



Agenda
Minnetonka Economic Development Authority
Monday, April 26, 2021
Following the regular meeting
WebEx

1. Call to Order
2. Roll Call: Kirk-Schack-Carter-Calvert-Schaeppi-Coakley-Wiersum
3. Approval of Agenda
4. Approval of Minutes:
 - A. March 8, 2021 EDA meeting
5. Business Items:
 - A. Items concerning the Opus Tax Increment Financing District:
 - 1) Resolution approving a tax increment financing plan for the Opus Business Park Tax Increment Financing District and a modified development program for Development District No. 1
 - 2) Resolution authorizing interfund loan for advance of certain costs in connection with the Opus Business Park Tax Increment Financing District to be created within Development District No. 1

Recommendation: Adopt the resolutions (4 votes)
6. Adjourn

Minutes
Minnetonka Economic Development Authority
Monday, March 8, 2021

1. Call to Order

Wiersum called the meeting to order at 9:48 p.m.

2. Roll Call

Commissioners Susan Carter, Deb Calvert, Bradley Schaeppi, Kissy Coakley, Brian Kirk, Rebecca Schack and President Brad Wiersum were present.

3. Approval of Agenda

Calvert moved, Kirk seconded a motion to accept the agenda, as presented.

All voted "yes." Motion carried.

4. Approval of Minutes:

A. February 8, 2021 EDA meeting

Calvert moved, Kirk seconded a motion to accept the minutes, as presented.

All voted "yes." Motion carried.

5. Business Items:

A. Items related to Minnetonka Station located at 10400, 10500, and 10550 Bren Road East and TIF Development District No. 1 in Opus

Wischnack stated the information presented on this subject during the preceding council meeting applies to the item before the EDA. She outlined the recommended actions.

Kirk asked whether housing choice vouchers can be used with units at 50% AMI or lower. Wischnack indicated that tenants are able to use those voucher for units at that price point as long as they meet the qualifications and the building owner chooses to accept it. Kirk then asked whether property value is affected by the city labeling it as "obsolete" or "blighted". Wischnack stated the property assessment value would not be impacted. The city's use of this label is to ensure compliance with TIF law.

Schack asked whether properties labeled as "obsolete" or "blighted" within a TIF district could face the consequence of condemnation. Wischnack stated that condemnation is not tied to these labels.

Wiersum requested that information regarding Section 8 vouchers to be provided to the council in the future, so as to inform the conversation surrounding affordable housing.

Calvert noted that the Economic Development Advisory Commission supported the establishment of this TIF district, but wanted to be sure that the tentative projects within

the district would be realized. Wischnack stated additional actions will be needed on this item in the future, and projection for the district can be discussed at that time.

Calvert moved, Kirk seconded a motion to adopt the following resolutions:

1) EDA Res. 2021-002 approving a contract for private development with Minnetonka Multifamily 1, LLC; and authorizing the president and executive director to approve non-substantive changes to the related documents;

2) EDA Res. 2021-003 designating buildings as structurally substandard within Development District No. 1 of the City of Minnetonka; authorizing the execution of a preliminary development agreement, and authorizing the president and executive director to approve non-substantive changes to the related documents;

3) EDA Res. 2021-004 authorizing an interfund loan for the advance of certain costs in connection with a grant for a multifamily housing development; and

4) EDA Res. 2021-005 authorizing an interfund loan for the advance of certain costs in connection with a tax increment financing district to be created within Development District No. 1.

All voted "yes." Motion carried.

6. Adjournment

Calvert moved, Schack seconded a motion to adjourn the meeting at 10:03 p.m.

All voted "yes." Motion carried.

Respectfully submitted,

Becky Koosman
City Clerk

EDA Agenda Item #5A
Meeting of April 26, 2021

Brief Description	Items concerning the Opus Tax Increment Financing District: 1) Resolution approving a tax increment financing plan for the Opus Business Park Tax Increment Financing District and a modified development program for Development District No. 1 2) Resolution authorizing interfund loan for advance of certain costs in connection with the Opus Business Park Tax Increment Financing District to be created within Development District No. 1
Recommendation	Adopt the resolutions

Background

On Oct. 12, 2020, staff provided an update to the city council on the status of four housing redevelopment proposals that were being considered in Opus. At the time, these projects were at various stages of review, and staff was working with each developer to provide feedback on the initial concept proposals and determine the appropriate mix of affordable housing units in each project. Through this process, staff recognized that there were common elements from each project that had the potential for a comprehensive solution rather than looking at each site independently. The common elements included a mix of affordable housing, infrastructure improvements, financing requests, and project timing.

Through the analysis, staff researched various types of financing tools that could be utilized to serve multiple projects in a defined geographic area. Staff determined that the city could potentially create a TIF Renewal and Renovation (R&R) District if it were determined that the buildings within the TIF district met certain building deficiency and coverage tests. Staff hired a consultant to conduct the analysis. It was determined that a larger R&R District could be established to assist the four housing redevelopment projects and redevelopment initiatives.

On March 8, 2021, the city council and economic development authority (EDA) approved resolutions designating certain buildings within Opus as substandard. They authorized an interfund loan to assist with paying for costs to establish the tax increment financing district. The city must now hold a public hearing and adopt the resolution establishing the Opus Business Park Tax Increment Financing District. Following the council meeting, the EDA must also adopt a resolution establishing the TIF district.

Current Redevelopment Proposals

On Oct. 12, 2020, staff provided an update to the city council on the four housing redevelopment proposals in Opus. During initial discussions with developers, staff considered utilizing a mix of financial tools, including the city's TIF Pooling balance and creating new TIF Housing districts to finance affordable housing for these projects. Through this process, staff found that the available financing tools would not allow the level of affordability that would diversify the mix of affordable housing in the area because of limitations on the use of TIF by

state statute. Additionally, developers expressed that even with TIF Housing assistance, they could not finance their projects.

Staff began researching alternative approaches to financing for the area projects. It was determined that a TIF R&R District could assist the city in meeting its affordable housing goals. It does not require the city to follow the same affordability test as the TIF Housing District or the city's TIF Pooling funds and can be expended on additional redevelopment priorities. Within this approach, there is flexibility to mix various levels of affordability within each project to balance the overall mix of affordable housing in the area.

Following confirmation that the R&R district was a possibility, staff reviewed the overall mix of existing affordable ownership and rental housing in Opus. The existing mix of rental and ownership affordable housing in Opus was as follows:

- 0-30% AMI = 0% units (some exist in the Elmbrook development)
- 30%-50% AMI = 2% of units
- 50%-60% AMI = 57% of units
- 60%-80% AMI = 28% of units
- Market Rate = 14% units
- **Total of 2,183 existing housing units**

As proposed, the four new projects have the following mix of units:

- 0-30% AMI = 1% of units
- 30%-50% AMI = 8% of units
- 50%-60% AMI = 1% of units
- 60%-80% AMI = 6% of units
- Market Rate = 84% units
- **Total of 1,408 proposed housing units** (includes Wellington phase 2 – 185 units)

Staff focused on efforts that would increase the units mix at 50% AMI and below and up to 80% AMI. With consideration of the projects the city is currently reviewing, the proposed housing mix for the entire Opus area, with the new unit types resulting in the following mix:

- 0-30% AMI = 0% units (12 units are proposed, but percent doesn't pick up change)
- 30%-50% AMI = 4% of units
- 50%-60% AMI = 35% of units
- 60%-80% AMI = 19% of units
- Market Rate = 41% units
- **Total of 3,591 combined housing units**

Staff is recommending this approach as it will ensure long-term affordability options within the area that is varied, at multiple income levels. Below is a summary of the four housing redevelopment projects approved or under review:

[Minnetonka Station/Linden Street Partners \(10400, 10500, and 10550 Bren Road East\)](#)

- Seven story, 275-unit apartment building
- City is recommending \$553,000 in assistance to provide 10% of units affordable at 50% AMI (compensating the developer for the extra 5% at 50% AMI instead of 60% as provided in the city policy).

- March 8, 2021 – City council approval
- Summer 2021 – Building demolition

Shady Oak Office Center/Wellington Management (10901 Red Circle Drive)

- 5 story, 223 unit building (phase 1)
 - The developer is seeking \$2.4 million in assistance to provide affordable units
 - 23 units at 50% AMI and 45 units at 80% AMI
- 3-4 story, 70 unit building (future phase 2)
- Current project schedule
 - EDAC – March 11, 2021
 - Planning Commission – May 20, 2021
 - City Council – June 14, 2021

Doran Apartments (5959 Shady Oak Road)

- Six-story, 375-unit apartment building
- Developer is proposing to meet the city's Affordable Housing Policy by providing 5% of the units at 50% AMI (19 units) and 5% of the units at 60% AMI (16 units), and 5% at 80% AMI (19 units).
 - The developer is requesting \$280,000 in assistance to provide the affordable units
- Current project schedule:
 - EDAC – April 29, 2021
 - Planning Commission – May 10, 2021/TBD
 - City Council Meeting – TBD

Bren Road Development, KA/AEON (10701 Bren Road East)

- 14-story, market-rate apartment building with 294 units
- 4-story, affordable housing apartment building with 75 units
 - Affordable housing project includes a mix of 30%, 50%, and 60% AMI units
- Developer is seeking financing assistance up to \$8.13 million
- Current project schedule:
 - Planning Commission – April 22, 2021
 - EDAC – April 29, 2021
 - City Council – May 10, 2021

Opus Alternative Urban Areawide Review (AUAR)

In 2020, the city commissioned an AUAR study to understand better the cumulative impacts that future redevelopment projects could have on the environment and infrastructure in Opus. The document reviewed the major infrastructure improvements that would be required to meet the goals identified in the 2040 Comprehensive Plan and reviewed a second scenario that assumed the redevelopment of parcels into high-density residential and office uses. The key finding of this report was that the 2040 Comprehensive Plans projections for employment (16,500 new jobs) and housing (3,550 people) would not trigger major infrastructure improvements.

The second scenario anticipated high-density redevelopment and included the addition of 22,200 jobs (5,700 more than scenario 1) and 7,350 more people (3,800 more than scenario one) living in the area. The study found that additional demands on infrastructure systems would

be generated. Existing water and sanitary sewer systems can currently accommodate anticipated flows. However, various roadway system improvements would be required for development exceeding the 2040 Comprehensive Plan scenario.

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 would allow 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.

A map of the proposed Transportation Mitigation Plan with a description of the improvements is attached.

Tax Increment Renewal and Renovation District

Staff is recommending that the city establish a TIF R&R district to finance the road improvements, public improvements, and affordable housing units that are part of the four housing redevelopment projects and potential future projects. Based upon the location of these projects, the proposed R&R district would be comprised of 23 parcels on the western portion of Opus.

The city has completed the analysis required to determine the eligibility of the district, and the next step is to hold the public hearing to establish the TIF district. If approved, the district is anticipated to generate \$194 million in tax increment over the next 16 years (the full term of the R&R district) to pay for current and future development scenarios identified in the tax increment financing plan. The four housing projects in Opus are currently requesting a total of \$11,363,000 to provide affordable housing units. It is anticipated that additional projects will request assistance over the next 16 years. The city is not obligated to spend all of the increment that the district could potentially generate. Additionally, an interfund loan will be established to reimburse the city for costs associated with establishing the TIF district.

The city would propose utilizing general obligation tax increment revenue bonds to fund road improvements and repay the bonds through the tax increment generated by the district over time. It is anticipated that the district will generate up to \$25.1 million to finance infrastructure improvements. Any remaining tax increment could be utilized to support the city's affordable housing initiatives. Each redevelopment project is being reviewed independently to determine the appropriate mix of affordable units and the need for assistance. Staff will present any requests for financial assistance to the EDAC and city council as the projects move forward.

The establishment of the TIF R&R district is as follows:

- March 8 – Ehlers conducts an internal review of the plans, and the city council approves a resolution identifying parcels to be included in the TIF R&R district
- April 15 – Publication of hearing notice and map published in Sun Sailor
- April 26 – City council holds a public hearing
- April 27 – City may issue building permits

The timing of the establishment of the TIF R&R district is critical as the city cannot issue a building permit for any of the projects prior to the public hearing for the TIF District. Three additional multifamily housing projects are seeking final approval from the city council in the summer of 2021, which aligns with the proposed TIF process that is outlined.

The attached memo from Ehlers further describes the establishment of the Renewal and Renovation District and the potential tax increment that the district could generate to assist with these projects. A representative from Ehlers and the EDA's legal counsel, Julie Eddington, will be available at the meeting to answer questions.

Recommendation

Staff recommends the EDA adopt the resolutions:

- 1) Approving a tax increment financing plan for the Opus Business Park Tax Increment Financing District and a modified development program for Development District No. 1; and
- 2) Authorizing interfund loan for advance of certain costs in connection with the Opus Business Park Tax Increment Financing District to be created within Development District No. 1

Submitted through:

Geralyn Barone, City Manager
Julie Wischnack, AICP, Community Development Director
Darin Nelson, Finance Director

Originated by:

Alisha Gray, EDFP, Economic Development and Housing Manager

Additional Information

Ehlers Memo

Opus Housing Developments

Transportation Mitigation Plan for Opus

Tax Increment Financing Policy

Tax Increment Financing Plan

[March 8, 2021 City Council Meeting](#)

[March 8, 2021 EDA Meeting](#)

[Feb. 25, 2021 EDAC Meeting – Opus Renewal and Renovation District and Linden Street Partners](#)

- [Link to meeting video](#)

[Oct. 12, 2020 City Council – Opus Housing Brief](#)

[Oct. 29, 2020 EDAC Meeting](#)

[Opus Alternative Urban Areawide Review](#)

[Opus Public Realm Design Guidelines](#)

MEMORANDUM

TO: Julie Wischnack – Community Development Director
 Alisha Gray – Economic Development and Housing Manager

FROM: Keith Dahl & Stacie Kvilvang - Ehlers

DATE: April 26, 2021

SUBJECT: Public Hearing on Opus Business Park TIF District

Overview

The City and EDA are considering the establishment of the Opus Business Park Tax Increment Financing District, a renewal and renovation district (District) to facilitate construction of approximately 4,800 residential housing units and finance critical infrastructure improvements identified in the Opus Alternative Urban Areawide Review and Mitigation Plan (AUAR). Currently, there are five (5) developments proposed in the District totaling 1,223 residential housing units and six (6) areas slated for either street, circulation, and/or traffic light improvements:

1. Shady Oak Road & Red Circle (North and South)
2. Shady Oak Road & Hwy 62
3. Shady Oak Road & Bren Road
4. Green Oak Drive
5. Bren Road & Smetana Drive
6. Bren Road & Hwy 169

In addition, the City and EDA anticipate utilizing up to 30 percent of the tax increment (including any administrative costs) for affordable housing objectives. They may decide to utilize a portion of the tax increment and return a portion to the County on an annual basis or they may take all of the tax increment in one year to assist eligible projects.

The District will encompass 23 parcels noted in the tables below and incorporate all adjacent and internal rights-of-way. Please reference the attached map for further information on the location of the District.

Parcel number	Address
36-117-22-31-0017	10500 Bren Rd E
36-117-22-31-0018	10400 Bren Rd E
36-117-22-34-0019	10550 Bren Rd E
36-117-22-32-0004	5959 Shady Oak Rd
36-117-22-32-0056	Not Assigned
36-117-22-33-0010	10901 Red Circle Dr
36-117-22-31-0014	10701 Bren Rd E
36-117-22-31-0005	10301 Bren Rd W
36-117-22-31-0016	10901 Bren Rd E
36-117-22-34-0014	10400 Yellow Circle Dr
36-117-22-32-0071	10900 Red Circle Dr
36-117-22-33-0016	6001 Shady Oak Rd

Parcel number	Address
36-117-22-33-0017	11000 Red Circle Dr
36-117-22-33-0020	10985 Red Circle Dr
36-117-22-33-0021	10995 Red Circle Dr
36-117-22-33-0022	10999 Red Circle Dr
36-117-22-34-0010	10701 Red Circle Dr
36-117-22-34-0011	10601 Red Circle Dr
36-117-22-34-0013	10401 Bren Rd E
36-117-22-31-0021	Not Assigned
36-117-22-31-0022	10451 Bren Rd W
36-117-22-34-0012	10501 Bren Rd E
36-117-22-33-0009	10801 Red Circle Dr

Term Length

The duration of this District will be 15 years from the date of receipt of the first increment, which is anticipated in 2024. Thus, it is estimated that the District, would terminate at the earlier of satisfaction of outstanding obligations such as pay-as-you-got notes, interfund loans and bonds or on December 31, 2039.

