The boundaries of the Central Area Redevelopment District are being expanded to include parcel number 0611722230034.

Section 2 - Modification to the Tax Increment Financing Plans for the for Tax Increment Financing Districts within the Central Area Redevelopment District

Subsection 2-1 Background

The purpose of the modification to the Tax Increment Financing Plans for the Tax Increment Financing District within the Central Area Redevelopment District is to provide for the enlargement of the Central Area Redevelopment District to include parcel number 0611722230034.

Subsection 2-2 Modification

The HRA and City are hereby modifying the Tax Increment Financing Plans for the following Tax Increment Financing District to reflect the expansion of the boundaries of the Central Area Redevelopment District:

- Tax Increment Financing District No. 3
- Replacement Redevelopment Tax Increment Financing District No. 5

(Collectively, the "TIF Districts").

The following sentence is to be inserted into the Tax Increment Financing Plan for each of the TIF Districts:

The boundaries of the Central Area Redevelopment District are being expanded to include parcel number 0611722230034.

Section 3 - Tax Increment Financing Plan for Tax Increment Financing District No. 6 - Downtown West

Subsection 3-1 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 establishment of Tax Increment Financing District No. 6 - Downtown West (the "District"), a redevelopment tax increment financing district, located in the Central Area Redevelopment District.

Subsection 3-2 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.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Redevelopment Plan for the Central Area Redevelopment District.

Subsection 3-3 Statement of Objectives

The District currently consists of 24 parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the construction of approximately 71 condos, 53,690 square feet of office space, 10,603 square feet of retail space, and a public lot/ramp in the City. Please see Appendix A for further District information. The HRA has not entered into an agreement(s) or designated a developer(s) at the time of preparation of this TIF Plan, but development is likely to occur in 2018. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Central Area Redevelopment District.

The activities contemplated in the Modification to the Redevelopment Plan and the TIF Plan 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 3-4 Redevelopment Plan Overview

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

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 3-5 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. Please also see the map in Appendix B for further information on the location of the District.

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

Subsection 3-6 Classification of the District

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

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

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

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

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

(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 rely on the following facts and findings:

- The District is a redevelopment district consisting of 24 parcels.
- An inventory shows that parcels consisting of more than 70 percent of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50 percent of the buildings are structurally substandard as defined in the TIF Act. (See Appendix F).

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 3-7 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 will be 25 years after receipt of the first increment by the HRA or City (a total of 26 years of tax increment). The HRA or City elects to receive the first tax increment in 2020, which is no later than four years following the year of approval of the District. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2045, 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 3-8 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 will be based on the market values placed on the property by the assessor in 2017 for taxes payable 2018.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2020) 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 original local tax rate for the District will be the local tax rate for taxes payable 2018, assuming the request for certification is made before June 30, 2018. The ONTC and the Original Local Tax Rate for the District appear in the table below.

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, will annually approximate tax increment revenues as shown in the table below. The HRA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2020. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Estimated Tax Capacity upon Completion (PTC)	**$3,256,251**	
Original Estimated Net Tax Capacity (ONTC)	**$699,720**	
Fiscal Disparities Contribution	**$374,620**	
Estimated Captured Tax Capacity (CTC)	**$2,181,911**	
Original Local Tax Rate	**1.04786**	Pay 2017
Estimated Annual Tax Increment (CTC x Local Tax Rate)	**$2,286,337**	
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. The tax capacity of the District in year one is estimated to be $1,074,625.

Pursuant to *M.S., Section 469.177, Subd. 4*, the HRA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3.* The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Subsection 3-9 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. As presently proposed, the projects within the District will be financed by a pay-as-you-go note to various developers, possible bond issue for any public improvements, including but not limited to new public parking lot/ramp, interfund loan and/or transfer. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the HRA or City to incur debt. The HRA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

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

SOURCES OF FUNDS	TOTAL
Tax Increment	$37,253,844
Interest	$3,725,384
TOTAL	**$40,979,228**

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 $27,953,919. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Subsection 3-10 Uses of Funds

Currently under consideration for the District is a proposal to facilitate the construction of approximately 71 condos, 53,690 square feet of office space, 10,603 square feet of retail space, and a parking ramp/lot in the City. 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 establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. 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	$8,000,000
Site Improvements/Preparation	$5,000,000
Utilities	$4,000,000
Other Qualifying Improvements	$7,228,535
Administrative Costs (up to 10%)	$3,725,384
PROJECT COST TOTAL	$27,953,919
Interest	$13,025,309
PROJECT AND INTEREST COSTS TOTAL	**$40,979,228**

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

Estimated costs associated with the District are subject to change among categories without a modification to this 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 Plan.

Subsection 3-11 Fiscal Disparities Election

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

(1) *The original net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. The current net tax capacity shall exclude any fiscal*

disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to M.S., Section 276A.06, subdivision 7 or M.S., Section 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.

(2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the less of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.

The HRA will choose to calculate fiscal disparities by clause b.

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

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

Subsection 3-12 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 does not fall under any of the above exemptions.

