



Agenda
Minnetonka Economic Development Authority
Monday, Dec. 19, 2022
Following the 6:30 p.m. regular meeting
Council Chambers

1. Call to Order
2. Roll Call: Schaeppi-Coakley-Kirk-Schack-Wilburn-Calvert-Wiersum
3. Approval of Agenda
4. Approval of Minutes: None.
5. Business Items:
 - A. Opus Tax Increment Financing (TIF) interfund loans
Recommendation: Adopt the resolutions (4 votes)
6. Adjourn



**Economic Development Authority
Agenda Item #5
Meeting of Dec. 19, 2022**

Title: Opus Tax Increment Financing (TIF) interfund loans
Report From: Alisha Gray, Economic Development and Housing Manager
Submitted through: Mike Funk, Executive Director
Julie Wischnack, AICP, Community Development Director
Darin Nelson, Finance Director

Action Requested: Motion Informational Public Hearing
Form of Action: Resolution Ordinance Contract/Agreement Other N/A
Votes needed: 4 votes 5 votes N/A Other

Summary Statement

The resolutions authorize increases to the Opus interfund loans.

Recommended Action

Motion to adopt the resolutions.

Strategic Profile Relatability

Financial Strength & Operational Excellence Safe & Healthy Community
 Sustainability & Natural Resources Livable & Well-Planned Development
 Infrastructure & Asset Management Community Inclusiveness
 N/A

Statement: N/A

Financial Consideration

Is there a financial consideration? No Yes \$2,150,000
Financing sources: Budgeted Budget Modification New Revenue Source
 Use of Reserves Other [Enter]

Statement: Staff recommends the increase to the allow the Opus interfund loans, offset by tax increment revenue.

Background

On [March 8, 2021](#), and [April 26, 2021](#), the EDA adopted resolutions authorizing interfund loans through the Opus TIF district to pay for administrative expenses related to the establishment and / or the TIF district and costs related to studies and administration for infrastructure improvements. Initially, the EDA approved \$50,000 to assist with administrative expenses for establishing the district and administration costs. In addition, the EDA approved \$1,000,000 to assist with studies and initial infrastructure costs to make road and bridge improvements within the TIF district in Opus. Staff recommends the EDA increase the interfund loan amounts to \$200,000 for administrative expenses and \$3,000,000 for infrastructure studies and improvements.

It is anticipated that future public roadway improvements total approximately \$16.5 million. Some of the need is caused by the development, but most of the need is based on a future more intense redevelopment scenario. These road improvements would serve the area where the four proposals were identified in the [AUAR report](#). Typically, these costs would be shared proportionally between the redevelopment projects and paid for by the developer. The proposed TIF Renewal and Renovation District allows the city to pay for these costs with tax increments generated by the district, rather than through assessments to the individual projects, which could impact the project's feasibility. The interfund loans allow the city to incur expenditures before the district generating increment. The interfund loans will be fully repaid through future increment, which is expected to begin in 2024/2025.

It is anticipated that the district will generate up to \$25.1 million to finance infrastructure improvements and repay the city's interfund loans. Any remaining tax increment could be utilized to support the city's affordable housing initiatives.

EDA Resolution No. 2022-_____

Resolution amending EDA Resolution No. 2021-005 regarding an interfund loan for advance of certain infrastructure costs in connection with the Opus Business Park Tax Increment Financing District

Be it resolved by the Board of Commissioners (the “Board”) of the Economic Development Authority in and for the City of Minnetonka, Minnesota (the “Authority”) as follows:

Section 1. Recitals.

- 1.01. The City of Minnetonka, Minnesota (the “City”) and the Authority have established the Opus Business Park Tax Increment Financing District (the “TIF District”), a renewal and renovation district within Development District No. 1 in the City, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”).
- 1.02. The Authority may incur certain costs related to the TIF District, which costs may be financed on a temporary basis from available Authority funds.
- 1.03. Under Section 469.178, subdivision 7 of the TIF Act, the Authority is authorized to advance or loan money from any fund from which such advances may be legally made in order to finance expenditures that are eligible to be paid with tax increments under the TIF Act.
- 1.04. On March 8, 2021, the Board adopted EDA Resolution No. 2021-005 (the “Original Infrastructure Interfund Loan Resolution”), pursuant to which the Authority determined to pay for certain infrastructure costs related to the TIF District (the “Qualified Costs”), which costs may be financed on a temporary basis from Authority or City funds available for such purposes, through an interfund loan (the “Original Infrastructure Interfund Loan”) in the principal amount of \$1,000,000.
- 1.05. The Authority has proposed to amend the Original Infrastructure Interfund Loan Resolution to request an additional interfund loan in the maximum principal amount of \$2,000,000 from the City to finance additional Qualified Costs (the “Additional Infrastructure Interfund Loan”) in accordance with the terms of this resolution.
- 1.06. In order to finance the additional Qualified Costs, the Authority has determined to use funds within its Development Fund.
- 1.07. The Authority intends to reimburse itself for all or a portion of the additional Qualified Costs from tax increments derived from the property within the TIF District in accordance with the terms of this resolution.
- 1.08. The Original Infrastructure Interfund Loan and the Additional Infrastructure Interfund Loan will be referred to collectively as the “Interfund Loan” and will be in the total principal amount of \$3,000,000.