Qualification Criteria

In order to establish a renewal and renovation district, a City must determine that (i) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures; (ii) 20 percent of the buildings are structurally substandard; and (iii) 30 percent of the other buildings require substantial renovation or clearance to remove existing conditions such as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety, and general well-being of the community.

Staff determined 95 percent of the area included in the District is covered as described above. Since there are 19 buildings located in the District, four (4) would need to be considered structurally substandard to meet the second test of the establishment criteria. The City hired CR-BPS to complete a blight analysis on four (4) buildings (10500, 10400, 10550 Bren Road and 10601 Red Circle Drive - denoted by red dots on the map). Based upon their inspections, it was determined that all four (4) would qualify as structurally substandard – meaning those buildings could not 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.

In addition, staff also determined seven (7) of the remaining buildings/properties (42 percent) require clearance to remove existing conditions due to incompatible uses and obsolete buildings not suitable for improvement or conversion (denoted by the orange dots on the map). Please reference the map below and Appendix D of the TIF Plan for further information about meeting the establishment criteria:



Budget

The budget below is in a maximum amount, meaning over the term of the District, the amount of tax increment collected may not exceed what is noted for Project Costs (\$194,560,207). If that were to happen, the City and EDA would be required to modify the budget which would entail going through the entire notification and public hearing process again as if the City and EDA were establishing a new district. In order to alleviate this as a future consideration and cost, we've maximized the number of rental units that could be constructed in the District based upon the current zoning code of the City and added annual inflation to increase the budget.

USES	
Land/Building Acquisition	\$ 30,000,000
Site Improvements/Preparation	25,000,000
Affordable Housing	53,087,332
Utilities	5,000,000
Other Qualifying Improvements	57,342,269
Administrative Costs (up to 10%)	24,130,605
PROJECT COSTS TOTAL	\$ 194,560,207
Interest	70,876,453
PROJECT AND INTEREST COSTS TOTAL	\$ 265,436,660

Please note: the budget does not resemble the amount of assistance being provided to developers for construction of residential housing units. Assistance for each project is negotiated on its own merits and part of a separate Contract for Private Redevelopment between the EDA and each individual developer. Currently, there are five (5) development proposals contemplated within the District and the proposed obligations and source of funding are noted below. These include Doran Development, Linden Street Partners, Wellington Management, Kraus Anderson, and AEON.

Obligations of the District

Tax increment from the District is largely site specific, meaning that the revenues are restricted by law to primarily address blight, contamination, infrastructure improvements, and redevelopment needs for the parcels and adjacent rights-of-way within the District. The following obligations have been or will be proposed for consideration within the District.

- **Linden Street Partners: \$553,000 Up-Front Grant from EDA Funds.** The EDA has agreed to provide an up-front grant for this project. The EDA will reimburse itself through future tax increment generated from the District at an interest rate of 4%.
- **Wellington Management: \$2,400,000 Pay-As-You-Go Note at 3.75%.** Upon project completion and verification of qualified expenses, the EDA has proposed to issue a PAYGO Note payable from 85% of the tax increment collected from the project over an anticipated term of 6 years.
- **Kraus Anderson: \$8,130,000 Pay-As-You-Go Note at 4.50%.** Upon project completion and verification of qualified expenses, the EDA is considering issuing a PAYGO Note payable from 90% of the tax increment collected from the project over an anticipated term of 12.5 years.

- **Doran Development: \$280,000 Up-Front Grant from EDA Funds.** The EDA is considering providing an up-front grant for this project. The EDA will reimburse itself through future tax increment generated from the District at an interest rate of 4%.
- **Minnetonka EDA: Interfund Loan, Series A (IFL) for up to \$1,000,000 at 4%.** The EDA approved this IFL on March 8, 2021. It is intended to cover any capital cost and engineering costs for the roadway improvements until such time there is adequate tax increment generated from within the District.
- **Minnetonka EDA: Interfund Loan, Series B for up to \$50,000 at 4%.** This IFL will be considered by the EDA for approval at the same time of the District. It is intended to cover any future administrative costs associated with the District that are not covered by the developers until such time there is adequate tax increment generated from within the District.
- **City of Minnetonka: G.O. Tax Increment Financing Bonds.** In the future, the City may issue bonds secured by tax increment generated from within the District to finance the critical infrastructure improvements identified in the Opus AUAR Plan. In total, it is estimated to be approximately \$25.1 million of which \$12.65 million is considered an in-district expenditure while \$12.45 million would be a pooling expenditure since these improvements are located outside of the District's boundaries. Based upon the proposed development projects noted above, there would be enough cashflow from tax increment to finance the in-district expenditures, however further analysis will need to be completed to determine how much cashflow would be available to finance the pooling expenditures since they're limited to being paid from 20 percent of the tax increment (net of any tax increment used for admin costs).

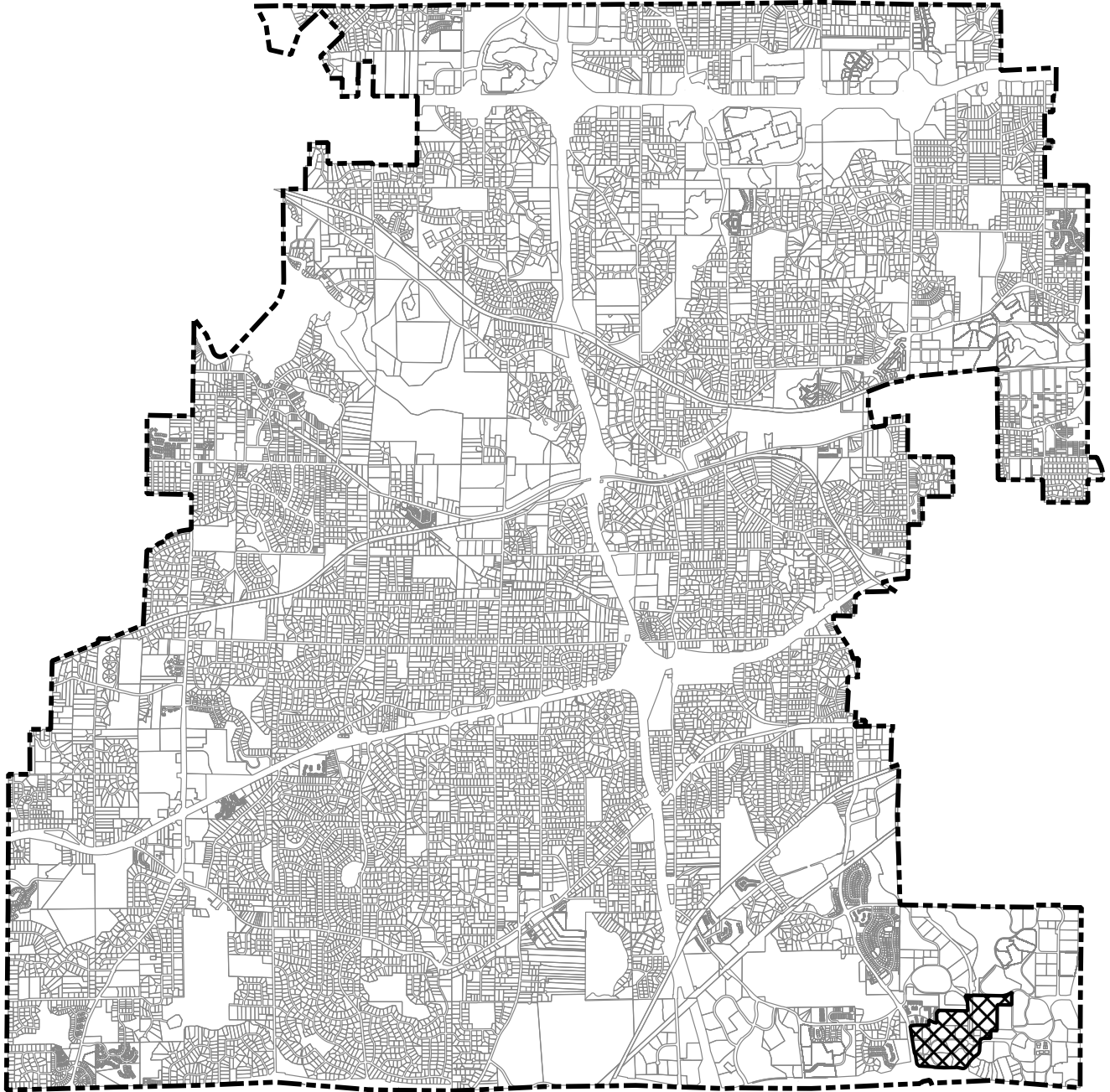
Administrative Costs and Affordable Housing Dollars

The EDA may retain 10 percent of tax increment generated for ongoing administrative costs associated with the District OR for other eligible redevelopment activities within the District or City. Based upon the proposed development projects noted above, it is estimated that this will equal approximately \$5.23 million over the next 16 years.




In addition, the EDA has elected to retain an additional 10 percent of tax increment generated for affordable, tax credit eligible rental housing to increase available pooling to 20%. Over the term of the District, this may provide up to \$10.5 million to assist other affordable rental housing initiatives and/ or projects within the City. In total, the EDA will have approximately \$15.73 million available for administrative costs and various projects above what is needed for the in-district infrastructure improvements noted above.

Please contact either of us at 651-697-8500 with any questions.

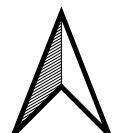
Tax Increment Financing Opus Business Park



Legend

-  Opus Business Park TIF District
-  Development District No. 1
-  Parcels

0 0.5 1 1.5 2 2.5 mi



Opus Housing Developments

Ownership

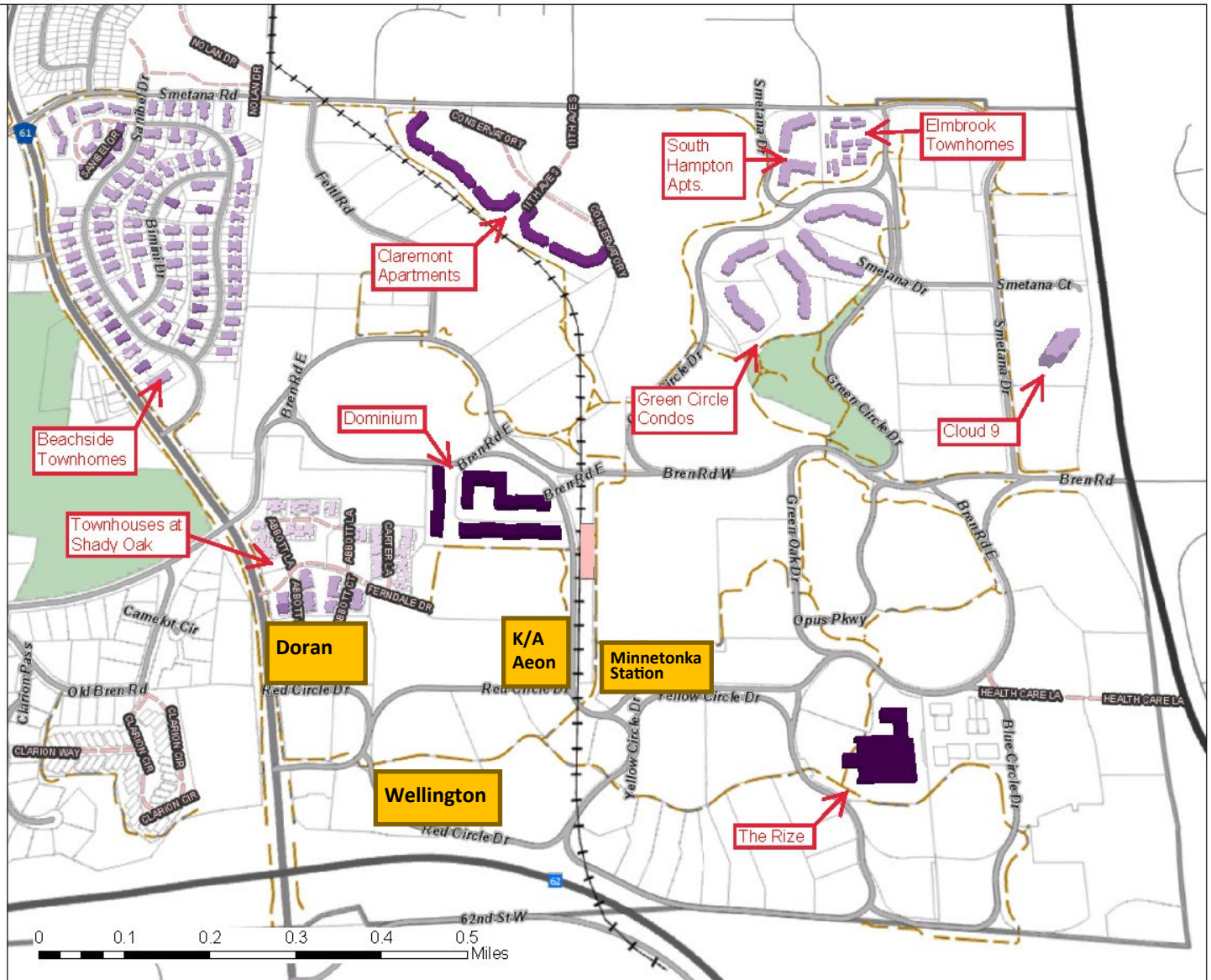
- Townhouses at Shady Oak
- Beachside
- Green Circle
- Cloud 9

Rental

- South Hampton Apts
- Claremont Apts
- Elmbrooke townhomes
- Rize
- Domium

Proposed/In Process

- Wellington
- Doran
- K/A Aeon
- Minnetonka Station



Transportation Mitigation Plan for Opus

The proposed renewal and renovation TIF District within Opus may assist the City in paying for significant road and other public improvements in the area as well as assisting redevelopment initiatives within the district. There are significant road projects that are impacted by current development proposals that are located within the TIF R&R district.

These projects are located within the proposed TIF District and would be needed due to current proposed redevelopment projects. This would be an In-District Expenditure

Shady Oak Road / Red Circle Drive

- Add an additional left turn lane with a minimum storage of 500 feet on westbound Red Circle Drive North at the approach to Shady Oak Road, thus providing this approach with dual lefts and a right turn lane. (Intersection 1)
- Signalize the south intersection of Shady Oak Road and Red Circle Drive South (Intersection 2)
- At Shady Oak Road and Red Circle Drive South, allow right turns from the outside northbound through lane into Red Circle Drive. Extend the existing right turn lane all the way to the TH 62 westbound ramps intersection. (Intersection 3)

Shady Oak Road / Hwy 62

- Reconfigure the Shady Oak Drive northbound approach at the TH 62 westbound ramps intersection to allow a third northbound through lane which drops into the right turn lane at Red Circle Drive. Shorten the inside left-turn lane so that only four lanes are needed under the TH 62 bridge. (Intersection 4)

These projects are located outside of the proposed TIF District and may be needed at a later date. These could be funded by TIF Pooling.