Subsection 3-13 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. In the opinion of the HRA and City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan 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 3-14 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	2,181,911	**0.1387%**
City of Wayzata	18,677,217	2,181,911	**11.6822%**
Wayzata Public ISD No. 284	131,023,960	2,181,911	**1.6653%**

IMPACT ON TAX RATES

	Pay 2017 Extension Rates	Percent of Total	CTC	Potential Taxes
Hennepin County	0.440870	42.07%	2,181,911	**961,939**
City of Wayzata	0.233520	22.29%	2,181,911	**509,520**
Wayzata Public ISD No. 284	0.262900	25.09%	2,181,911	**573,624**
Other	0.110570	10.55%	2,181,911	**241,254**
Total	1.047860	100.00%		**2,286,337**

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual Pay 2017 rate. The total net capacity for the entities listed above are based on actual Pay 2017 figures. The District will be certified under the actual Pay 2018 rates, which were unavailable at the time this TIF Plan was prepared.

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

(1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is $37,253,844;

(2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is not expected. The City police department does track all calls for service including property-type calls and crimes. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. The existing buildings, which will be eliminated by the new development, have public safety concerns that include several unprotected old buildings with issues such as access, hydrant locations, and converted structures.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, and sidewalks. The development in the District is expected to contribute to sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal.

(3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is $9,346,989;

(4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is $15,672,692;

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

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

Subsection 3-15 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 District. Following is a list of reports and studies on file at the City that support the HRA and City's findings:

- A list of applicable studies will be listed here prior to the public hearing.

Subsection 3-16 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 3-17 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 3-18 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 3-19 Limitation of Increment

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

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

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

as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

The HRA or City or a property owner must improve parcels within the District by approximately December 2021 and report such actions to the County Auditor.

Subsection 3-20 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 3-21 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 3-22 Requirements for Agreements with the Developer

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

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 25 percent, by acreage, of the property to be acquired in the District as set forth in the 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 3-23 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 3-24 Administration of the District

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

Subsection 3-25 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 3-26 Reasonable Expectations

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

Subsection 3-27 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*.

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 3-28 Summary

The Wayzata Housing and Redevelopment Authority is establishing the District to preserve and enhance the tax base, redevelop substandard areas, and provide employment opportunities in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113, telephone (651) 697-8500.

Appendix A

Project Description

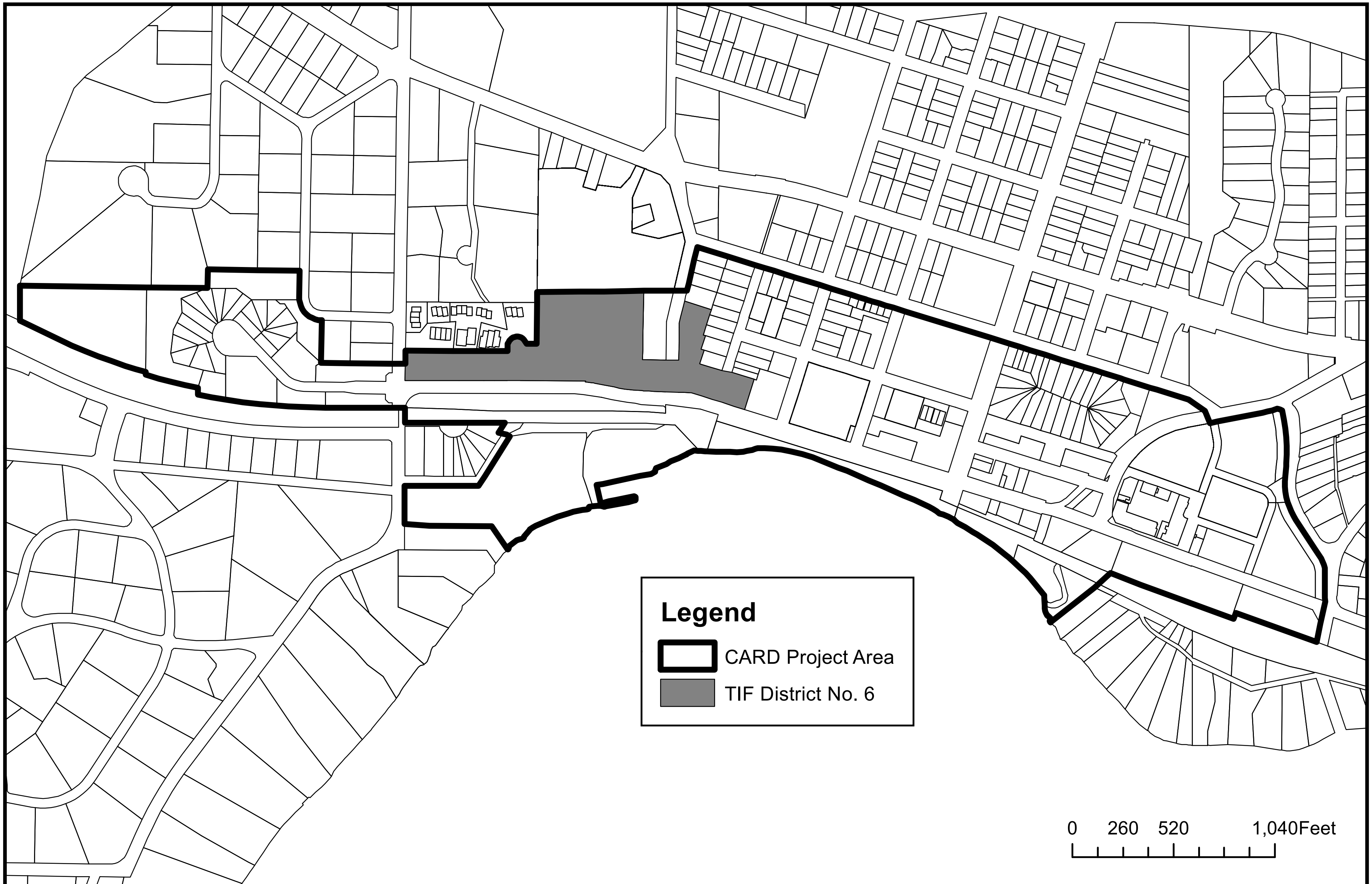
The District currently consists of 24 parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the construction of approximately 71 condos, 53,690 square feet of office space, 10,603 square feet of retail space, a public lot/ramp and road and streetscape improvements along Lake Street within the City. Currently, Wayzata Blu has received City planning approvals for the construction of 18 condos and approximately 3,500 sq/ft of retail located on four (4) parcels along Lake Street. Construction is expected to commence sometime in 2018. The developer has not requested, nor is the HRA providing assistance to this project. In addition, Homestead Properties has received approval for the development of 22 condos on the former Meyers Dairy site located at 105 Lake Street East. Construction is expected to commence sometime in 2018. The developer has not requested, nor is the HRA providing assistance to this project.