Section 2. Additional Infrastructure Interfund Loan.

- 2.01. The Authority shall reimburse itself for the additional Qualified Costs in the amount of up to \$2,000,000, together with interest at the rate stated below. Interest on the Additional Infrastructure Interfund Loan accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 and Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 4.0% and will not fluctuate.
- 2.02. Principal and interest (the "Payments") on this Additional Infrastructure Interfund Loan shall be paid semiannually on each February 1 and August 1 (each a "Payment Date"), commencing on the first Payment Date on which the Authority has Available Tax Increment (defined below), or on any other dates determined by the Executive Director of the Authority, through the date of last receipt of tax increment from the TIF District.
- 2.03. Payments on this Additional Infrastructure Interfund Loan are payable solely from "Available Tax Increment," which shall mean, on each Payment Date, tax increment available after other obligations have been paid, or as determined by the Executive Director of the Authority, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the Authority by Hennepin County, Minnesota, all in accordance with the TIF Act. Payments on this Additional Infrastructure Interfund Loan may be subordinated to any outstanding or future bonds or notes issued by the Authority and secured in whole or in part with Available Tax Increment. This Additional Infrastructure Interfund Loan shall be paid prior to any pay-as-you-go notes or contracts secured in whole or in part with Available Tax Increment, and any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment; provided, however, that this Additional Infrastructure Interfund Loan shall be repaid with Available Tax Increment on a parity basis with (a) the Original Infrastructure Interfund Loan; (b) the interfund loans previously approved by the Board and the City Council with respect to the payment of administrative costs associated with the creation of the TIF District and the Authority grants to be provided to private developers for the development of housing within the TIF District; and (c) future interfund loans for the payment of additional administrative costs and grants to private developers for the development of housing within the TIF District.
- 2.04. The principal sum and all accrued interest payable under this Additional Infrastructure Interfund Loan are prepayable in whole or in part at any time by the Authority without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Additional Infrastructure Interfund Loan.
- 2.05. This Additional Infrastructure Interfund Loan is evidence of an internal borrowing by the Authority in accordance with Section 469.178, subdivision 7 of the TIF Act,

and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. This Additional Infrastructure Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority. Neither the State of Minnesota nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Additional Infrastructure Interfund Loan or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Additional Infrastructure Interfund Loan or other costs incident hereto. Neither the Authority nor the City shall have any obligation to pay any principal amount of this Additional Infrastructure Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.

- 2.06. The Authority may at any time make a determination to forgive the outstanding principal amount and accrued interest on this Additional Infrastructure Interfund Loan to the extent permissible under law.
- 2.07. The Authority may from time to time amend the terms of this resolution to the extent permitted by law, including without limitation amendment to the payment schedule and the interest rate; provided, however, that the interest rate may not be increased above the maximum specified in Section 469.178, subdivision 7 of the TIF Act.
- 2.08. Unless otherwise amended by this resolution, the Original Infrastructure Interfund Loan Resolution shall remain in full force and effect.
- 2.09. This resolution shall be in full force and effect upon its adoption.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota on Dec. 19, 2022.

Brad Wiersum, President

ATTEST:

Becky Koosman, Secretary

Action on this resolution:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, at a duly authorized meeting held on Dec. 19, 2022.

Becky Koosman, Secretary

EDA Resolution No. 2022-_____

Resolution amending EDA Resolution No. 2021-007 regarding an interfund loan for advance of certain administrative costs in connection with the Opus Business Park Tax Increment Financing District

Be it resolved by the Board of Commissioners (the “Board”) of the Economic Development Authority in and for the City of Minnetonka, Minnesota (the “Authority”) as follows:

Section 1. Recitals.