Shady Oak Road / Bren Road

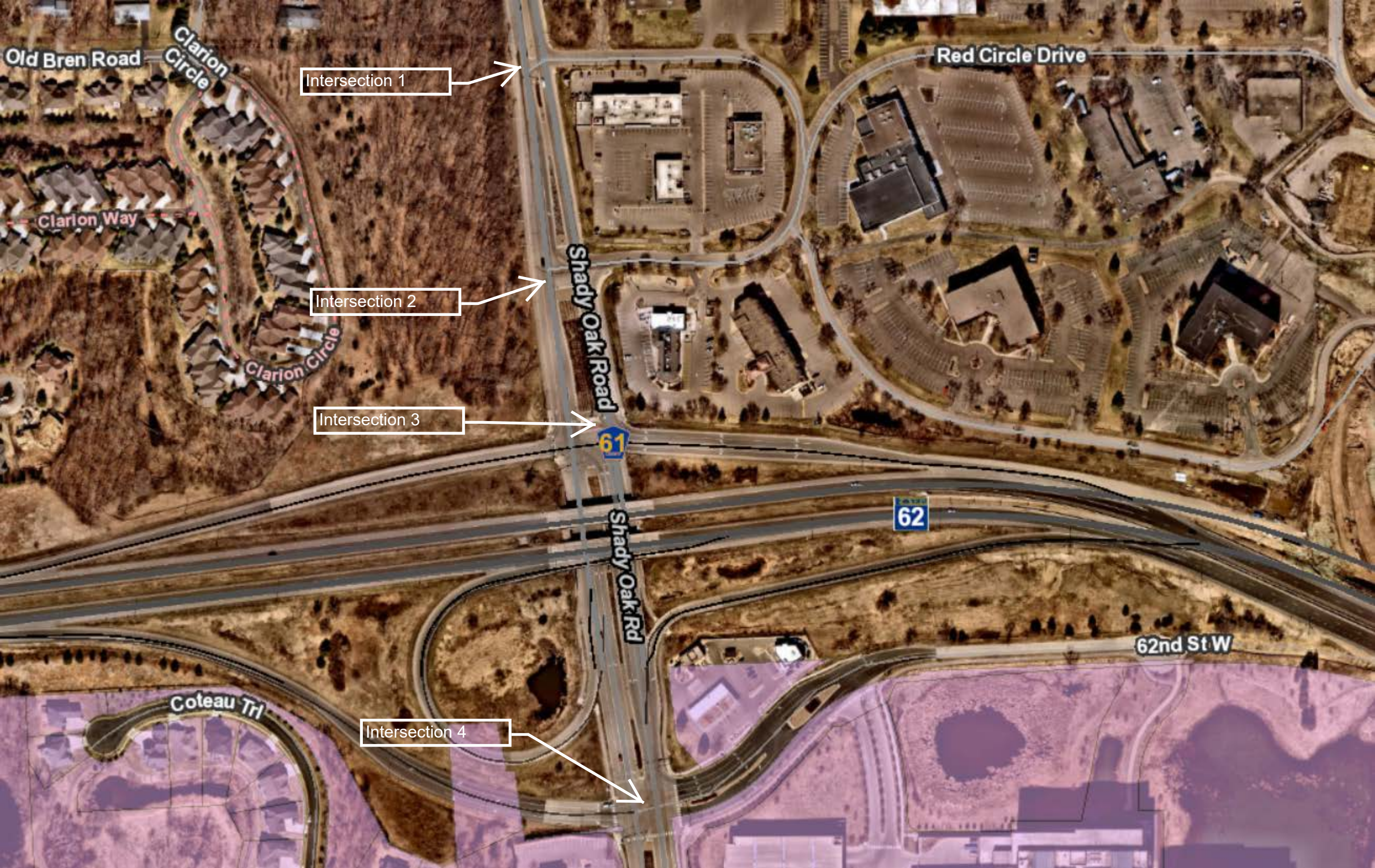
- Add second left turn lane on Southbound Shady Oak Road at Bren Road with a minimum storage of 300 feet. Need protected left turn movements on east/west approaches to intersection. (Intersection 5) – *This project would be impacted by current proposals but may be completed at a later date.*

Bren Road / Smetana Drive

- Add right turn lane on southbound Smetana at Bren Road with a storage of 300 feet and convert the existing shared left and right turn lane to left turn only, thus providing two left turn only lanes. (Currently two lanes and would need to add a lane) (Intersection 6)

Bren Road / US 169

- Add a second right turn lane on southbound US 169 exit ramp to Bren Road with a minimum storage of 300 feet (Intersection 7)



Old Bren Road

Clarion Circle

Intersection 1

Red Circle Drive

Clarion Way

Intersection 2

Shady Oak Road

Intersection 3

61

62

Shady Oak Rd

62nd St W

Coteau Trl

Intersection 4



Sanibel Drive

Shady Oak Road

61

Bren Road East

Intersection 5

Abbott Lane

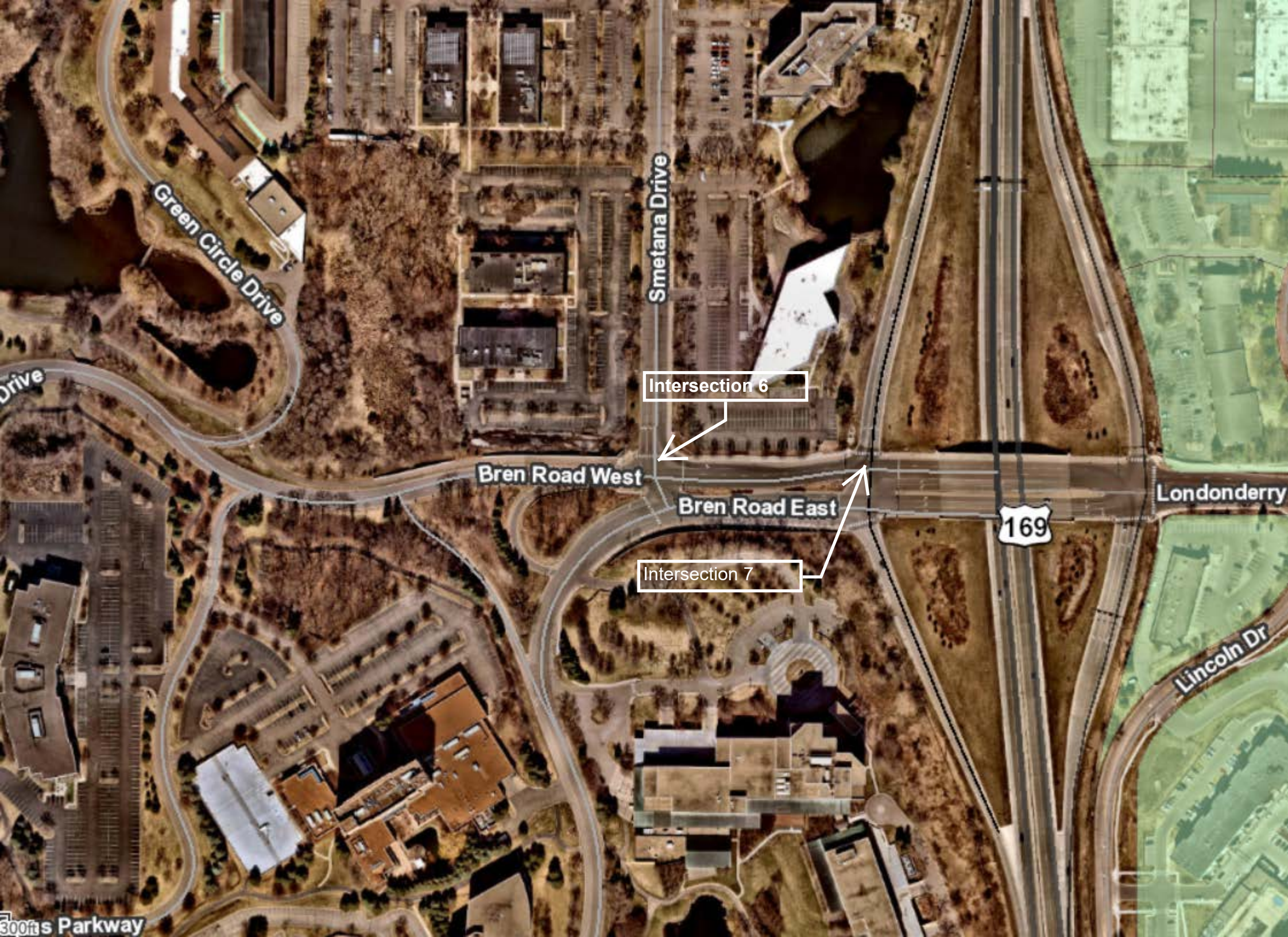
Abbott Court

Abbott Place

Carter Lane

Old Bren Road

Camelot Road



Green Circle Drive

Smetana Drive

Intersection 6

Bren Road West

Bren Road East

Intersection 7

169

Londonderry

Lincoln Dr

300th Parkway

Policy Number 2.18
Tax Increment Financing and Tax Abatement

Purpose of Policy: This policy establishes criteria which guide the economic development authority and the city council when considering the use of tax increment financing and tax abatement tools in conjunction with proposed development.

Introduction

Under the Minnesota Statutes Sections 469.152 to 469.1799, the city of Minnetonka has the authority to establish tax increment financing districts (TIF districts). Tax increment financing is a funding technique that takes advantage of the increases in tax capacity and property taxes from development or redevelopment to pay public development or redevelopment costs. The difference in the tax capacity and the tax revenues the property generates after new construction has occurred, compared with the tax capacity and tax revenues it generated before the construction, is the captured value, or increments. The increments then go to the economic development authority and are used to repay public indebtedness or current costs the development incurred in acquiring the property, removing existing structures or installing public services. The fundamental principle that makes tax increment financing viable is that it is designed to encourage development that would not otherwise occur.

Under Minnesota Statutes, Sections 469.1812 to 469.1815, the city of Minnetonka has the right to abate property taxes. A city may grant an abatement of some or all of the taxes or the increase in taxes it imposes on a parcel of property if the city expects the benefits of the proposed abatement agreement to at least equal the costs of the proposed agreement. Abatement would be considered a reallocation or rededication of taxes for specific improvements or costs associated with development rather than a “refund” of taxes.

It is the judgment of the city council that TIF and abatement are appropriate tools that may be used when specific criteria are met. The applicant is responsible for demonstrating the benefit of the assistance, particularly addressing the criteria below. The applicant should understand that although approval may have been granted previously by the city for a similar project or a similar mechanism, the council is not bound by that earlier approval. Each application will be judged on the merits of the project as it relates to the public purpose.

TAX INCREMENT FINANCING

The Economic Development Authority (EDA), as authorized by the city, will be responsible to determine that (1) a project would not occur “but for” the assistance provided through tax increment financing; and (2) no other development would occur on the relevant site without tax increment assistance that could create a larger market value increase than the increase expected from the proposed development (after adjusting for

the value of the tax increment). At the time of any application for a Comprehensive Guide Plan amendment, rezoning or site plan approval for a project, whichever occurs first, the applicant must divulge that TIF financing will be requested.

Projects eligible for consideration of tax increment financing include but are not limited to the following:

- Projects must be compatible with the Comprehensive Guide Plan (or acquire an amendment) and the development and redevelopment objectives of the city.
- Priority will be given to those projects which:
 - are within the “village areas” identified in the city’s most recently adopted Comprehensive Guide Plan;
 - are mixed use or residential in nature, and include affordable housing units which meet the city’s affordable housing standards;
 - contain amenities or improvements which benefit a larger area than the identified development;
 - improve blighted or dilapidated properties, provide cohesive development patterns, or improve land use transitions; or
 - maximize and leverage the use of other financial resources.

Costs Eligible for Tax Increment Financing Assistance

The EDA will consider the use of tax increment financing to cover project costs as allowed for under Minnesota Statutes. The types of project costs that are eligible for tax increment financing are as follows:

Utilities design	Site related permits
Architectural and engineering fees directly attributable to site work	Soils correction
Earthwork/excavation	Utilities (sanitary sewer, storm sewer, and water)
Landscaping	Street/parking lot paving
Streets and roads	Curb and gutter
Street/parking lot lighting	Land acquisition
Sidewalks and trails	Legal (acquisition, financing, and closing fees)
Special assessments	Surveys
Soils test and environmental studies	Sewer Access Charges (SAC) and Water Access Charges (WAC)

Title insurance	Landscape design
-----------------	------------------

Forms of Assistance

Tax increment financing will generally be provided on a “pay-as-you-go” basis wherein the EDA compensates the applicant for a predetermined amount for a stated number of years. The EDA will have the option to issue a TIF Note with or without interest, where the principal amount of the TIF Note is equal to the amount of eligible project costs incurred and proven by the developer. In all cases, semi-annual TIF payments will be based on available increment generated from the project. TIF payments will be made after collection of property taxes.

Fiscal Disparities

TIF Districts will generally be exempt from the contribution to fiscal disparities. Tax revenues for fiscal disparities, generated by the TIF project, will be the responsibility of properties inside the district. The exception to this policy is when MN Statutes require that fiscal disparities be paid from within a TIF District, as is the case with Economic Development Districts.

TAX ABATEMENT

The tax abatement tool provides the ability to capture and use all or a portion of the property tax revenues within a defined geographic area for a specific purpose. Unlike TIF, tax abatement must be approved by each major authority under which the area is taxed, and therefore, usually only city property taxes will be abated. In practice, it is a tax “reallocation” rather than an exemption from paying property taxes. Tax abatement is an important economic development tool that, when used appropriately, can be useful to accomplish the city’s development and redevelopment goals and objectives. Requests for tax abatement must serve to accomplish the city’s targeted goals for development and redevelopment, particularly in the designated village center areas. At the time of any application for a Comprehensive Guide Plan amendment, rezoning or site plan approval for a project, whichever occurs first, the applicant must divulge that tax abatements will be requested.

Projects Eligible for Tax Abatement Assistance

Projects eligible for consideration of property tax abatement include but are not limited to the following:

- Projects must be compatible with the Comprehensive Guide Plan (or acquire an amendment) and the development and redevelopment objectives of the city; and
- Priority will be given to those projects which:
 - increase or preserve the tax base
 - provide employment opportunities in the City of Minnetonka;

- provide, help acquire or construct public facilities;
- finance or provide public infrastructure;
- improve blighted or dilapidated properties, provide cohesive development patterns, or improve land use transitions; or
- produce long-term affordable housing opportunities.

Fiscal Disparities

Tax revenues for fiscal disparities, generated by the abatement project, will be the responsibility of properties inside the district.

REVIEW PROCESS

All applications for TIF and tax abatement will be reviewed by city's community development director. After review by the city's financial consultant, the community development director may refer the request to the EDA. The EDA will hold appropriate public hearings and receive public input about the use of the financial tools. The EDA will provide a recommendation regarding the assistance to the city council.

The city council must consider, along with other development decisions, the request for assistance and will make the final decision as to the amount, length, and terms of the agreement.

Adopted by Resolution No. 2014-074
Council Meeting of July 21, 2014



MODIFICATION TO THE DEVELOPMENT PROGRAM

Development District No. 1

- AND -

TAX INCREMENT FINANCING PLAN

Establishment of Opus Business Park Tax Increment
Financing District

(a renewal and renovation district)

Minnetonka Economic Development Authority
City of Minnetonka, Hennepin County, Minnesota

Public Hearing: April 26, 2021

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Modification to the Development Program for Development District No. 1

Foreword

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive changes include the establishment of the Opus Business Park Tax Increment Financing District.

For further information, a review of the Development Program for Development District No. 1, is recommended. It is available from the Community Development Director at the City of Minnetonka. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Development District No. 1.

Tax Increment Financing Plan for the Opus Business Park Tax Increment Financing District

Foreword

The Minnetonka Economic Development Authority (the "EDA"), the City of Minnetonka (the "City"), staff and consultants have prepared the following information to expedite the Establishment of the Opus Business Park Tax Increment Financing District (the "District"), a renewal and renovation tax increment financing district, located in Development District No. 1.

Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the EDA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.090 - 469.1082*, 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 Development Program for Development District No. 1.

Statement of Objectives

The District currently consists of 23 parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the construction of approximately 4,800 residential housing units built by several developers in multiple phases, with varying levels of market rate and affordable units. To accommodate the significant redevelopment in the area the City needs to undertake several major road, circulation and traffic light improvements pursuant to the Opus Alternative Urban Areawide Review and Mitigation Plan (AUAR). These include but are not limited to (i) Shady Oak Road/Red Circle North and South, (ii) Shady Oak Road/Hwy 62, (iii) Shady Oak Road/Bren Road, (iv) Green Oak Drive road reversal, (v) Bren Road/Smetana Drive; and (vi) Bren Road and Hwy 169. In addition, pursuant to Minnesota Statutes, Section 469.1763, subdivision 2 (d), the City and EDA anticipate utilizing up to 30% of the TIF (including any administrative costs) for affordable housing objectives that meet the criteria for tax credit rental projects pursuant to the Statute. The City and EDA may decide to utilize a portion of the TIF and return a portion to the County on an annual basis or it may take all of the TIF in one year to assist eligible projects. The EDA is in discussions with five (5) different developers for redevelopment on various sites within the District. The EDA entered into a contract with Minnetonka Multifamily 1, LLC. on March 16, 2021 for the development of 275-units of apartments. In addition, the EDA intends to enter into contracts with: (i) Doran Companies for the construction of 356-units of apartments, (ii) Wellington Management for the construction of 223-units of apartments, and (iii) Kraus Anderson for the construction of 294-units of apartments. In addition, Aeon anticipates constructing 75 units of apartments within the District but will not receive any assistance. Development is likely to occur in 2021 for the first three projects, with construction anticipated to start in 2022 for Kraus Anderson and Aeon. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 1.

The activities contemplated in the Modification to the Development Program 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 Development District No. 1 and the District.

Development Program Overview

Pursuant to the Development Program and authorizing state statutes, the EDA or City is authorized to undertake the following activities in the District:

1. Property to be Acquired - Selected property located within the District may be acquired by the EDA 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 EDA 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 EDA 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.