Hoyt properties has submitted an application for TIF assistance to redevelop property they own located at 253 Lake Street East into 16 condominiums. The developer intends to donate a large portion of the site to the City to construct the needed parking for this area of the downtown. The HRA has not entered into a contract with the developer and any assistance provided would be on a pay-as-you-go basis. The City is aware of two (2) other developers that have inquired about assistance to redevelop their properties into office and or housing uses but have not formally submitted anything to the City at this time.

The City intends to utilize TIF for purposes of paying for public improvements, including but not limited to, a new City parking lot/ramp, road, streetscape and utility improvements.

Appendix B

Map of the Central Area Redevelopment District and the District



CARD Project Area / District No. 6

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

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

Parcel Numbers	Address	Owner
0611722230010	235 Lake St. E	Melvin's 235 LLC
0611722230007	235 Lake St. E	Melvin's 235 LLC
0611722320003	235 Lake St. E	Melvin's 235 LLC
0611722230014	239 Lake St. E	Melvin's 235 LLC
0611722230013	253 Lake St. E	Berry and Co Inc.
0611722320005	275 Lake St. E	Theodore T Asao Etal Trs
0611722320004	339 Barry Ave S	Theodore T Asao Etal Trs
0611722320006	269 Lake St. E	Theodore T Asao Etal Trs
0611722230005	259 Lake St E	Flagship Financial Group Inc
0611722230034	105 Lake St. E	Meyer Properties
0611722230030	143 Lake St. E	Wayzata Bay Car Wash Inc.
0611722320030	153 Lake St. E	Rednasor LLC
0611722320031	155 Lake St. E	155 Lake Street R/E LLC
0611722230364	201 Lake St. E	Westway LLC
0611722310006	305 Lake St. E	Five Swans Inc.
0611722310005	309 Lake St. E	Five Swans
0611722310004	309 Lake St. E	Five Swans Inc.
0611722240012	328 Barry Ave S	328 Barry Avenue, LLC
0611722240088	318 Barry Ave S	Wayzata Bay Condominiums LLC
0611722240008	312 Barry Ave S	Wayzata Bay Condominiums LLC
0611722240007	304 Barry Ave S	Wayzata Bay Condominiums LLC
0611722310094	315 Lake St. E	Jeffway LLC
0611722310103	401 Lake St. E	401 Lake Spydernet LLC
0611722310014	407 Lake St. E	Masonic Temple Assn

Appendix D

Estimated Cash Flow for the District

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West Lake Street Redevelopment - No Inflation

City of Wayzata

71 Condos, 53,690 Sq/Ft Office and 10,603 Sq/Ft of Retail

ASSUMPTIONS AND RATES

DistrictType:	**Redevelopment**	
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	**2018**	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	**3.00%**	
Interest Rate:	**3.00%**	
Present Value Date:	**1-Aug-18**	
First Period Ending	1-Feb-19	
Tax Year District was Certified:	**Pay 2018**	
Cashflow Assumes First Tax Increment For Development:	2020	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2045	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	**Inside(B)**	
Incremental or Total Fiscal Disparities	**Incremental**	
Fiscal Disparities Contribution Ratio	33.9214%	Pay 2017
Fiscal Disparities Metro-Wide Tax Rate	150.0490%	Pay 2017
Maximum/Frozen Local Tax Rate:	104.786%	Pay 2017
Current Local Tax Rate: (Use lesser of Current or Max.)	104.786%	Pay 2017
State-wide Tax Rate (Comm./Ind. only used for total taxes)	45.8020%	Pay 2017
Market Value Tax Rate (Used for total taxes)	0.20865%	Pay 2017

Tax Rates

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

BASE VALUE INFORMATION (Original Tax Capacity)

Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
G	0611722230010	Hughes	235 Lake St. E.	173,000	0	173,000	100%	173,000	Pay 2018	C/I	3,460	C/I	3,460	1
H	0611722230007	Hughes	235 Lake St. E.	536,000	0	536,000	100%	536,000	Pay 2018	C/I	10,720	C/I Pref.	9,970	1
I	0611722320003	Hughes	235 Lake St. E.	295,000	1,000	296,000	100%	296,000	Pay 2018	C/I Pref.	5,170	C/I Pref.	5,170	1
J	0611722230014	Hughes	239 Lake St. E.	953,000	0	953,000	100%	953,000	Pay 2018	C/I	19,060	C/I Pref.	18,310	1
K	0611722230013	Hoyt	253 Lake St. E.	2,417,000	1,000	2,418,000	100%	2,418,000	Pay 2018	C/I Pref.	47,610	Hmstd. Res.	28,975	2
N	0611722320005	Wayzata Blu	275 Lake St. E	300,000	104,000	404,000	100%	404,000	Pay 2018	C/I Pref.	7,330	Hmstd. Res.	4,040	3
O	0611722320004	Wayzata Blu	339 Barry Ave S	489,000	106,000	595,000	100%	595,000	Pay 2018	C/I	11,900	Hmstd. Res.	6,188	3
M	0611722320006	Wayzata Blu	269 Lake St. E	350,000	1,000	351,000	100%	351,000	Pay 2018	C/I	7,020	Hmstd. Res.	3,510	3
L	0611722230005	Wayzata Blu	259 Lake St. E	1,594,000	1,000	1,595,000	100%	1,595,000	Pay 2018	C/I Pref.	31,150	Hmstd. Res.	18,688	3
A	0611722230034	Meyers Dairy	105 Lake St. E	2,362,000	52,000	2,414,000	100%	2,414,000	Pay 2018	Rental	30,175	Hmstd. Res.	28,925	4
B	0611722230030	Car Wash	143 Lake St. E	1,145,000	1,000	1,146,000	100%	1,146,000	Pay 2018	C/I Pref.	22,170	C/I Pref.	22,170	No Dev
C	0611722320030	Office	153 Lake St. E	512,000	864,000	1,376,000	100%	1,376,000	Pay 2018	C/I Pref.	26,770	C/I Pref.	26,770	No Dev
D	0611722320031	Office	155 Lake Ste E	587,000	893,000	1,480,000	100%	1,480,000	Pay 2018	C/I Pref.	28,850	C/I Pref.	28,850	No Dev
E	ROW	City	Edgewood Ct.	0	0	0	100%	0	Pay 2018	Exempt	-	Exempt	-	No Dev
F	0611722230364	Lowel Zitloff/Office	201 Lake St. E	5,100,000	2,208,000	7,308,000	100%	7,308,000	Pay 2018	C/I Pref.	145,410	C/I Pref.	145,410	No Dev
P	ROW	City	Barry Ave S	0	0	0	100%	0	Pay 2018	Exempt	-	Exempt	-	No Dev
Q	0611722310006	Five Swans	305 Lake St. E	148,000	1,000	149,000	100%	149,000	Pay 2018	C/I	2,980	C/I	2,980	5
R	0611722310005	Five Swans	309 lake St. E	937,000	1,000	938,000	100%	938,000	Pay 2018	C/I Pref.	18,010	C/I Pref.	18,010	5
S	0611722310004	Five Swans	309 lake St. E	47,000	0	47,000	100%	47,000	Pay 2018	C/I	940	C/I Pref.	705	5
T	0611722240012	Nolan Prop/Office	328 Barry Ave S	546,000	3,374,000	3,920,000	100%	3,920,000	Pay 2018	C/I Pref.	77,650	C/I Pref.	77,650	No Dev
U	0611722240088	Wayzat Bay Condos	318 Barry Ave S	427,000	0	427,000	100%	427,000	Pay 2018	Rental	5,338	Hmstd. Res.	4,270	6
V	0611722240008	Wayzat Bay Condos	312 Barry Ave S	320,000	0	320,000	100%	320,000	Pay 2018	Rental	4,000	Hmstd. Res.	3,200	6
W	0611722240007	Wayzat Bay Condos	304 Barry Ave S	432,000	0	432,000	100%	432,000	Pay 2018	Rental	5,400	Hmstd. Res.	4,320	6
X	0611722310094	5 Swans/Merrill L	315 Lake St. E	1,810,000	8,101,000	9,911,000	100%	9,911,000	Pay 2018	C/I Pref.	197,470	C/I Pref.	197,470	No Dev
Y	ROW	City	Manitoba Ave S	0	0	0	100%	0	Pay 2018	Exempt	-	Exempt	-	No Dev
Z	0611722310103	Office	401 Lake St. E	1,083,000	287,000	1,370,000	100%	1,370,000	Pay 2018	C/I Pref.	26,650	C/I Pref.	26,650	No Dev
AA	0611722310014	Masonic Temple	407 Lake St. E	449,000	290,000	739,000	100%	739,000	Pay 2018	C/I Pref.	14,030	C/I Pref.	14,030	No Dev
				23,012,000	16,286,000	39,298,000		**39,298,000**			**749,263**		**699,720**	

Note:

1. **Base values are for pay 2018 based upon review of County website on 9-6-17.**

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West Lake Street Redevelopment - No Inflation

City of Wayzata

71 Condos, 53,690 Sq/Ft Office and 10,603 Sq/Ft of Retail

PROJECT INFORMATION (Project Tax Capacity)

Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2018	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	First Year Full Taxes Payable
G,H,I,J (Hughes)	Office	225	225	30,000	6,750,000	C/I Pref.	134,250	4	0%	100%	100%	100%	2021
K (Hoyt)	Condos	950,000	950,000	16	15,200,000	Hmstd. Res.	170,000	10,625	100%	100%	100%	100%	2020
N,M.L,O (Wayz Blu)	Condos	950,000	950,000	18	17,100,000	Hmstd. Res.	191,250	10,625	100%	100%	100%	100%	2020
N,M.L,O (Wayz Blu)	Retail	225	225	3,500	787,500	C/I Pref.	15,000	4	100%	100%	100%	100%	2020
A (Meyers Dairy)	Condos	950,000	950,000	22	20,900,000	Hmstd. Res.	233,750	10,625	0%	0%	100%	100%	2022
Q (Five Swans)	Retail	225	225	7,103	1,598,175	C/I Pref.	31,214	4	0%	0%	100%	100%	2022
R, S (Five Swans)	Office	225	225	23,690	5,330,250	C/I	106,605	5	0%	0%	100%	100%	2022
U,V,W (W. Bay Condo)	Condos	950,000	950,000	15	14,250,000	Hmstd. Res.	159,375	10,625	100%	100%	100%	100%	2020
B (Existing)	Car Wash	1,146,000	1,146,000	1	1,146,000	C/I Pref.	22,170	22,170	100%	100%	100%	100%	2020
C (Existing)	Office	1,376,000	1,376,000	1	1,376,000	C/I Pref.	26,770	26,770	100%	100%	100%	100%	2020
D (Existing)	Office	1,480,000	1,480,000	1	1,480,000	C/I Pref.	28,850	28,850	100%	100%	100%	100%	2020
F (Existing)	Lowel Zitloff/Office	7,308,000	7,308,000	1	7,308,000	C/I Pref.	145,410	145,410	100%	100%	100%	100%	2020
T (Existing)	Nolan Prop/Office	3,920,000	3,920,000	1	3,920,000	C/I Pref.	77,650	77,650	100%	100%	100%	100%	2020
X (Existing)	5 Swans/Merrill L	9,911,000	9,911,000	1	9,911,000	C/I Pref.	197,470	197,470	100%	100%	100%	100%	2020
Z (Existing)	Office	1,370,000	1,370,000	1	1,370,000	C/I Pref.	26,650	26,650	100%	100%	100%	100%	2020
AA (Existing)	Masonic Temple	739,000	739,000	1	739,000	C/I Pref.	14,030	14,030	100%	100%	100%	100%	2020
TOTAL					**109,165,925**		**1,580,444**						
Subtotal Residential				**71**	**67,450,000**		**754,375**						
Subtotal Commercial/Ind.				**64,301**	**41,715,925**		**826,069**						

Note:

1. Market values are based upon estimates.

TAX CALCULATIONS

New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Office	134,250	45,539	88,711	92,956	68,332	61,489	14,084	236,861	7.90
Condos	170,000	0	170,000	178,136	0	0	31,715	209,851	13,115.69
Condos	191,250	0	191,250	200,403	0	0	35,679	236,082	13,115.69
Retail	15,000	5,088	9,912	10,386	7,635	6,870	1,643	26,534	7.58
Condos	233,750	0	233,750	244,937	0	0	43,608	288,545	13,115.69
Retail	31,214	10,588	20,625	21,613	15,887	14,296	3,335	55,131	7.76
Office	106,605	36,162	70,443	73,814	54,261	48,827	11,122	188,024	7.94
Condos	159,375	0	159,375	167,003	0	0	29,733	196,735	13,115.69
Car Wash	22,170	7,520	14,650	15,351	11,284	10,154	2,391	39,180	39,180.44
Office	26,770	9,081	17,689	18,536	13,626	12,261	2,871	47,294	47,293.66
Office	28,850	9,786	19,064	19,976	14,684	13,214	3,088	50,962	50,962.24
Lowel Zitloff/Office	145,410	49,325	96,085	100,684	74,012	66,601	15,248	256,544	256,544.18
Nolan Prop/Office	77,650	26,340	51,310	53,766	39,523	35,565	8,179	137,033	137,032.92
5 Swans/Merrill L	197,470	66,985	130,485	136,730	100,510	90,445	20,679	348,365	348,364.66
Office	26,650	9,040	17,610	18,453	13,565	12,206	2,859	47,082	47,082.01
Masonic Temple	14,030	4,759	9,271	9,715	7,141	6,426	1,542	24,824	24,823.56
TOTAL	**1,580,444**	**280,214**	**1,300,229**	**1,362,458**	**420,458**	**378,356**	**227,775**	**2,389,047**	

Note:

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

WHAT IS EXCLUDED FROM TIF?