- 1.01. The City of Minnetonka, Minnesota (the “City”) and the Authority have established the Opus Business Park Tax Increment Financing District (the “TIF District”), a renewal and renovation district within Development District No. 1 in the City, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”).
- 1.02. The Authority may incur certain costs related to the TIF District, which costs may be financed on a temporary basis from available Authority funds.
- 1.03. Under Section 469.178, subdivision 7 of the TIF Act, the Authority is authorized to advance or loan money from any fund from which such advances may be legally made in order to finance expenditures that are eligible to be paid with tax increments under the TIF Act.
- 1.04. On April 26, 2021, the Board adopted EDA Resolution No. 2021-007 (the “Original Administrative Costs Interfund Loan Resolution”), pursuant to which the Authority determined to pay for certain administrative costs related to the TIF District (the “Qualified Costs”), which costs may be financed on a temporary basis from Authority or City funds available for such purposes, through an interfund loan (the “Original Administrative Costs Interfund Loan”) in the principal amount of \$50,000.
- 1.05. The Authority has proposed to amend the Original Administrative Costs Interfund Loan Resolution to request an additional interfund loan in the maximum principal amount of \$150,000 from the City to finance additional Qualified Costs (the “Additional Administrative Costs Interfund Loan”) in accordance with the terms of this resolution.
- 1.06. In order to finance the additional Qualified Costs, the Authority has determined to use funds within its Development Fund.
- 1.07. The Authority intends to reimburse itself for all or a portion of the additional Qualified Costs from tax increments derived from the property within the TIF District in accordance with the terms of this resolution.
- 1.08. The Original Administrative Costs Interfund Loan and the Additional Administrative Costs Interfund Loan will be referred to collectively as the “Interfund Loan” and will be in the total principal amount of \$200,000.

Section 2. Additional Administrative Costs Interfund Loan.

- 2.01. The Authority shall reimburse itself for the additional Qualified Costs in the amount of up to \$150,000, together with interest at the rate stated below. Interest on the Additional Administrative Costs Interfund Loan accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 and Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 4.0% and will not fluctuate.
- 2.02. Principal and interest (the "Payments") on this Additional Administrative Costs Interfund Loan shall be paid semiannually on each February 1 and August 1 (each a "Payment Date"), commencing on the first Payment Date on which the Authority has Available Tax Increment (defined below), or on any other dates determined by the Executive Director of the Authority, through the date of last receipt of tax increment from the TIF District.
- 2.03. Payments on this Additional Administrative Costs Interfund Loan are payable solely from "Available Tax Increment," which shall mean, on each Payment Date, tax increment available after other obligations have been paid, or as determined by the Executive Director of the Authority, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the Authority by Hennepin County, Minnesota, all in accordance with the TIF Act. Payments on this Additional Administrative Costs Interfund Loan may be subordinated to any outstanding or future bonds or notes issued by the Authority and secured in whole or in part with Available Tax Increment. This Additional Administrative Costs Interfund Loan shall be paid prior to any pay-as-you-go notes or contracts secured in whole or in part with Available Tax Increment, and any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment; provided, however, that this Additional Administrative Costs Interfund Loan shall be repaid with Available Tax Increment on a parity basis with (a) the Original Administrative Costs Interfund Loan; (b) the interfund loans previously approved by the Board and the City Council with respect to the payment of administrative costs associated with the creation of the TIF District and the Authority grants to be provided to private developers for the development of housing within the TIF District; and (c) future interfund loans for the payment of additional administrative costs and grants to private developers for the development of housing within the TIF District.
- 2.04. The principal sum and all accrued interest payable under this Additional Administrative Costs Interfund Loan are prepayable in whole or in part at any time by the Authority without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Additional Administrative Costs Interfund Loan.
- 2.05. This Additional Administrative Costs Interfund Loan is evidence of an internal borrowing by the Authority in accordance with Section 469.178, subdivision 7 of

the TIF Act, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. This Additional Administrative Costs Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority. Neither the State of Minnesota nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Additional Administrative Costs Interfund Loan or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Additional Administrative Costs Interfund Loan or other costs incident hereto. Neither the Authority nor the City shall have any obligation to pay any principal amount of this Additional Administrative Costs Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.

- 2.06. The Authority may at any time make a determination to forgive the outstanding principal amount and accrued interest on this Additional Administrative Costs Interfund Loan to the extent permissible under law.
- 2.07. The Authority may from time to time amend the terms of this resolution to the extent permitted by law, including without limitation amendment to the payment schedule and the interest rate; provided, however, that the interest rate may not be increased above the maximum specified in Section 469.178, subdivision 7 of the TIF Act.
- 2.08. Unless otherwise amended by this resolution, the Original Administrative Costs Interfund Loan Resolution shall remain in full force and effect.
- 2.09. This resolution shall be in full force and effect upon its adoption.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota on Dec. 19, 2022.

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I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, at a duly authorized meeting held on Dec. 19, 2022.

Becky Koosman, Secretary