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 below.

Parcel number	Address	Owner
36-117-22-31-0017	10500 Bren Rd E	NewPort MW
36-117-22-31-0018	10400 Bren Rd E	Mariner Aff. Apts LP
36-117-22-34-0019	10550 Bren Rd E	NewPort MW
36-117-22-32-0004	5959 Shady Oak Rd	Isla Affiliated Building
36-117-22-32-0056	Not Assigned	Isla Affiliated Building
36-117-22-33-0010	10901 Red Circle Dr	Shady Oak Office Center LLC
36-117-22-31-0014	10701 Bren Rd E	TJT LLC
36-117-22-31-0005	10301 Bren Rd W	Talon Bren Road Llc
36-117-22-31-0016	10901 Bren Rd E	Lyn-James Llc
36-117-22-34-0014	10400 Yellow Circle Dr	Continental Minnetonka LLC
36-117-22-32-0071	10900 Red Circle Dr	Transition Networks Inc
36-117-22-33-0016	6001 Shady Oak Rd	Mtka Crossings-Pi LLC
36-117-22-33-0017	11000 Red Circle Dr	Three Putt LLC
36-117-22-33-0020	10985 Red Circle Dr	Summit Hospitality 17 LLC
36-117-22-33-0021	10995 Red Circle Dr	DJD Partners VII LLC
36-117-22-33-0022	10999 Red Circle Dr	DJD Partners VII LLC
36-117-22-34-0010	10701 Red Circle Dr	10701 Red Circle Llc
36-117-22-34-0011	10601 Red Circle Dr	Tangren Capital Llc
36-117-22-34-0013	10401 Bren Rd E	Store Master Funding Ix LLC
36-117-22-31-0021	Not Assigned	City of Minnetonka
36-117-22-31-0022	10451 Bren Rd W	Metropolitan Council
36-117-22-34-0012	10501 Bren Rd E	Metropolitan Council
36-117-22-33-0009	10801 Red Circle Dr	River Valley Church Of A V

Please also see the map in Appendix A for further information on the location of the District.

The EDA 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 EDA 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 EDA 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.

Classification of the District

The EDA 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, finds that the District, to be established, is a renewal and renovation district pursuant to *M.S., Section 469.174, Subd. 10a*.

In meeting the statutory criteria, the EDA and City relies on the following facts and findings:

- The District is a renewal and renovation district consisting of 23 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 20 percent of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).
- Based upon the substandard building inspection report, the City and EDA adopted resolutions on March 8, 2021 declaring certain buildings structurally substandard and approving demolition prior to the creation of the TIF district. (See Appendix E).
- 30 percent of the buildings require substantial renovation or clearance to remove existing conditions as defined in the TIF Act. (See Appendix D).
- The conditions described above are reasonably distributed throughout the geographic area of the district

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.

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 15 years after receipt of the first increment by the EDA or City (a total of 16 years of tax increment). The EDA or City elects to receive the first tax increment in 2024, 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 2039, or when the TIF Plan is satisfied. The EDA or City reserves the right to decertify the District prior to the legally required date.

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 2020 for taxes payable 2021.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2024) 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 EDA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2021, assuming the request for certification is made before June 30, 2021). 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 Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The EDA 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 2024. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Project estimated Tax Capacity upon completion	20,573,345	
Original estimated Net Tax Capacity	1,087,958	
Fiscal Disparities	<u>107,142</u>	
Estimated Captured Tax Capacity	19,378,245	
Original Local Tax Rate	<u>109.3340%</u>	Pay 2021
Estimated Annual Tax Increment	\$21,187,011	
Percent Retained by the City	100%	

Note: 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 15. The tax capacity of the District in year one is estimated to be \$1,124,160.

Pursuant to *M.S., Section 469.177, Subd. 4*, the EDA 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 building permits that have been issued for the area to be included in the District during the 18 months immediately preceding approval of the TIF Plan by the City. Permits have been issued on four (4) of the parcels and the City has determined that only one of the permits adds improvement value to the affected parcel. This is parcel 36-117-22-33-0021 where a new Chipotle restaurant was added to the building. The Assessor has placed the full increased valuation on this parcel for pay 2022 at \$854,0000. This is the value that was utilized for base value and tax capacity purposes in the TIF Plan.

Sources of Revenue/Bonds to be Issued

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

SOURCES	
Tax Increment	\$ 241,306,055
Interest	24,130,605
TOTAL	\$ 265,436,660

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA or City reserves the right to issue bonds or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes, interfund loans and bonds. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the EDA or City to incur debt. The EDA 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 EDA 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 \$194,560,207. 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.

Uses of Funds

Currently under consideration for the District is a proposal to facilitate the construction of approximately 4,800 residential housing units built by several developers in multiple phases, with varying levels of market rate and affordable units. To accommodate the significant redevelopment in the area the City needs to undertake several major road, circulation, and traffic light improvements pursuant to the AUAR for the area. These include but are not limited to (i) Shady Oak Road/Red Circle North and South, (ii) Shady Oak Road/Hwy 62, (iii) Shady Oak Road/Bren Road, (iv) Green Oak Drive road reversal, (v) Bren Road/Smetana Drive; and (vi) Bren Road and

Hwy 169. In addition, the EDA and City are electing the increased pooling percentage for affordable housing, as permitted under Minnesota Statutes, Section 469.1763, subd. 2(d). The EDA and City hereby elects to increase by 10 percentage points (i.e, from 20% to 30%) the permitted amount of expenditures of increment from the District for activities located outside the geographic area of the District.

The EDA and City have determined that it will be necessary to provide assistance to some of the private development project(s) for certain District costs, and for City public infrastructure, utilities and roadway improvements as described.

The EDA 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, including those expenses pursuant to Minnesota Statutes, Section 469.1763, subd. 2(d). The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	\$ 30,000,000
Site Improvements/Preparation	25,000,000
Affordable Housing	53,087,332
Utilities	5,000,000
Other Qualifying Improvements	57,342,269
Administrative Costs (up to 10%)	24,130,605
PROJECT COSTS TOTAL	\$ 194,560,207
Interest	70,876,453
PROJECT AND INTEREST COSTS TOTAL	\$ 265,436,660

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 the Sources of Revenue section.

Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the EDA or City may elect one of two methods to calculate fiscal disparities.

The EDA will choose to calculate fiscal disparities by clause b (inside).

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 EDA 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			
Entity	2020/Pay 2021 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Hennepin County	2,080,642,179	19,378,245	0.9314%
City of Minnetonka	112,924,885	19,378,245	17.1603%
ISD 270 (Hopkins Public Schools)	137,105,821	19,378,245	14.1338%

Impact on Tax Rates				
Entity	Pay 2021 Extension Rate	Percent of Total	CTC	Potential Taxes
Hennepin County	38.2100%	34.95%	19,378,245	\$ 7,404,428
City of Minnetonka	35.8130%	32.76%	19,378,245	6,939,931
ISD 270 (Hopkins Public Schools)	26.4780%	24.22%	19,378,245	5,130,972
Other	8.8330%	8.08%	19,378,245	1,711,680
	109.3340%	100.00%		\$ 21,187,011

The estimates listed above display the captured tax capacity when all construction is completed. The tax rates used for calculations are Pay 2021 rates. The total net capacity for the entities listed above are based on Pay 2021 figures.

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

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$241,306,055;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. 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 expects that the proposed development will necessitate the addition of two (2) new police officers and one (1) new squad car.

An impact of the District on fire protection is expected. With any addition of new residents, fire calls for service will be increased. The City anticipates it will need to staff Fire Station #3 to address the additional calls and remote nature of the area and will result in an annual cost of approximately \$650,000. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be significant. The development is expected to significantly impact traffic movements in the area. Pursuant to the AUAR for the area the City will be undertaking several road improvements projects as noted in the TIF plan.

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. If bonds are issued for public improvements in the District, they will not impact the City's statutory debt limit.

- (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 \$58,438,379;
- (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 \$84,331,538;
- (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.

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.

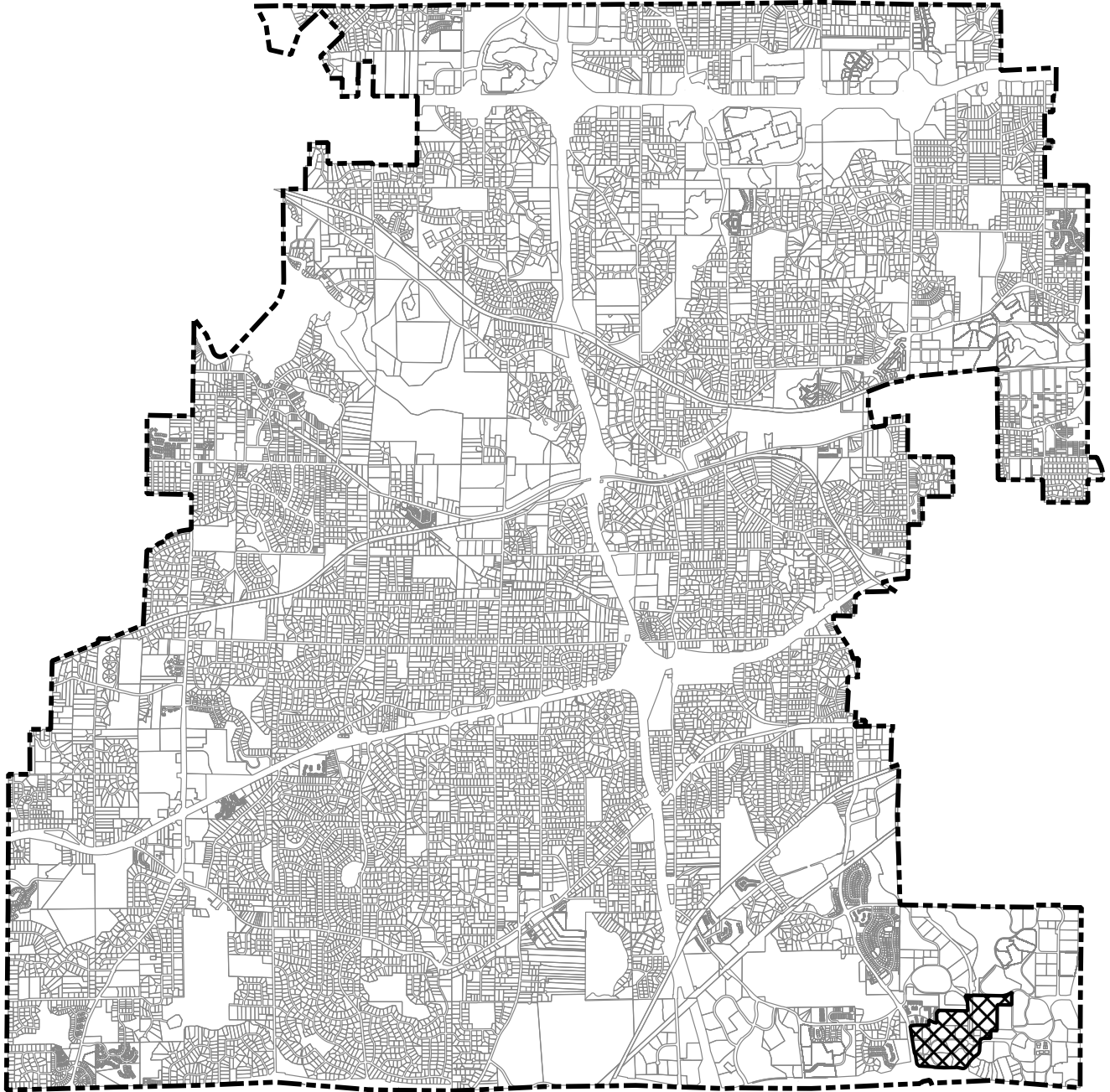
- (i) In making said determination, reliance has been placed upon (1) written representation made by the developers to such effects, (2) review of the developer's proforma; and (3) City staff awareness of the feasibility of developing the project sites within the District and the extensive public and roadway improvements required, which is further outlined in Appendix C.
- (ii) A comparative analysis of estimated market value both with and without establishment of the TIF District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B 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 TIF District and the use of tax increments.

Administration of the District




Administration of the District will be handled by the Community Development Director.

Appendix A: Map of Development District No. 1 and the TIF District

Tax Increment Financing Opus Business Park



Legend

-  Opus Business Park TIF District
-  Development District No. 1
-  Parcels

0 0.5 1 1.5 2 2.5 mi



Appendix B: Estimated Cash Flow for the District

Opus Business Park TIF District

City of Minnetonka, MN

4,772 Apartment Units



ASSUMPTIONS AND RATES

DistrictType:	Renewal and Renovation
District Name/Number:	
County District #:	
First Year Construction or Inflation on Value	2022
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	3.00%
Interest Rate:	4.00%
Present Value Date:	1-Aug-23
First Period Ending	1-Feb-24
Tax Year District was Certified:	Pay 2021
Cashflow Assumes First Tax Increment For Development:	2024
Years of Tax Increment	16
Assumes Last Year of Tax Increment	2039
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)
Incremental or Total Fiscal Disparities	Incremental
Fiscal Disparities Contribution Ratio	37.3103% Pay 2021
Fiscal Disparities Metro-Wide Tax Rate	139.5040% Pay 2021
Maximum/Frozen Local Tax Rate:	109.334% Pay 2021
Current Local Tax Rate: (Use lesser of Current or Max.)	109.334% Pay 2021
State-wide Tax Rate (Comm/Ind. only used for total taxes)	35.9780% Pay 2021
Market Value Tax Rate (Used for total taxes)	0.14623% Pay 2021

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	\$174,000	0.75%
Over	\$174,000	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 ID	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
1	36-117-22-31-0017	NewPort MW	10500 Bren Rd E	1,939,000	1,000	1,940,000	100%	1,940,000	Pay 2021	Rental	24,250	Rental	24,250	Linden Street Apts
2	36-117-22-31-0018	Mariner Aff. Apts LP	10400 Bren Rd E	1,099,000	1,000	1,100,000	100%	1,100,000	Pay 2021	Rental	13,750	Rental	13,750	
3	36-117-22-34-0019	NewPort MW	10550 Bren Rd E	1,939,000	1,000	1,940,000	100%	1,940,000	Pay 2021	Rental	24,250	Rental	24,250	
4	36-117-22-32-0004	Isla Affiliated Building	5959 Shady Oak Rd	1,036,000	3,473,000	4,509,000	100%	4,509,000	Pay 2021	Exempt	-	Rental	56,363	Doran Apts
5	36-117-22-32-0056	Isla Affiliated Building	Not Assigned	739,000	1,000	740,000	100%	740,000	Pay 2021	Exempt	-	Rental	9,250	
6	36-117-22-33-0010	Shady Oak Office Center LLC	10901 Red Circle Dr	1,010,000	4,768,000	5,778,000	100%	5,778,000	Pay 2021	C/I Pref.	114,810	Rental	72,225	Wellington Apts
7	36-117-22-31-0014	TJT LLC	10701 Bren Rd E	1,101,000	2,042,000	3,143,000	63%	1,980,090	Pay 2021	C/I Pref.	38,852	Rental	24,751	KA Apts
				1,101,000	2,042,000	3,143,000	37%	1,162,910	Pay 2021	C/I	23,258	Aff. Rental	8,722	AEON Apts
8	36-117-22-31-0005	Talon Bren Road Llc	10301 Bren Rd W	6,922,000	5,413,000	12,335,000	100%	12,335,000	Pay 2021	C/I Pref.	245,950	Rental	154,188	Mpls Mart Apts
9	36-117-22-31-0016	Lyn-James Llc	10901 Bren Rd E	3,166,000	1,930,000	5,096,000	100%	5,096,000	Pay 2021	C/I Pref.	101,170	Rental	63,700	Industrial Apts
10	36-117-22-34-0014	Continental Minnetonka LLC	10400 Yellow Circle Dr	1,802,000	7,946,000	9,748,000	100%	9,748,000	Pay 2021	C/I Pref.	194,210	Rental	121,850	Continental Apts
11	36-117-22-32-0071	Transition Networks Inc	10900 Red Circle Dr	2,710,000	3,066,000	5,776,000	100%	5,776,000	Pay 2021	C/I Pref.	114,770	C/I Pref.	114,770	
12	36-117-22-33-0016	Mtka Crossings-Pi LLC	6001 Shady Oak Rd	1,564,000	4,229,000	5,793,000	100%	5,793,000	Pay 2021	C/I Pref.	115,110	C/I Pref.	115,110	
13	36-117-22-33-0017	Three Putt LLC	11000 Red Circle Dr	994,000	773,000	1,767,000	100%	1,767,000	Pay 2021	C/I Pref.	34,590	C/I Pref.	34,590	
14	36-117-22-33-0020	Summit Hospitality 17 LLC	10985 Red Circle Dr	1,555,000	4,490,000	6,045,000	100%	6,045,000	Pay 2021	C/I Pref.	120,150	C/I Pref.	120,150	
15	36-117-22-33-0021	DJD Partners VII LLC	10995 Red Circle Dr	416,000	438,000	854,000	100%	854,000	Pay 2021	C/I Pref.	16,330	C/I Pref.	16,330	
16	36-117-22-33-0022	DJD Partners VII LLC	10999 Red Circle Dr	524,000	463,000	987,000	100%	987,000	Pay 2021	C/I	19,740	C/I	19,740	
17	36-117-22-34-0010	10701 Red Circle Llc	10701 Red Circle Dr	1,012,000	985,000	1,997,000	100%	1,997,000	Pay 2021	C/I Pref.	39,190	C/I Pref.	39,190	Existing Uses
18	36-117-22-34-0011	Tangren Capital Llc	10601 Red Circle Dr	451,000	500,000	951,000	100%	951,000	Pay 2021	C/I Pref.	18,270	C/I Pref.	18,270	
19	36-117-22-34-0013	Store Master Funding Lk LLC	10401 Bren Rd E	447,000	1,416,000	1,863,000	100%	1,863,000	Pay 2021	C/I Pref.	36,510	C/I Pref.	36,510	
20	36-117-22-31-0021	City of Minnetonka	Not Assigned	0	0	0	100%	0	Pay 2021	Exempt	-	Exempt	-	
21	36-117-22-31-0022	Metropolitan Council	10451 Bren Rd W	0	0	0	100%	0	Pay 2021	Exempt	-	Exempt	-	
22	36-117-22-34-0012	Metropolitan Council	10501 Bren Rd E	0	0	0	100%	0	Pay 2021	Exempt	-	Exempt	-	
23	36-117-22-33-0009	River Valley Church Of A V	10801 Red Circle Dr	0	0	0	100%	0	Pay 2021	Exempt	-	Exempt	-	
				31,527,000	43,978,000	75,505,000		72,362,000			1,295,160		1,087,958	