Total Property Taxes	2,389,047
less State-wide Taxes	(378,356)
less Fiscal Disp. Adj.	(420,458)
less Market Value Taxes	(227,775)
less Base Value Taxes	(520,791)
Annual Gross TIF	841,668

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West Lake Street Redevelopment - No Inflation
City of Wayzata
71 Condos, 53,690 Sq/Ft Office and 10,603 Sq/Ft of Retail

TAX INCREMENT CASH FLOW

% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-				02/01/19
							-	-	-	-				08/01/19
							-	-	-	-				02/01/20
100%	1,074,625	(699,720)	-	374,905	104.786%	392,848	196,424	(707)	(19,572)	176,145	165,961	0.5	2020	08/01/20
							196,424	(707)	(19,572)	176,145	329,470	1	2020	02/01/21
100%	1,241,114	(699,720)	(36,386)	505,008	104.786%	529,178	264,589	(953)	(26,364)	237,273	546,466	1.5	2021	08/01/21
							264,589	(953)	(26,364)	237,273	760,255	2	2021	02/01/22
100%	1,649,916	(699,720)	(90,309)	859,887	104.786%	901,041	450,521	(1,622)	(44,890)	404,009	1,118,898	2.5	2022	08/01/22
							450,521	(1,622)	(44,890)	404,009	1,472,241	3	2022	02/01/23
100%	1,699,413	(699,720)	(99,100)	900,594	104.786%	943,696	471,848	(1,699)	(47,015)	423,134	1,836,842	3.5	2023	08/01/23
							471,848	(1,699)	(47,015)	423,134	2,196,055	4	2023	02/01/24
100%	1,750,396	(699,720)	(107,631)	943,045	104.786%	988,179	494,089	(1,779)	(49,231)	443,080	2,566,641	4.5	2024	08/01/24
							494,089	(1,779)	(49,231)	443,080	2,931,751	5	2024	02/01/25
100%	1,802,907	(699,720)	(116,941)	986,246	104.786%	1,033,448	516,724	(1,860)	(51,486)	463,377	3,307,943	5.5	2025	08/01/25
							516,724	(1,860)	(51,486)	463,377	3,678,576	6	2025	02/01/26
100%	1,856,995	(699,720)	(126,531)	1,030,744	104.786%	1,080,075	540,038	(1,944)	(53,809)	484,284	4,060,207	6.5	2026	08/01/26
							540,038	(1,944)	(53,809)	484,284	4,436,198	7	2026	02/01/27
100%	1,912,704	(699,720)	(136,408)	1,076,576	104.786%	1,128,101	564,051	(2,031)	(56,202)	505,818	4,823,104	7.5	2027	08/01/27
							564,051	(2,031)	(56,202)	505,818	5,204,293	8	2027	02/01/28
100%	1,970,086	(699,720)	(146,582)	1,123,784	104.786%	1,177,568	588,784	(2,120)	(58,666)	527,998	5,596,316	8.5	2028	08/01/28
							588,784	(2,120)	(58,666)	527,998	5,982,545	9	2028	02/01/29
100%	2,029,188	(699,720)	(157,061)	1,172,407	104.786%	1,228,519	614,259	(2,211)	(61,205)	550,843	6,379,531	9.5	2029	08/01/29
							614,259	(2,211)	(61,205)	550,843	6,770,650	10	2029	02/01/30
100%	2,090,064	(699,720)	(167,854)	1,222,490	104.786%	1,280,998	640,499	(2,306)	(63,819)	574,374	7,172,450	10.5	2030	08/01/30
							640,499	(2,306)	(63,819)	574,374	7,568,312	11	2030	02/01/31
100%	2,152,766	(699,720)	(178,971)	1,274,074	104.786%	1,335,052	667,526	(2,403)	(66,512)	598,610	7,974,780	11.5	2031	08/01/31
							667,526	(2,403)	(66,512)	598,610	8,375,242	12	2031	02/01/32
100%	2,217,349	(699,720)	(190,422)	1,327,207	104.786%	1,390,727	695,363	(2,503)	(69,286)	623,574	8,786,239	12.5	2032	08/01/32
							695,363	(2,503)	(69,286)	623,574	9,191,163	13	2032	02/01/33
100%	2,283,869	(699,720)	(202,216)	1,381,933	104.786%	1,448,072	724,036	(2,607)	(72,143)	649,287	9,606,552	13.5	2033	08/01/33
							724,036	(2,607)	(72,143)	649,287	10,015,803	14	2033	02/01/34
100%	2,352,385	(699,720)	(214,364)	1,438,301	104.786%	1,507,138	753,569	(2,713)	(75,086)	675,771	10,435,451	14.5	2034	08/01/34
							753,569	(2,713)	(75,086)	675,771	10,848,899	15	2034	02/01/35
100%	2,422,957	(699,720)	(226,876)	1,496,360	104.786%	1,567,976	783,988	(2,822)	(78,117)	703,049	11,272,678	15.5	2035	08/01/35
							783,988	(2,822)	(78,117)	703,049	11,690,195	16	2035	02/01/36
100%	2,495,645	(699,720)	(239,764)	1,556,161	104.786%	1,630,639	815,320	(2,935)	(81,238)	731,146	12,117,981	16.5	2036	08/01/36
							815,320	(2,935)	(81,238)	731,146	12,539,446	17	2036	02/01/37
100%	2,570,515	(699,720)	(253,039)	1,617,756	104.786%	1,695,182	847,591	(3,051)	(84,454)	760,086	12,971,117	17.5	2037	08/01/37
							847,591	(3,051)	(84,454)	760,086	13,396,408	18	2037	02/01/38
100%	2,647,630	(699,720)	(266,711)	1,681,199	104.786%	1,761,661	880,831	(3,171)	(87,766)	789,894	13,831,847	18.5	2038	08/01/38
							880,831	(3,171)	(87,766)	789,894	14,260,851	19	2038	02/01/39
100%	2,727,059	(699,720)	(280,794)	1,746,545	104.786%	1,830,135	915,067	(3,294)	(91,177)	820,596	14,699,943	19.5	2039	08/01/39
							915,067	(3,294)	(91,177)	820,596	15,132,546	20	2039	02/01/40
100%	2,808,871	(699,720)	(295,299)	1,813,852	104.786%	1,900,663	950,331	(3,421)	(94,691)	852,219	15,575,180	20.5	2040	08/01/40
							950,331	(3,421)	(94,691)	852,219	16,011,274	21	2040	02/01/41
100%	2,893,137	(699,720)	(310,240)	1,883,177	104.786%	1,973,306	986,653	(3,552)	(98,310)	884,791	16,457,343	21.5	2041	08/01/41
							986,653	(3,552)	(98,310)	884,791	16,896,821	22	2041	02/01/42
100%	2,979,931	(699,720)	(325,628)	1,954,583	104.786%	2,048,129	1,024,065	(3,687)	(102,038)	918,340	17,346,221	22.5	2042	08/01/42
							1,024,065	(3,687)	(102,038)	918,340	17,788,980	23	2042	02/01/43
100%	3,069,329	(699,720)	(341,479)	2,028,130	104.786%	2,125,197	1,062,598	(3,825)	(105,877)	952,896	18,241,610	23.5	2043	08/01/43
							1,062,598	(3,825)	(105,877)	952,896	18,687,551	24	2043	02/01/44
100%	3,161,409	(699,720)	(357,805)	2,103,884	104.786%	2,204,576	1,102,288	(3,968)	(109,832)	988,488	19,143,312	24.5	2044	08/01/44
							1,102,288	(3,968)	(109,832)	988,488	19,592,338	25	2044	02/01/45
100%	3,256,251	(699,720)	(374,620)	2,181,911	104.786%	2,286,337	1,143,169	(4,115)	(113,905)	1,025,148	20,051,135	25.5	2045	08/01/45
							1,143,169	(4,115)	(113,905)	1,025,148	20,503,151	26	2045	02/01/46
	Total						**37,388,443**	**(134,598)**	**(3,725,384)**	**33,528,460**				
		Present Value From 08/01/2018		**Present Value Rate**	**3.00%**		**22,863,588**	**(82,309)**	**(2,278,128)**	**20,503,151**				