Note:

1. Base values are for pay 2021 based upon review of County website on 1-7-21 and information received from the City Assessor and increased value on parcel 36-117-22-33-0021 due to construction of new Chipolte.
2. Located In SD #270 and WS #1

Opus Business Park TIF District
 City of Minnetonka, MN
 4,772 Apartment Units



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 2022	Percentage Completed 2023	Percentage Completed 2024	Percentage Completed 2025	First Year Full Taxes Payable	
Linden Street Apts	Apartments	230,000	230,000	275	63,250,000	Rental	790,625	2,875	25%	100%	100%	100%	2025	
Doran Apts	Apartments	230,000	230,000	350	80,500,000	Rental	1,006,250	2,875	25%	100%	100%	100%	2025	
Wellington Apts	Apartments	230,000	230,000	223	51,290,000	Rental	641,125	2,875	25%	100%	100%	100%	2025	
Wellington Apts	Apartments	230,000	230,000	185	42,550,000	Rental	531,875	2,875	0%	25%	100%	100%	2026	
KA Apts	Apartments	255,000	255,000	289	73,695,000	Rental	921,188	3,188	0%	25%	75%	100%	2027	
AEON Apts	Aff. Apartments	215,000	215,000	75	16,125,000	Aff. Rental	105,563	1,408	0%	25%	100%	100%	2026	
Mpls Mart Apts	Apartments	230,000	230,000	2,125	488,750,000	Rental	6,109,375	2,875	0%	25%	50%	100%	2027	
Industrial Apts	Apartments	230,000	230,000	625	143,750,000	Rental	1,796,875	2,875	0%	0%	25%	100%	2027	
Continental Apts	Apartments	230,000	230,000	625	143,750,000	Rental	1,796,875	2,875	0%	0%	25%	100%	2027	
36-117-22-32-0071	Transition Networks Inc	-	-	NA	5,776,000	C/I Pref.	114,770	NA	100%	100%	100%	100%	2024	
36-117-22-33-0016	Mtka Crossings-Pi LLC	-	-	NA	5,793,000	C/I Pref.	115,110	NA	100%	100%	100%	100%	2024	
36-117-22-33-0017	Three Putt LLC	-	-	NA	1,767,000	C/I Pref.	34,590	NA	100%	100%	100%	100%	2024	
36-117-22-33-0020	Summit Hospitality 17 LLC	-	-	NA	6,045,000	C/I Pref.	120,150	NA	100%	100%	100%	100%	2024	
36-117-22-33-0021	DJD Partners VII LLC	-	-	NA	854,000	C/I Pref.	16,330	NA	100%	100%	100%	100%	2024	
36-117-22-33-0022	DJD Partners VII LLC	-	-	NA	987,000	C/I	19,740	NA	100%	100%	100%	100%	2024	
36-117-22-34-0010	10701 Red Circle Llc	-	-	NA	1,997,000	C/I Pref.	39,190	NA	100%	100%	100%	100%	2024	
36-117-22-34-0011	Tangren Capital Llc	-	-	NA	951,000	C/I Pref.	18,270	NA	100%	100%	100%	100%	2024	
36-117-22-34-0013	Store Master Funding Ix LLC	-	-	NA	1,863,000	C/I Pref.	36,510	NA	100%	100%	100%	100%	2024	
36-117-22-31-0021	City of Minnetonka	-	-	NA	0	Exempt	0	NA	100%	100%	100%	100%	2024	
36-117-22-31-0022	Metropolitan Council	-	-	NA	0	Exempt	0	NA	100%	100%	100%	100%	2024	
36-117-22-34-0012	Metropolitan Council	-	-	NA	0	Exempt	0	NA	100%	100%	100%	100%	2024	
36-117-22-33-0009	River Valley Church Of A V	-	-	NA	0	Exempt	0	NA	100%	100%	100%	100%	2024	
TOTAL					1,129,893,000		14,214,410							
Subtotal Residential				4,772	1,103,660,000		13,699,750							
Subtotal Commercial/Ind.				0	26,033,000		514,660							

Note:

1. Market values are based upon previous conversation with the City Assessor.

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
Linden Street Apts	790,625	0	790,625	864,422	0	0	92,490	956,912	3,479.68
Doran Apts	1,006,250	0	1,006,250	1,100,173	0	0	117,715	1,217,889	3,479.68
Wellington Apts	641,125	0	641,125	700,968	0	0	75,001	775,969	3,479.68
Wellington Apts	531,875	0	531,875	581,520	0	0	62,221	643,741	3,479.68
KA Apts	921,188	0	921,188	1,007,171	0	0	107,764	1,114,935	3,857.91
AEON Apts	105,563	0	105,563	115,416	0	0	15,436	130,852	1,744.69
Mpls Mart Apts	6,109,375	0	6,109,375	6,679,624	0	0	714,699	7,394,323	3,479.68
Industrial Apts	1,796,875	0	1,796,875	1,964,595	0	0	210,206	2,174,801	3,479.68
Continental Apts	1,796,875	0	1,796,875	1,964,595	0	0	210,206	2,174,801	3,479.68
Transition Networks Inc	114,770	42,821	71,949	78,665	59,737	40,752	8,446	187,600	NA
Mtka Crossings-Pi LLC	115,110	42,948	72,162	78,898	59,914	40,875	8,471	188,157	NA
Three Putt LLC	34,590	12,906	21,684	23,708	18,004	11,905	2,584	56,201	NA
Summit Hospitality 17 LLC	120,150	44,828	75,322	82,352	62,537	42,688	8,840	196,417	NA
DJD Partners VII LLC	16,330	6,093	10,237	11,193	8,500	5,336	1,249	26,277	NA
DJD Partners VII LLC	19,740	7,365	12,375	13,530	10,275	6,382	1,443	31,630	NA
10701 Red Circle Llc	39,190	14,622	24,568	26,861	20,398	13,560	2,920	63,740	NA
Tangren Capital Llc	18,270	6,817	11,453	12,522	9,509	6,034	1,391	29,456	NA
Store Master Funding Ix LLC	36,510	13,622	22,888	25,024	19,003	12,596	2,724	59,348	NA
City of Minnetonka	0	0	0	0	0	0	0	0	NA
Metropolitan Council	0	0	0	0	0	0	0	0	NA
Metropolitan Council	0	0	0	0	0	0	0	0	NA
River Valley Church Of A V	0	0	0	0	0	0	0	0	NA
TOTAL	14,214,410	192,021	14,022,389	15,331,239	267,877	180,127	1,643,807	17,423,050	

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	17,423,050
less State-wide Taxes	(180,127)
less Fiscal Disp. Adj.	(267,877)
less Market Value Taxes	(1,643,807)
less Base Value Taxes	(979,563)
Annual Gross TIF	14,351,675

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	72,362,000
New Market Value - Est.	1,129,693,000
Difference	1,057,331,000
Present Value of Tax Increment	183,141,750
Difference	894,189,250
Value likely to occur without Tax Increment is less than:	894,189,250



Opus Business Park TIF District
 City of Minnetonka, MN
 4,772 Apartment Units

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
100%	1,124,160	(1,087,958)	-	36,202	109.334%	39,581	19,791	(71)	(1,972)	17,747	17,058	0.5	2024	08/01/24
100%	4,885,100	(1,087,958)	(5,761)	3,791,381	109.334%	4,145,269	19,791	(71)	(1,972)	17,747	33,782	1	2024	02/01/25
100%	8,338,596	(1,087,958)	(11,694)	7,238,944	109.334%	7,914,627	2,072,634	(7,461)	(206,517)	1,858,656	1,750,892	1.5	2025	08/01/25
100%	14,429,730	(1,087,958)	(17,806)	13,323,967	109.334%	14,567,626	2,072,634	(7,461)	(206,517)	1,858,656	3,434,334	2	2025	02/01/26
100%	14,862,622	(1,087,958)	(24,100)	13,750,564	109.334%	15,034,041	3,957,313	(14,246)	(394,307)	3,548,760	6,585,532	2.5	2026	08/01/26
100%	15,308,501	(1,087,958)	(30,584)	14,189,959	109.334%	15,514,450	3,957,313	(14,246)	(394,307)	3,548,760	9,674,941	3	2026	02/01/27
100%	15,767,756	(1,087,958)	(37,262)	14,642,536	109.334%	16,009,270	7,283,813	(26,222)	(725,759)	6,531,832	15,249,797	3.5	2027	08/01/27
100%	16,240,788	(1,087,958)	(44,141)	15,108,690	109.334%	16,518,935	7,283,813	(26,222)	(725,759)	6,531,832	20,715,342	4	2027	02/01/28
100%	16,728,012	(1,087,958)	(51,226)	15,588,829	109.334%	17,043,890	7,517,021	(27,061)	(748,996)	6,740,963	26,245,280	4.5	2028	08/01/28
100%	17,229,852	(1,087,958)	(58,523)	16,083,372	109.334%	17,584,594	7,517,021	(27,061)	(748,996)	6,740,963	31,666,788	5	2028	02/01/29
100%	17,746,748	(1,087,958)	(66,039)	16,592,751	109.334%	18,141,518	7,757,225	(27,926)	(772,930)	6,956,369	37,151,837	5.5	2029	08/01/29
100%	18,279,151	(1,087,958)	(73,781)	17,117,412	109.334%	18,715,151	7,757,225	(27,926)	(772,930)	6,956,369	42,529,336	6	2029	02/01/30
100%	18,827,525	(1,087,958)	(81,755)	17,657,812	109.334%	19,305,992	8,004,635	(28,817)	(797,582)	7,178,236	47,969,543	6.5	2030	08/01/30
100%	19,392,351	(1,087,958)	(89,968)	18,214,424	109.334%	19,914,559	8,004,635	(28,817)	(797,582)	7,178,236	53,303,078	7	2030	02/01/31
100%	19,974,121	(1,087,958)	(98,428)	18,787,735	109.334%	20,541,382	8,259,467	(29,734)	(822,973)	7,406,760	58,698,501	7.5	2031	08/01/31
100%	20,573,345	(1,087,958)	(107,142)	19,378,245	109.334%	21,187,011	8,259,467	(29,734)	(822,973)	7,406,760	63,988,132	8	2031	02/01/32
							8,521,945	(30,679)	(849,127)	7,642,139	69,338,848	8.5	2032	08/01/32
							8,521,945	(30,679)	(849,127)	7,642,139	74,584,647	9	2032	02/01/33
							8,792,297	(31,652)	(876,064)	7,884,580	79,890,744	9.5	2033	08/01/33
							8,792,297	(31,652)	(876,064)	7,884,580	85,092,799	10	2033	02/01/34
							9,070,759	(32,655)	(903,810)	8,134,294	90,354,378	10.5	2034	08/01/34
							9,070,759	(32,655)	(903,810)	8,134,294	95,512,788	11	2034	02/01/35
							9,357,575	(33,687)	(932,389)	8,391,499	100,729,964	11.5	2035	08/01/35
							9,357,575	(33,687)	(932,389)	8,391,499	105,844,842	12	2035	02/01/36
							9,652,996	(34,751)	(961,825)	8,656,421	111,017,739	12.5	2036	08/01/36
							9,652,996	(34,751)	(961,825)	8,656,421	116,089,208	13	2036	02/01/37
							9,957,279	(35,846)	(992,143)	8,929,290	121,217,965	13.5	2037	08/01/37
							9,957,279	(35,846)	(992,143)	8,929,290	126,246,158	14	2037	02/01/38
							10,270,691	(36,974)	(1,023,372)	9,210,345	131,330,921	14.5	2038	08/01/38
							10,270,691	(36,974)	(1,023,372)	9,210,345	136,315,983	15	2038	02/01/39
							10,593,505	(38,137)	(1,055,537)	9,499,832	141,356,910	15.5	2039	08/01/39
							10,593,505	(38,137)	(1,055,537)	9,499,832	146,298,996	16	2039	02/01/40
Total							242,177,895	(871,840)	(24,130,605)	217,175,449				
		Present Value From 08/01/2023		Present Value Rate	4.00%		163,141,750	(587,310)	(16,255,444)	146,298,996				

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Opus Business Park Tax Increment Financing District (the “District”), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Opus Business Park Tax Increment Financing District is a renewal and renovation district as defined in M.S., Section 469.174, Subd. 10a.*

The District consists of 23 parcels and vacant right-of-way, with plans to redevelop the area to facilitate the construction of approximately 4,800 residential housing units built by several developers in multiple phases, with varying levels of market rate and affordable units. Parcels consisting of 70 percent of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures, 20 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance and 30 percent of the other buildings require substantial renovation or clearance to remove existing conditions such as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety, and general well-being of the community. (See Appendix D of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, 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 Opus Business Park Tax Increment Financing District permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. The District is occupied by substandard buildings and other buildings that meet a lesser standard of obsolescence, all as further described in Appendix D. The five developments under review by the City at this time require acquisition, demolition of all the existing structures, some environmental remediation and construction of approximately 1,300 apartment units, with varying levels of affordable units. The City has analyzed the proformas submitted by the developers requesting assistance, which, in the City's opinion, demonstrates that development at the proposed density (which is consistent with the City's Comprehensive Plan) would not be feasible without the tax increment assistance provided under this plan (future parcels that will be redeveloped face similar issues). To accommodate the significant redevelopment in the area the City needs to undertake several major road, circulation and traffic light improvements pursuant to the Opus Alternative Urban Area-wide Review and Mitigation Plan (AUAR). These improvements are estimated to cost approximately \$25.1 million and cannot be undertaken by the developers due to the high cost. The City believes the if such public improvement costs were assessed to the affected property, the assessments together with the other extraordinary costs of acquisition, demolition, and environmental remediation would make redevelopment unlikely (based on the City's previous experience with similar situations).

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 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: This finding is justified on the grounds that the cost of land acquisition, demolition, site and road/public improvements and utilities add to the total redevelopment cost as do costs associated with providing affordable housing. Historically, these costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
 - b. If the proposed development occurs, the total increase in market value will be \$1,057,331,000.
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$163,141,750.
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$894,189,250 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Opus Business Park Tax Increment Financing District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the removal and/or renovation of substandard properties, increased availability of safe, decent and affordable life-cycle housing in the City increased tax base of the State and add high-quality developments to the City.

Appendix D: Renewal and Renovation Qualifications for the District

Proposed Redevelopment

Bren Rd / Red Circle Dr

TIF Eligibility Assessment

City of Minnetonka

CR-BPS, GBC. No. TONKA-008

February 10, 2021

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1. PURPOSE

CR-BPS, GBC was hired by the City of Minnetonka to survey and evaluate four structures near Bren Rd and Red Circle Dr. The project consisted of documenting the existing building conditions and determining eligibility as it relates to current Minnesota Statutes for the establishment of a Redevelopment Tax Increment Financing (TIF) District.

The purpose of our work was to independently ascertain whether the building qualification tests for tax increment eligibility, as required under current Minnesota Statute, could be met.

The findings and conclusions drawn herein are solely for the purpose of tax increment eligibility for the buildings assessed and are not intended to be used outside the scope of this assessment.

2. SCOPE OF WORK

The assessment area consists of four Hennepin County property parcels, currently occupied by four buildings. Our scope of work included the interior and exterior assessment of each building.

The Buildings are classified primarily as; Business (B), Assembly (A-3), Storage (S-2), per the International Building Code occupancy classifications.

3. EVALUATIONS

Interior and exterior inspections were completed for the buildings within the Scope of Work.

4. FINDINGS

Coverage Test – The parcels were evaluated for coverage and met the required 15% coverage. It is listed as follows by the Map ID and percent coverage below. The proposed district meets the requirements to be defined as 100% covered.

MAP ID	SITE AREA (s.f.)	COVERAGE %	SITE COVERAGE (s.f.)	COVERAGE
1-1	71,931	53.9%	38,738	100%
2-1	30,916	68.5%	21,184	100%
3-1	31,177	63.6%	19,831	100%
4-1	52,811	53.6%	24,444	100%
TOTALS	134,024	59.5%	79,753	100%
PERCENTAGES				100%

Condition of Buildings Test – The assessment area contains 2 structures. The substandard determination of a particular building is a two-step process; therefore, the findings of each step are independent of each other and both steps must be satisfied in order for a building to be found structurally substandard. In order to abide by the code test, a structure must have code deficiencies requiring improvements of more than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The conditions test is more subjective and relates to the overall function and defects within the structure (i.e. broken windows, roof leaks, aged finishes, etc.). The structures meet both steps to be determined substandard.

Map ID, Building	PIN	Percent of Code Deficiencies related to replacement costs	Conditions Deficiencies (Yes/No)
1-1, 10400 Bren Rd E	36.117.22.31.0018	29.92%	Yes
2-1, 10500 Bren Rd E	36.117.22.31.0017	41.46%	Yes
3-1, 10550 Bren Rd E	36.117.22.34.0019	55.05%	Yes
4-1, 10601 Red Circle Dr	36.117.22.34.0011	17.05%	Yes

Please refer to the definition of "structurally substandard" within this report:

5. CONCLUSION

In our professional opinion and based on our surveying and evaluation of the parcels and buildings, **the parcels met the 15% coverage test**; and the **buildings qualify as eligible structures** (structurally substandard) based on the coverage test and conditions test under the current statutory criteria and formulas for Redevelopment Tax Increment Financing District (State Statute 469.174 Subd. 10 (b) and (c)).

6. SUPPORTING DOCUMENTS (ATTACHED)

- TIF Assessment Figures: Buildings Under Study, Occupied Surfaces, Percent Occupied
- Site Occupied/Building Substandard Determination table
- Asset Detail Report on Building Condition (one per building)

7. PROCEDURAL REQUIREMENTS

The properties were surveyed and evaluated in accordance with the following requirements under Minnesota Statute Section 469.174, Subdivision 10, clause (c) which states:

Interior Inspection – “The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property...”

Exterior Inspection and Other Means – “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; and 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.”

Documentation – “Written documentation of the building findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3, clause (1).”

8. PROCEDURES TO FOLLOW TO MEET REQUIREMENTS

David Bearon and Eric Tangren, as property managers of the properties, provided access to the buildings within the assessment area. CR-BPS conducted the assessments on January 28, 2021. An interior and exterior inspection and evaluation were completed for the buildings within the Scope of Work.

For the subject buildings, we were provided copies of available building permit information on record for review by CR-BPS. These permits provide a basic description of the type of work completed for each permit (Building, Electrical, or Plumbing, scope of work) and, in some cases, approximate value of work that was completed. In some cases, completed and approved corrections are noted on the reports. Building data from these public records was combined with and reviewed against information gathered in the field Qualification Requirements.

The property was surveyed and evaluated to ascertain whether the qualification tests for tax increment eligibility for a Redevelopment District, required under the following Minnesota Statutes, could be met.

Minnesota Statute Section 469.174, Subdivision 10, requires three tests for occupied parcels:

1. Coverage Test – “parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots or similar structures . . .”

Note: The coverage required by the parcel to be considered occupied is defined under Minnesota Statute Section 469.174, Subdivision 10, clause (e) which states: “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% of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots or other similar structures.”

2. Condition of Buildings Test – The term ‘structurally substandard’, as used in the preceding paragraph, is defined by a two-step test:

Conditions Test: Under the tax increment law, specifically, Minnesota Statutes, Section 469.174, Subdivision 10, clause (b), a building is **structurally substandard** if it contains “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.”

Code Test: Notwithstanding the foregoing, the tax increment law, specifically, Minnesota Statutes, Section 469.174, Subdivision 10, clause (c) also provides that a building may not be considered structurally substandard if it: “. . . is in compliance with 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.”

Based on the above requirements, the substandard determination of a particular building is a two-step process; therefore, the findings of each step are independent of each other and both steps must be satisfied in order for a building to be found structurally substandard. It is not sufficient to conclude that a building is structurally substandard solely because the Code Test is

satisfied. It is theoretically possible for a building to require extensive renovation in order to meet current building codes but still not meet the main test of the Conditions Test.

Furthermore, deficiencies included in the Conditions Test may or may not include specific code deficiencies as listed in the Code Test. In many cases, specific building code deficiencies may well contribute to the data which supports satisfying the Conditions Test; conversely, it is certainly possible that identified hazards or other deficiencies which could be included in the Conditions Test do not necessarily constitute current building code deficiencies. By definition, the nature of the two steps is slightly different. The Conditions Test is more *subjective*, whereas the Code Test is an *objective* test. Conditions Test deficiencies are less technical and not necessarily measurable to the same extent of the code deficiencies in the Code Test. To the end that technical, measurable building code deficiencies support the satisfaction of the less technical Conditions Test, the following code requirements are defined in terms that go beyond the technical requirements of the code and demonstrate their relevance in terms of “. . . deficiencies in essential utilities and facilities, light and ventilation, etc. . . .”

International Building Code (IBC): The purpose of the IBC is to provide minimum standards to safeguard public health, safety, and general welfare through structural strength, means of egress facilities, stability, sanitation, adequate light and ventilation, energy conservation, and safety to life and property from fire and other hazards attributed to the built environment (IBC 101.3). A deficiency in the building code (insufficient number of building exits, insufficient door landing area, etc.) adversely affects one or more of the above standards to safeguard ‘public health . . . and safety to life’; therefore, a deficiency in the building code is considered a deficiency in one or more “essential utilities and facilities, light and ventilation, etc.”

Minnesota Accessibility Code, Chapter 1341: This chapter sets the requirements for accessibility all building occupancies. The Minnesota Accessibility Code closely follows ANSI 117.1 (2015), which sets the guidelines for accessibility to places of public accommodations and commercial facilities as required by the Americans with Disabilities Act (ADA) of 1990. The ADA is a federal anti-discrimination statute designed to remove barriers that prevent qualified individuals with disabilities from enjoying the same opportunities that are available to persons without disabilities (ADA Handbook). Essentially, a deficiency in the accessibility code (lack of handrail extension at stairs or ramp, lack of clearance at a toilet fixture, etc.) results in a discrimination against disabled individuals; therefore, a deficiency in the accessibility code is considered a deficiency in “essential utilities and facilities.”

Minnesota Rules/Manufactured Homes, Chapter 1350: This chapter sets the requirements for manufactured homes and closely follows the Federal Manufactured Home Construction and Safety Standards. The standards provide additional safety requirements for residents in these structures. A deficiency in this code would consist of improper installation or lack of seals.

Minnesota Food Code, Chapter 4626: This chapter is enforced by the Minnesota Department of Health and is similar to the IBC in that it provides minimum standards to safeguard public health in areas of public/commercial food preparation. A deficiency in the food code (lack of non-absorbent wall or ceiling finishes, lack of hand sink, etc.) causes a condition for potential contamination of food; therefore, a deficiency in the food code is considered a deficiency in “essential utilities and facilities.”

National Electric Code (NEC): The purpose of the NEC is the practical safeguarding of persons and property from hazards arising from the use of electricity. The NEC contains provisions that are considered necessary for safety (NEC 90-1 (a) and (b)). A deficiency in the electric code (insufficient electrical service capacity, improper wiring, etc.) causes a hazard from the use of electricity; therefore, a deficiency in the electric code is considered a deficiency in “essential utilities and facilities.”

International Mechanical Code (IMC): The purpose of the IMC is to provide minimum standards to safeguard life or limb, health, property and public welfare by regulating and controlling the design, construction, installation, quality of materials, location, operation, and maintenance or use of mechanical systems (IMC 101.3). The IMC sets specific requirements for building ventilation, exhaust, intake, and relief. These requirements translate into a specified number of complete clean air exchanges for a building based on its occupancy type and occupant load. A deficiency in the mechanical code adversely affects the ‘health . . . and public welfare’ of a building’s occupants; therefore, a deficiency in the mechanical code is considered a deficiency in “light and ventilation.”

Note: The above list represents some of the more common potential code deficiencies considered in the assessment of the buildings in the proposed district. This list does not necessarily include every factor included in the data used to satisfy Step 1 for a particular building. Refer to individual building reports for specific findings.

Finally, the tax increment law provides that the municipality or authority may find that a building is not disqualified as structurally substandard under the Code Test 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. Items of evidence that support such a conclusion [that the building is structurally substandard] include recent fire or police inspections, on-site property appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence.”

9. MEASUREMENTS AGAINST TECHNICAL TEST REQUIREMENTS

Coverage Test

CR-BPS utilized a GIS (Geographic Information Systems) system database, available through Hennepin County and the City of Minnetonka, to obtain information on the parcel. The GIS system contains graphic information (parcel shapes) and numerical data based on county tax records. This information was used by CR-BPS for the purposes of this assessment.

The total square foot area of the parcel was obtained from county records (GIS) and general site verification.

The total extent of site improvements on the parcel was digitized from recent aerial photography. The total square footage of site improvements was then digitally measured and confirmed by general site verification.

The total percentage of coverage of the parcel was computed to determine if the 15% requirement was met. Refer to attached maps: Occupied Surfaces map and Percent Occupied map.

Condition of Building Test

Replacement Cost – the cost of constructing a new structure of the same size and type on site:

R. S. Means Square Foot Costs (2016) was used as the industry standard for base cost calculations. *R. S. Means* is a nationally published reference tool for construction cost data. Costs are updated yearly and establish a “national average” for materials and labor prices for all types of building construction. The base costs derived from *R. S. Means* were reviewed and modified (if applicable) against our professional judgment and experience.

A base cost was calculated by first establishing building type, building construction type, and construction quality level (residential construction) to obtain the appropriate Means cost per square foot. This cost was multiplied times the building square footage to obtain the total replacement cost for an individual building. Additionally, to account for regional/local pricing, a cost factor was added to the total cost according to *R.S. Means* tables. Using *R. S. Means*, consideration is made for building occupancy, building size, and construction type; therefore, the cost per square foot used to construct a new structure will vary accordingly.

Building Deficiencies: Conditions Test (Condition Deficiencies) – determining the combination of defects or deficiencies of sufficient total significance to justify substantial renovation or clearance.

On-Site evaluations - Evaluation of each building was made by reviewing available information from available records and making interior and/or exterior evaluations, as noted, sometimes limited to public spaces. Deficiencies in structural elements, essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, were noted by the evaluator. Condition Deficiencies may or may not include Code Deficiencies as defined below. Energy code compliance was not considered for the purposes of determining Condition Deficiencies. Deficiencies were combined and summarized for each building in order to determine their total significance.

Building Deficiencies: Code Test (Code Deficiencies) – determining technical conditions that are not in compliance with current building code applicable to new buildings and the cost to correct the deficiencies:

On-Site evaluations - Evaluation of each building was made by reviewing available information from available records and making interior and/or exterior evaluations, as noted, sometimes limited to public spaces. On-site evaluations were completed using a standard checklist format. The standard checklist was derived from several standard building code plan review checklists and was intended to address the most common, easily identifiable code deficiencies. Mechanical Engineers, Electrical Engineers, and Building Code Officials were also consulted in the development of the checklist.

Deficiencies are generally grouped into the following categories (category names are followed by its applicable building code):

- Building accessibility – Minnesota Accessibility Code
- Building egress, building construction – International Building Code
- Fire protection systems – International Building Code
- Food service – Minnesota Food Code
- HVAC (heating, ventilating, and air conditioning) – International Mechanical Code
- Electrical systems – National Electric Code and Minnesota Energy Code

- Energy code compliance – Minnesota Energy Code

For the purposes of determining the Code Test (Code Deficiencies), Energy code compliance is relevant because its criteria affect the design of integral parts of a majority of a building's systems. The intent of these criteria is to provide a means for assuring building durability and permitting energy efficient operation (7676.0100). The energy code addresses general building construction (all forms of energy transmission in an exterior building envelope – walls, roofs, doors, windows, etc.) and energy usage by lighting and mechanical systems. A deficiency in the energy code (inadequate insulation, non-insulated window systems, improper air infiltration protection, etc.) reduces energy efficient operation and adversely affects building system durability; therefore, a deficiency in the energy code is considered to contribute to a condition requiring substantial renovation or clearance.

Office evaluations – Following the on-site evaluation, each building was then reviewed, based on on-site data, age of construction, building usage and occupancy, square footage, and known improvements (from building permit data), and an assessment was made regarding compliance with current mechanical, electrical, and energy codes. A basic code review was also completed regarding the potential need for additional egress (e.g. basement stairways), sprinkler systems, or elevators.

Deficiency Cost – Costs to correct identified deficiencies were determined by using *R. S. Means Cost Data* and our professional judgment and experience. Our VFA partner Internet website has a real-time link to the *R. S. Means Cost Data*. In general, where several items of varying quality were available for selection to correct a deficiency, an item of average cost was used, as appropriate for typical commercial or residential applications. Actual construction costs are affected by many factors (bidding climate, size of project, etc.). Due to the nature of this assessment, we were only able to generalize the scope of work for each correction; detailed plans, quantities, and qualities of materials were impossible to know. Our approach to this matter was to determine a preliminary cost projection suitable to the level of detail that is known. This process was similar to our typical approach for a cost projection that may be given to an owner during a schematic design stage of a project.

Costs to correct deficiencies were computed for each building and compared to the building replacement cost to determine if the 15% requirement was met. Each individual Asset Summary Report contains the Requirements Index. The Requirements Index is the ratio of Requirements (Code Deficiencies) divided by current replacement value.