Appendix E

Minnesota Business Assistance Form
(Minnesota Department of Employment and Economic Development)

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

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

Appendix F

Redevelopment Qualifications for the District

To be added to prior to the public hearing

Appendix G

Findings Including But/For Qualifications

To be added to prior to the public hearing

But-For Analysis	
Current Market Value	39,298,000
New Market Value - Estimate	109,165,925
Difference	69,867,925
Present Value of Tax Increment	22,863,588
Difference	47,004,337
Value Likely to Occur Without TIF is Less Than:	**47,004,337**

SCHEDULE OF EVENTS

WAYZATA HOUSING AND REDEVELOPMENT AUTHORITY AND THE CITY OF WAYZATA

HENNEPIN COUNTY, MINNESOTA

FOR THE MODIFICATION TO THE REDEVELOPMENT PLAN FOR THE CENTRAL AREA REDEVELOPMENT DISTRICT

AND THE

ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 6 – DOWNTOWN WEST (a redevelopment TIF District)

Draft as of November 6, 2017

October 17, 2017	City Council calls for a public hearing.
N/A	Project information submitted to the County Board for review of county road impacts (at least 45 days prior to public hearing). *The County Board, by law, has 45 days to review the TIF Plans to determine if any county roads will be impacted by the development. Because the City staff believes that the proposed tax increment financing districts will not require unplanned county road improvements, the TIF Plans will not be forwarded to the County Board 45 days prior to the public hearing. Please be aware that the County Board could claim that tax increment should be used for county roads, even after the public hearing.
October 31, 2017	Letter received by County Commissioner giving notice of the potential establishment of a redevelopment tax increment financing district (at least 30 days prior to publication of public hearing notice). *[Ehlers will fax and mail on or before October 31, 2017]*
November 16, 2017	HRA holds a workshop to give a general overview of the proposed TIF District.
November 17, 2017	Fiscal/economic implications received by School Board Clerk and County Auditor (at least 30 days prior to public hearing). *[Ehlers will fax and mail on or by November 17, 2017.]*
November 27, 2017	Ehlers conducts internal review of the TIF Plan.
November 30, 2017	Date of publication of hearing notice and map (at least 10 days but not more than 30 days prior to hearing). *[Lakeshore Weekly News publication deadline: November 22, 2017 – Ehlers will submit notice, map, and instructions on or by November 22, 2017 via email to sunlegals@ecm-inc.com]*
December 5. 2017	HRA holds a special meeting to adopt a resolution approving the TIF Plan.