Technical Conditions Resources – The following list represents the current building codes applicable to new buildings used in the Building Deficiency review:

- 2020 Minnesota State Building Code
- 2018 International Building Code
- 2018 International Residential Code
- MN 1341 – Minnesota Accessibility Code, Chapter 1341 (2015)
- MN 1350 – Minnesota Rules/ Manufactured Homes, Chapter 1350 (2015)
- 2020 Minnesota Energy Code, Chapters 7672, 7674, or 7676
- 2018 National Electric Code
- 2018 International Mechanical Code

List of Figures

Figure 1 – Buildings Under Study

Figure 2 – Occupied Surfaces

Figure 3 – Percent Occupied





**CITY OF
MINNETONKA**

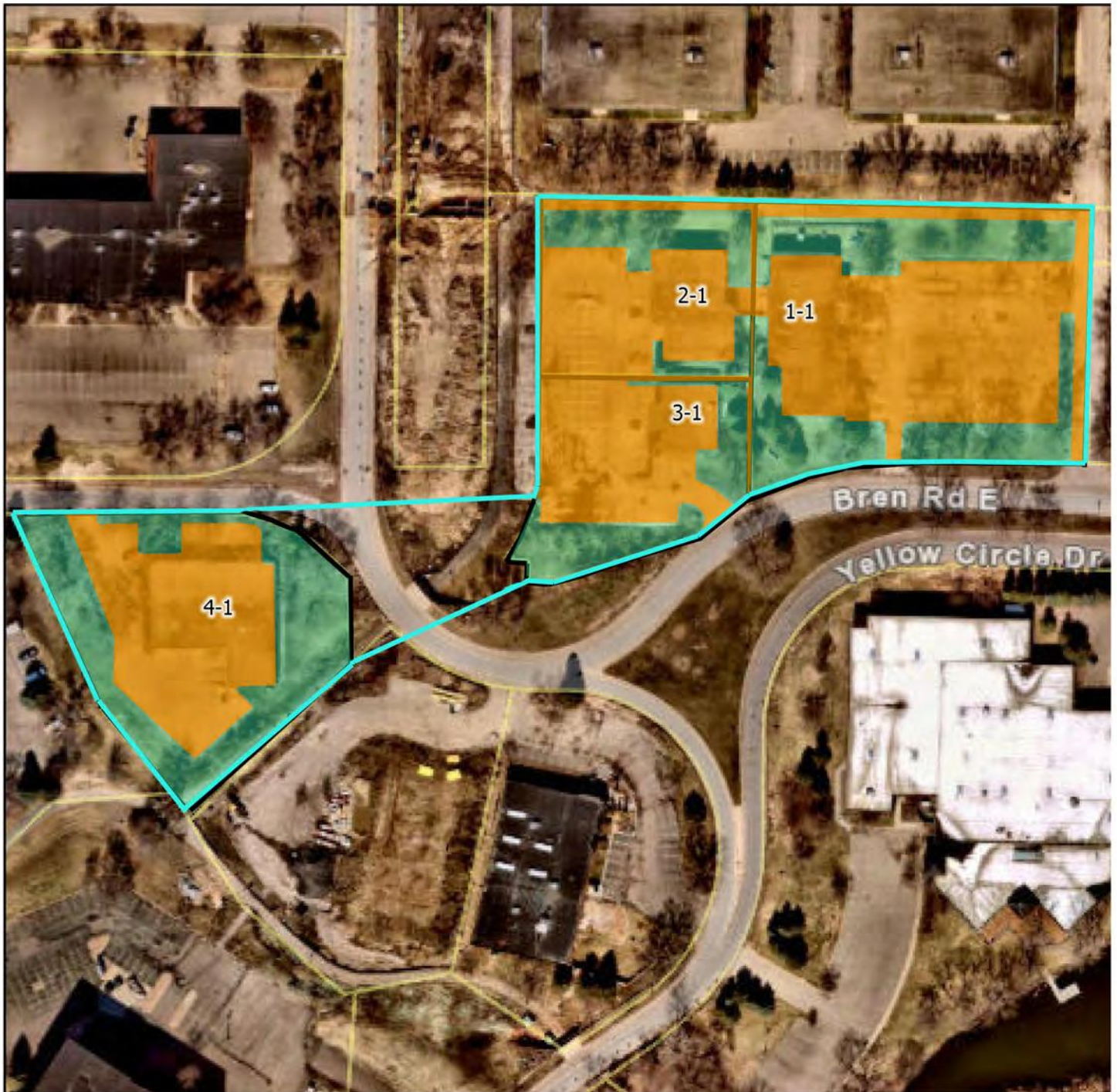
Redevelopment Eligibility
Assessment

BUILDINGS UNDER STUDY



Legend

-  Project Boundary
-  Parcels



**CITY OF
MINNETONKA**

Redevelopment Eligibility
Assessment

OCCUPIED SURFACES



Legend

- Project Boundary
- Parcels
- Occupied Surfaces**
- Yes
- No



**CITY OF
MINNETONKA**

Redevelopment Eligibility
Assessment

PERCENT OCCUPIED



Legend

- Project Boundary
- Parcels
- Percent Occupied**
- 0 % Developed
- 1 - 15 % Developed
- > 15 % Developed

List of Tables
Site Occupied/Building Substandard Determination

SITE OCCUPIED/BUILDING SUBSTANDARD DETERMINATION
 CITY OF MINNETONKA
 BREN RD/RED CIRCLE DR
 REDEVELOPMENT TIF ELIGIBILITY ASSESSMENT

MAP ID	FULL NAME	PARCEL ID	TYPE OF OCCUPATION	SITE AREA (s.f.)	COVERAGE %	SITE COVERAGE (s.f.)	COVERAGE QUANTITY	TOTAL # BUILDINGS	# SUBSTANDARD	EVAL. TYPE
1-1	MARINER AFFORDABLE APTS LP	36.117.22.31.0018	Commercial	71931.00	53.9%	38738.00	100%	1	1	I,E
2-1	NEWPORT MW	36.117.22.31.0017	Commercial	30916.00	68.5%	21184.00	100%	1	1	I,E
3-1	NEWPORT MW	36.117.22.34.0019	Commercial	31177.00	63.6%	19831.00	100%	1	1	I,E
4-1	TANGREN CAPITAL LLC	36.117.22.34.0011	Commercial	52811.00	53.6%	28318.00	100%	1	1	I,E
TOTALS				134,024	59.5%	79,753	100%	4	4	
PERCENTAGES							100%		100.00%	

Evaluation Type (I-Interior, E-Exterior)

+

List of Appendices

Asset Detail Report on Building Condition (one per building)

Client: TONKA - City of Minnetonka, MN **Asset:** 10400 Bren Rd
Project Number: TONKA-008 **Asset Number:** 1-1

Assets are ordered by Asset Name **Currency: USD**

Statistics

FCI Cost:	340,419	FCI:	0.16
RI Cost:	646,139	RI:	0.30
Total Requirements Cost:	646,137		
Current Replacement Value:	2,159,493	Date of most Recent Assessment:	Jan 28, 2018

Type	Building	Construction Type	IBC - Type V B
Area	18,147 SF	Historical Category	
Use	Office	City	Minnetonka
Floors	1	State/Province/Region	-
Address 1	10400 Bren Rd	Zip/Postal Code	55343
Address 2	-	Architect	-
Year Constructed	1980	Commission Date	-
Year Renovated	-	Decommission Date	-
Ownership	-		

Photo



IMG_7634.jpg

Asset Description

MAP ID # 1-1

PID # 36.117.22.31.0018
 Parcel Name 10400 Bren Rd E

 Inspector CK
 Inspection Date 1/28/2021
 Survey Method INTERIOR/EXTERIOR
 Bldg Occupancy BUSINESS
 Bldg Type B
 Wall Construction BRICK/BLOCK
 Roof Construction PRECAST CONC/STEEL/EPDM
 # Stories 2
 Basement (Y/N) N
 Story-Height 14
 Floor Area 9,374
 Building Area 9,373
 Year Built 1980
 Sprinklered Y
 Elevator N

Report on Building Condition

Building ID/Business Name/Address: 10400 Bren Rd E, Minnetonka, MN 55343

Satisfies Conditions Test for Structurally Substandard Building: Y
 Satisfies Code Test for Structurally Substandard Building Y
 Structurally Substandard Building (Y/N): Y

Conditions Test

Under the tax increment law, specifically, Minnesota Statutes, Section 469.174, Subdivision 10, a building is structurally substandard if it contains 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.

The above building, based upon actual interior and exterior inspection and review of building permit records, exhibits the following deficiencies that contribute to justifying substantial renovation or clearance:

Structural Elements:

Defects in exterior building shell: Brick walls show evidence of settlement cracks. Roof leaks are present

Deficient in construction: Multiple walls are either removed or partially removed with studs showing.

Essential Utilities & Facilities:

Deficient in facilities for disabled: Lack of maneuvering clearance and accessible features at toilet areas or access to the split levels. Elevator needed to meet current code requirements.

Fire Protection/Egress:

Deficient entry: Handrail height, grip, extensions and guardrails. Stairs do not comply to rise/run requirements.

Layout/Condition of Interior Partitions:

Chipped and/or damaged wall in numerous locations. Flooring is damaged and inconsistent. Layout exhibits obsolescence.

Similar Factors

Defects: Water stained ACT and gypsum; damaged sheathing; aged and damaged interior doors and windows. Heating system is original to construction.

Code Test

Notwithstanding the foregoing, the tax increment law also provides that a building may not be considered structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the current building code at a cost of less than 15% of the cost of constructing a new building of the same square footage and type on the same site.

Estimated cost of new building of same size and type (Total Replacement Cost): \$2,159,493

Estimated cost of correction of code deficiencies (Total Deficiency Cost): \$340,419

Percentage of Code Deficiency to Replacement Cost: 15.73%

Estimated cost of correction of code and energy code deficiencies (Total Deficiency Cost): \$646,139

Percent of Code/Energy Deficiency to Replacement Cost: 29.92%

Refer to the following requirements for documentation of specific code deficiencies.

Requirements

Requirement Name	Renewal	Prime System	Category	Priority	Action Date	Estimated Cost
Access Int - Building occupancy of floor (greater than 30 occupants) above or below level of access requires installation of an elevator - MN 1341.0405	No		Building Code	TIF Requirement	Jan 28, 2022	159,126
Access Int - Door on an interior accessible route without lever handle or loop-style hardware - MN 1341.0442	No		Building Code	TIF Requirement	Jan 28, 2022	8,321
Access Int - Drinking fountain without spout at 36" max. height and 27" min. knee clearance - MN	No		Building Code	TIF Requirement	Jan 28, 2022	7,603

Requirement Name	Renewal	Prime System	Category	Priority	Action Date	Estimated Cost
1341.0446						
Access Int - Public/common use room without sink at 34" max. height and 29" min. clear knee space below - MN 1341.0464	No		Building Code	TIF Requirement	Jan 28, 2022	2,641
Access Int - Toilet room accessibility improvements due to noncompliant clearances at fixtures or doors, location and heights of fixtures (major remodeling)- MN 1341.0454	No		Building Code	TIF Requirement	Jan 28, 2022	80,734
Access Int - Toilet room without plumbing insulation/covering for lavatory - MN 1341.0454	No		Building Code	TIF Requirement	Jan 28, 2022	918
Egress - Flight of stairs with noncompliant rise/run (7" max. rise/11" min. run) (residential exception: 7.75" max. rise/10" min. run) - IBC 1003.3.3.3	No		Life Safety	TIF Requirement	Jan 28, 2022	23,368
Energy - Total above grade wall area in square feet with insufficient R-value	No		Energy	TIF Requirement	Jan 28, 2022	142,467
Energy - Total foundation wall area in square feet with insufficient R-value	No		Energy	TIF Requirement	Jan 28, 2022	9,171
HVAC Com - For building construction prior to 1989, building electrical systems are not sufficient to handle additional mechanical units associated with increased air exchanges	No		Building Code	TIF Requirement	Jan 28, 2022	57,707
Total attic/roof area in square feet with insufficient R-value	No		Energy	TIF Requirement	Jan 28, 2022	154,081
Total						646,137

Client: TONKA - City of Minnetonka, MN **Asset:** 10500 Bren Rd
Project Number: TONKA-008 **Asset Number:** 2-1

Assets are ordered by Asset Name **Currency: USD**

Statistics

FCI Cost:	376,098	FCI:	0.26
RI Cost:	601,745	RI:	0.41
Total Requirements Cost:	601,745		
Current Replacement Value:	1,451,443	Date of most Recent Assessment:	Jan 28, 2018

Type	Building	Construction Type	IBC - Type V B
Area	12,197 SF	Historical Category	
Use	Office	City	Minnetonka
Floors	1	State/Province/Region	-
Address 1	10500 Bren Rd	Zip/Postal Code	55343
Address 2	-	Architect	-
Year Constructed	1980	Commission Date	-
Year Renovated	-	Decommission Date	-
Ownership	-		

Photo



IMG_7960.jpg

Asset Description

MAP ID # 2-1

PID # 36.117.22.31.0017
 Parcel Name 10500 Bren Rd E
 Inspector CK
 Inspection Date 1/28/2021
 Survey Method INTERIOR/EXTERIOR
 Bldg Occupancy BUSINESS
 Bldg Type B
 Wall Construction BRICK/BLOCK
 Roof Construction PRECAST CONC/STEEL/EPDM
 # Stories 2
 Basement (Y/N) N
 Story-Height 14
 Floor Area 6,099
 Building Area 6,098
 Year Built 1980
 Sprinklered N
 Elevator N

Report on Building Condition

Building ID/Business Name/Address: 10500 Bren Rd E, Minnetonka, MN 55343

Satisfies Conditions Test for Structurally Substandard Building: Y

Satisfies Code Test for Structurally Substandard Building Y

Structurally Substandard Building (Y/N): Y

Conditions Test

Under the tax increment law, specifically, Minnesota Statutes, Section 469.174, Subdivision 10, a building is structurally substandard if it contains 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.

The above building, based upon actual interior and exterior inspection and review of building permit records, exhibits the following deficiencies that contribute to justifying substantial renovation or clearance:

Structural Elements:

Defects in exterior building shell: Brick walls show evidence of settlement cracks. Roof leaks are present

Deficient in construction: Multiple walls are either removed or partially removed with studs showing.

Essential Utilities & Facilities:

Deficient in facilities for disabled: Lack of maneuvering clearance and accessible features at toilet areas or access to the split levels. Elevator needed to meet current code requirements.

Fire Protection/Egress:

Deficient entry: Handrail height, grip, extensions and guardrails. Stairs do not comply to rise/run requirements. No fire suppression system.

Layout/Condition of Interior Partitions:

Chipped and/or damaged wall in numerous locations. Flooring is damaged and inconsistent. Layout exhibits obsolescence.

Similar Factors

Defects: Water stained ACT and gypsum; damaged sheathing; aged and damaged interior doors and windows. Heating system is original to construction.

Code Test

Notwithstanding the foregoing, the tax increment law also provides that a building may not be considered structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the current building code at a cost of less than 15% of the cost of constructing a new building of the same square footage and type on the same site.

Estimated cost of new building of same size and type (Total Replacement Cost): \$1,451,443

Estimated cost of correction of code deficiencies (Total Deficiency Cost): \$376,098

Percentage of Code Deficiency to Replacement Cost: 25.91%

Estimated cost of correction of code and energy code deficiencies (Total Deficiency Cost): \$601,745

Percent of Code/Energy Deficiency to Replacement Cost: 41.46%

Refer to the following requirements for documentation of specific code deficiencies.

Requirements

Requirement Name	Renewal	Prime System	Category	Priority	Action Date	Estimated Cost
Access Int - Building occupancy of floor (greater than 30 occupants) above or below level of access requires installation of an elevator - MN 1341.0405	No		Building Code	TIF Requirement	Jan 28, 2022	159,126
Access Int - Door on an interior accessible route without lever handle or loop-style hardware - MN 1341.0442	No		Building Code	TIF Requirement	Jan 28, 2022	8,134
Access Int - Drinking fountain without spout at 36" max. height	No		Building Code	TIF Requirement	Jan 28, 2022	5,702

Requirement Name	Renewal	Prime System	Category	Priority	Action Date	Estimated Cost
and 27" min. knee clearance - MN 1341.0446						
Access Int - Public/common use room without sink at 34" max. height and 29" min. clear knee space below - MN 1341.0464	No		Building Code	TIF Requirement	Jan 28, 2022	5,282
Access Int - Toilet room accessibility improvements due to noncompliant clearances at fixtures or doors, location and heights of fixtures (major remodeling)- MN 1341.0454	No		Building Code	TIF Requirement	Jan 28, 2022	55,222
Access Int - Toilet room without plumbing insulation/covering for lavatory - MN 1341.0454	No		Building Code	TIF Requirement	Jan 28, 2022	612
Egress - Flight of stairs with noncompliant rise/run (7" max. rise/11" min. run) (residential exception: 7.75" max. rise/10" min. run) - IBC 1003.3.3.3	No		Life Safety	TIF Requirement	Jan 28, 2022	35,052
Energy - Total above grade wall area in square feet with insufficient R-value	No		Energy	TIF Requirement	Jan 28, 2022	116,327
Energy - Total foundation wall area in square feet with insufficient R-value	No		Energy	TIF Requirement	Jan 28, 2022	8,559
Fire Sys - Occupancy, area, and construction type of building require installation of fire sprinkler system - IBC Chap. 5, UBC 903	No		Building Code	TIF Requirement	Jan 28, 2022	68,181
HVAC Com - For building construction prior to 1989, building electrical systems are not sufficient to handle additional mechanical units associated with increased air exchanges	No		Building Code	TIF Requirement	Jan 28, 2022	38,786
Total attic/roof area in square feet with insufficient R-value	No		Energy	TIF Requirement	Jan 28, 2022	100,762
Total						601,745

Client: TONKA - City of Minnetonka, MN **Asset:** 10550 Bren Rd
Project Number: TONKA-008 **Asset Number:** 3-1

Assets are ordered by Asset Name **Currency:** USD

Statistics

FCI Cost:	292,112	FCI:	0.37
RI Cost:	436,316	RI:	0.55
Total Requirements Cost:	436,316		
Current Replacement Value:	792,540	Date of most Recent Assessment:	Jan 28, 2018

Type	Building	Construction Type	IBC - Type V B
Area	6,660 SF	Historical Category	
Use	Office	City	Minnetonka
Floors	1	State/Province/Region	-
Address 1	10550 Bren Rd	Zip/Postal Code	55343
Address 2	-	Architect	-
Year Constructed	1980	Commission Date	-
Year Renovated	-	Decommission Date	-
Ownership	-		

Photo



IMG_7859.jpg

Asset Description

MAP ID # 3-1

PID # 36.117.22.34.0019
 Parcel Name 10550 Bren Rd E
 Inspector CK
 Inspection Date 1/28/2021
 Survey Method INTERIOR/EXTERIOR
 Bldg Occupancy BUSINESS
 Bldg Type B
 Wall Construction BRICK/BLOCK
 Roof Construction PRECAST CONC/STEEL/EPDM
 # Stories 2
 Basement (Y/N) N
 Story-Height 14
 Floor Area 3,330
 Building Area 3,330
 Year Built 1980
 Sprinklered N
 Elevator N

Report on Building Condition

Building ID/Business Name/Address: 10550 Bren Rd E, Minnetonka, MN 55343

Satisfies Conditions Test for Structurally Substandard Building: Y

Satisfies Code Test for Structurally Substandard Building Y

Structurally Substandard Building (Y/N): Y

Conditions Test

Under the tax increment law, specifically, Minnesota Statutes, Section 469.174, Subdivision 10, a building is structurally substandard if it contains 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.