SCHEDULE OF EVENTS – PAGE TWO

WAYZATA HOUSING AND REDEVELOPMENT AUTHORITY AND THE CITY OF WAYZATA

HENNEPIN COUNTY, MINNESOTA

FOR THE MODIFICATION TO THE REDEVELOPMENT PLAN FOR THE CENTRAL AREA REDEVELOPMENT DISTRICT

AND THE

ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 6 – DOWNTOWN WEST (a redevelopment TIF District)

Draft as of November 6, 2017

December 18, 2017	Planning Commission reviews TIF Plan to determine if it is in compliance with City's comprehensive plan and adopts a resolution approving the TIF Plan.
December 19, 2018	City Council holds a public hearing at 7:00 P.M. on the establishment of Tax Increment Financing District No. 6 – West Lake Street Redevelopment and passes resolution approving the TIF Plan. *[Ehlers will send Council packet information, via email, to the City on or by December 12, 2017.]*
By June 30, 2018	Ehlers files TIF Plan with the MN Department of Revenue, Office of the State Auditor, and Hennepin County.

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: December 5, 2017	**AGENDA ITEM:** 5c
TITLE: Future HRA Meetings	
PROPOSED MOTION: To Approve the 2018 HRA Meeting Schedule	
PREPARED BY: Jeffrey Dahl, City Manager	
REVIEWED BY: N/A	

ACTION REQUESTED:
Staff recommends approving the following HRA meeting schedule:
- January 25, 2018;
- April 26, 2018;
- July 26, 2018; and
- October 25, 2018.

FINANCIAL OR BUDGET CONSIDERATION:
N/A

BACKGROUND:
Typically the HRA meets every four months---the fourth Thursday of the month at 7:30 am. The first meeting is typically in January.

ATTACHMENTS:
N/A

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: December 5, 2017	**AGENDA ITEM:** 5d
TITLE: Discussion of Lodging Tax	
PROPOSED MOTION: N/A	
PREPARED BY: Jeffrey Dahl, Executive Director	
REVIEWED BY: N/A	

ACTION REQUESTED:
Staff recommends further exploration of this topic in 2019.

FINANCIAL OR BUDGET CONSIDERATION:
The City implementing a lodging tax could ultimately fund additional marketing and promotion activities to attract more visitors to Wayzata through either the City, Chamber, or related Convention and Visitors Bureau.

BACKGROUND:
This item was brought up at the last regular meeting.

What is a lodging tax? The existing state statute, M.S. 469.190, provides a local option lodging tax of up to three percent on the gross receipts from lodging and dedicating ninety-five percent of the gross proceeds only to marketing and promotion of tourism. This tax, unlike other local sales taxes, may be implemented with only local approval---meaning, no legislative approval from the state is needed. A hotel with 100 rooms, for $150 per night, with an average occupancy rate of 70% would generate $114,975 per year with a 3% tax.

In its latest Strategic Plan, the City Council has slotted exploration of a Lodging Tax as a 2019 initiative. Reasons for exploring the tax in 2019 are:

- Businesses will have had time to take a breather after a long period of construction and get used to the “new norm.”
- The City and Chamber will have had more of a chance to determine need and objectives with additional marketing and promotional dollars as well as the best way to administer dollars.

Other considerations are:
- The Landing Hotel would be the only property in Wayzata with a lodging tax burden, which could be considered unfair, especially with the additional business they are already generating. Most communities with lodging taxes have many hotels.
- There are other revenue generating tools available with less restrictions---broader sales tax, special services district, TIF, etc.
- Implementation of a vacation rental ordinance could produce additional lodging tax revenue.

Below is additional information from the state tourism board:

<u>Perspective:</u> The existing statute establishes a correlation between the lodging taxes collected from visitors to a community and tourism-based marketing/promotional initiatives. This revenue generation system benefits those who are recipients of tariffs, as well as the broader community. An important peripheral benefit is that these tax receipts reduce the burden on local tax payers.

Convention and Visitor Bureaus (CVB's) and Destination Marketing Organizations (DMO's), operating pursuant to this statute, are able, with utilization of lodging tax funds for marketing to make visitors aware of the local community and its assets. CVB's/DMO's regularly collaborate with Explore Minnesota Tourism (EMT) to further promote local communities and thus can access resources that would not otherwise be available.

Importantly, Convention and Visitors Bureaus complement the Economic Development function of a city, county, or township. This permits local jurisdictions to use the allocated dollars available to them in a far more targeted manner. CVB's provide an exceedingly valuable resource as they work together with Economic Development factions to spread the word about the advantages of visiting the community – for business or other reasons.

<u>Economic Impact:</u> A recent report prepared for the Minnesota Office of Tourism to assess the economic impact of advertising by that department found that for 2016 – every $1 invested in the Minnesota Ad Campaign generated $98 in visitor spending and $9 tax revenue benefit to Minnesota residents. A second study**reviewing the economic impact of the Spring/Summer 2016 Tourism Ad Campaign in Minnesota found that:*

- *The Spring/Summer 2016 Minnesota ad campaign generated 3.5 million trips to Minnesota, resulting in $389 million in additional traveler spending.*
- *Including indirect and induced impacts, this ad campaign promoting Minnesota generated $51.9 million in state and local taxes and $47.6 million in Federal taxes.*
- *Travel-driven state and local tax proceeds of $51.9 million helped offset the average household tax burden by $24 per household. That is, were it not for the 2016 tourism ad campaign, Minnesota households would need to pay $24 each to maintain the same level of government revenue.*

ATTACHMENTS:
N/A