The above building, based upon actual interior and exterior inspection and review of building permit records, exhibits the following deficiencies that contribute to justifying substantial renovation or clearance:

Structural Elements:

Defects in exterior building shell: Brick walls show evidence of settlement cracks. Roof leaks are present

Deficient in construction: Multiple walls are either removed or partially removed with studs showing.

Essential Utilities & Facilities:

Deficient in facilities for disabled: Lack of maneuvering clearance and accessible features at toilet areas or access to the split levels. Elevator needed to meet current code requirements.

Fire Protection/Egress:

Deficient entry: Handrail height, grip, extensions and guardrails. Stairs do not comply to rise/run requirements. No fire suppression system.

Layout/Condition of Interior Partitions:

Chipped and/or damaged wall in numerous locations. Flooring is damaged and inconsistent. Layout exhibits obsolescence.

Similar Factors

Defects: Water stained ACT and gypsum; damaged sheathing; aged and damaged interior doors and windows. Heating system is original to construction.

Code Test

Notwithstanding the foregoing, the tax increment law also provides that a building may not be considered structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the current building code at a cost of less than 15% of the cost of constructing a new building of the same square footage and type on the same site.

Estimated cost of new building of same size and type (Total Replacement Cost): \$792,540

Estimated cost of correction of code deficiencies (Total Deficiency Cost): \$292,112

Percentage of Code Deficiency to Replacement Cost: 36.86%

Estimated cost of correction of code and energy code deficiencies (Total Deficiency Cost): \$436,316

Percent of Code/Energy Deficiency to Replacement Cost: 55.05%

Refer to the following requirements for documentation of specific code deficiencies.

Requirements

Requirement Name	Renewal	Prime System	Category	Priority	Action Date	Estimated Cost
Access Int - Building occupancy of floor (greater than 30 occupants) above or below level of access requires installation of an elevator - MN 1341.0405	No		Building Code	TIF Requirement	Jan 28, 2022	159,126
Access Int - Door on an interior accessible route without lever handle or loop-style hardware - MN 1341.0442	No		Building Code	TIF Requirement	Jan 28, 2022	4,255
Access Int - Drinking fountain without spout at 36" max. height	No		Building Code	TIF Requirement	Jan 28, 2022	5,702

Requirement Name	Renewal	Prime System	Category	Priority	Action Date	Estimated Cost
and 27" min. knee clearance - MN 1341.0446						
Access Int - Public/common use room without sink at 34" max. height and 29" min. clear knee space below - MN 1341.0464	No		Building Code	TIF Requirement	Jan 28, 2022	2,641
Access Int - Toilet room accessibility improvements due to noncompliant clearances at fixtures or doors, location and heights of fixtures (major remodeling)- MN 1341.0454	No		Building Code	TIF Requirement	Jan 28, 2022	38,204
Access Int - Toilet room without plumbing insulation/covering for lavatory - MN 1341.0454	No		Building Code	TIF Requirement	Jan 28, 2022	408
Egress - Flight of stairs with noncompliant rise/run (7" max. rise/11" min. run) (residential exception: 7.75" max. rise/10" min. run) - IBC 1003.3.3.3	No		Life Safety	TIF Requirement	Jan 28, 2022	23,368
Energy - Total above grade wall area in square feet with insufficient R-value	No		Energy	TIF Requirement	Jan 28, 2022	81,690
Energy - Total foundation wall area in square feet with insufficient R-value	No		Energy	TIF Requirement	Jan 28, 2022	7,817
Fire Sys - Occupancy, area, and construction type of building require installation of fire sprinkler system - IBC Chap. 5, UBC 903	No		Building Code	TIF Requirement	Jan 28, 2022	37,229
HVAC Com - For building construction prior to 1989, building electrical systems are not sufficient to handle additional mechanical units associated with increased air exchanges	No		Building Code	TIF Requirement	Jan 28, 2022	21,179
Total attic/roof area in square feet with insufficient R-value	No		Energy	TIF Requirement	Jan 28, 2022	54,697
Total						436,316

Client: TONKA - City of Minnetonka, MN **Asset:** 10601 Red Circle Dr
Project Number: TONKA-008 **Asset Number:** 4-1

Assets are ordered by Asset Name **Currency:** USD

Statistics

FCI Cost:	51,524	FCI:	0.04
RI Cost:	236,416	RI:	0.17
Total Requirements Cost:	236,417		
Current Replacement Value:	1,386,531	Date of most Recent Assessment:	Jan 28, 2018

Type	Building	Construction Type	IBC - Type V B
Area	10,006 SF	Historical Category	
Use	Office	City	Minnetonka
Floors	1	State/Province/Region	-
Address 1	10601 Red Circle Dr	Zip/Postal Code	55343
Address 2	-	Architect	-
Year Constructed	1977	Commission Date	-
Year Renovated	-	Decommission Date	-
Ownership	-		

Photo



IMG_8116.jpg

Asset Description

MAP ID # 4-1

PID # 36.117.22.34.0011
 Parcel Name 10601 Red Circle Dr

 Inspector CK
 Inspection Date 1/28/2021
 Survey Method INTERIOR/EXTERIOR
 Bldg Occupancy BUSINESS
 Bldg Type B
 Wall Construction BRICK/BLOCK
 Roof Construction STEEL/EPDM
 # Stories 1
 Basement (Y/N) N
 Story-Height 16
 Floor Area 10,006
 Building Area 10,006
 Year Built 1977
 Sprinklered Y
 Elevator N

Report on Building Condition

Building ID/Business Name/Address: 10601 Red Circle Dr, Minnetonka, MN 55343

Satisfies Conditions Test for Structurally Substandard Building: Y
 Satisfies Code Test for Structurally Substandard Building Y
 Structurally Substandard Building (Y/N): Y

Conditions Test

Under the tax increment law, specifically, Minnesota Statutes, Section 469.174, Subdivision 10, a building is structurally substandard if it contains 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.

The above building, based upon actual interior and exterior inspection and review of building permit records, exhibits the following deficiencies that contribute to justifying substantial renovation or clearance:

Structural Elements:

Defects in exterior building shell: Brick walls show evidence of settlement cracks.

Deficient in construction: Multiple walls have been removed since its original construction type as an office building.

Essential Utilities & Facilities:

Deficient in facilities for disabled: Lack of maneuvering clearance and accessible features at toilet areas or access to the split levels. No Handicap parking.

Fire Protection/Egress:

Layout/Condition of Interior Partitions:

Due to the transition of use major renovations would be needed to convert the space back to an Office.

Similar Factors

Defects: Water stained ACT and gypsum; damaged sheathing; aged and damaged interior doors and windows.

Code Test

Notwithstanding the foregoing, the tax increment law also provides that a building may not be considered structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the current building code at a cost of less than 15% of the cost of constructing a new building of the same square footage and type on the same site.

Estimated cost of new building of same size and type (Total Replacement Cost): \$1,386,531

Estimated cost of correction of code deficiencies (Total Deficiency Cost): \$51,524

Percentage of Code Deficiency to Replacement Cost: 3.76%

Estimated cost of correction of code and energy code deficiencies (Total Deficiency Cost): \$236,416

Percent of Code/Energy Deficiency to Replacement Cost: 17.05%

Refer to the following requirements for documentation of specific code deficiencies.

Requirements

Requirement Name	Renewal	Prime System	Category	Priority	Action Date	Estimated Cost
Access Int - Door on an interior accessible route without lever handle or loop-style hardware - MN 1341.0442	No		Building Code	TIF Requirement	Jul 17, 2018	8,134
Access Int - Less than 5% of public/common use sales/service counter/window at 36" max. above the floor or 36" min. width - MN 1341.0720	No		Building Code	TIF Requirement	Jul 17, 2015	4,288
Access Int - Public/common use room without sink at 34" max. height and 29" min. clear knee space below - MN 1341.0464	No		Building Code	TIF Requirement	Jan 28, 2022	2,641

Requirement Name	Renewal	Prime System	Category	Priority	Action Date	Estimated Cost
Access Int - Toilet room accessibility improvements due to noncompliant clearances at fixtures or doors, location and heights of fixtures (major remodeling)- MN 1341.0454	No		Building Code	TIF Requirement	Jan 28, 2022	20,374
Access Int - Toilet room without plumbing insulation/covering for lavatory - MN 1341.0454	No		Building Code	TIF Requirement	Jan 21, 2022	204
Bldg Const - Building requires seperation of occupancies - IBC 302.3.3	No		Building Code	TIF Requirement	Jan 28, 2022	15,884
Energy - Total above grade wall area in square feet with insufficient R-value	No		Energy	TIF Requirement	Jul 17, 2015	104,330
Energy - Total attic/roof area in square feet with insufficient R-value	No		Energy	TIF Requirement	Jul 17, 2015	71,366
Energy - Total foundation wall area in square feet with insufficient R-value	No		Energy	TIF Requirement	Jul 17, 2015	9,196
Total						236,417

CR-BPS

BUILDING PERFORMANCE SPECIALISTS

Opus Business Park TIF District

City of Minnetonka, MN



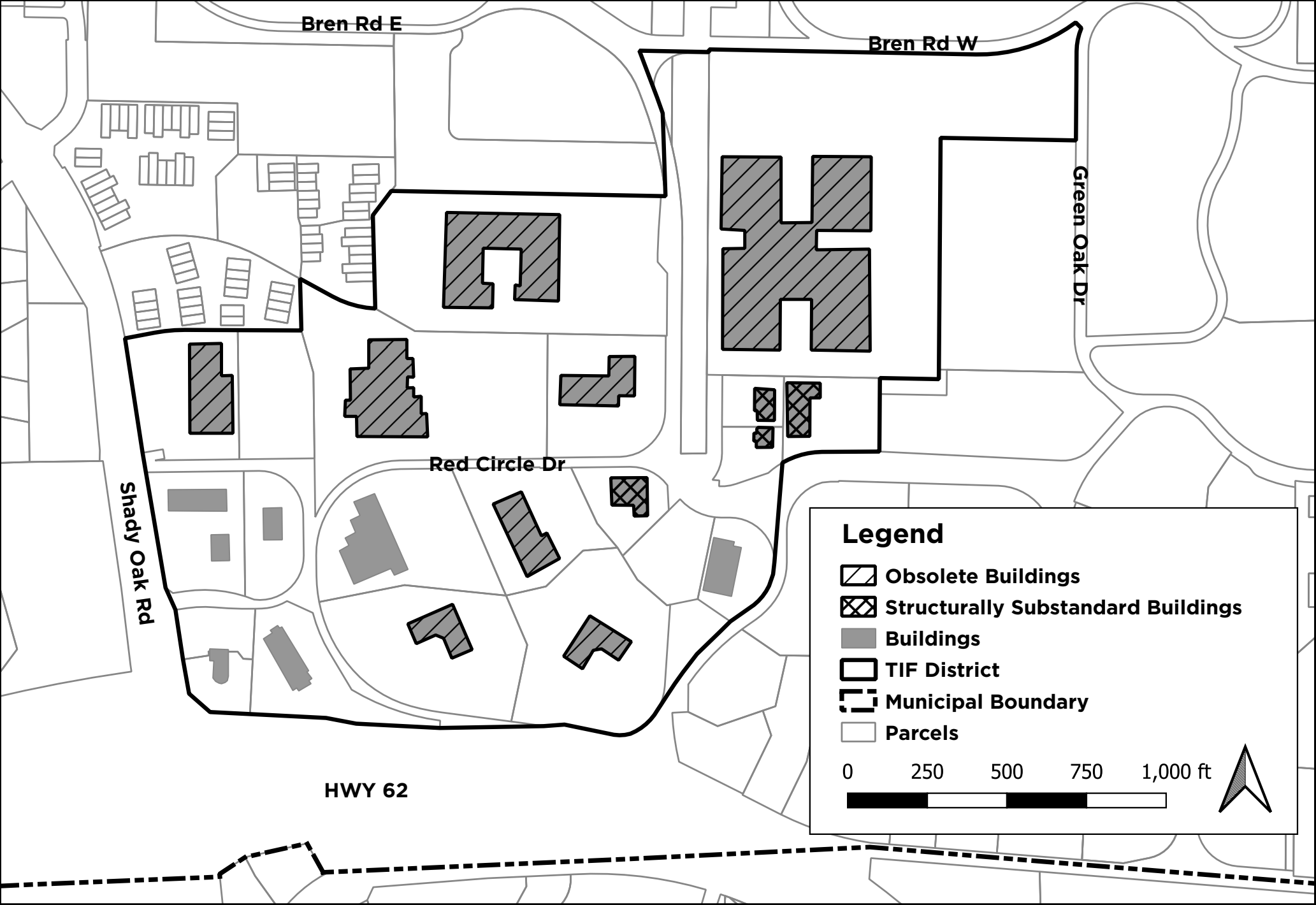
Property Condition Assessment Summary

Map ID	PID	Property Address	Use	Improved or Vacant	Site Area (Sq. Ft.)	Site Coverage (Sq. Ft.)	Coverage of Improvements (%)	Coverage Quantity (Sq. Ft.)	No. of Buildings	Building Replacement Cost	15% of Replacement Cost	Building Code Deficiencies	No. of Buildings Exceeding 15%	No. of Substandard Buildings	No. of Obsolete Buildings	
1	36-117-22-31-0017	10500 Bren Rd E	Linden Street Apts	Improved	30,916	21,184	68.5%	30,916	1	\$1,451,443	\$217,716	\$601,745	1	1	0	
2	36-117-22-31-0018	10400 Bren Rd E		Improved	71,931	38,738	53.9%	71,931	1	\$2,159,493	\$323,924	\$646,139	1	1	0	
3	36-117-22-31-0019	10550 Bren Rd E		Improved	31,177	19,831	63.6%	31,177	1	\$792,540	\$118,881	\$436,316	1	1	0	
* 4	36-117-22-32-0004	5959 Shady Oak Rd	Doran Apts	Improved	130,242	59,297	45.5%	130,242	1	NA	NA	NA	0	0	1	
5	36-117-22-32-0056	Not Assigned		Improved	92,456	58,585	63.4%	92,456	0	NA	NA	NA	0	0	0	
* 6	36-117-22-33-0010	10901 Red Circle Dr	Wellington Apts	Improved	203,983	148,402	72.8%	203,983	1	NA	NA	NA	0	0	1	
* 7	36-117-22-31-0014	10701 Bren Rd E	KA & AEON Apts	Improved	137,635	102,035	74.1%	137,635	1	NA	NA	NA	0	0	1	
* 8	36-117-22-31-0005	10301 Bren Rd W	Mpls Mart	Improved	860,972	624,611	72.5%	860,972	1	NA	NA	NA	0	0	1	
* 9	36-117-22-31-0016	10901 Bren Rd E	Industrial/Office	Improved	390,006	205,727	52.7%	390,006	1	NA	NA	NA	0	0	1	
* 10	36-117-22-34-0014	10400 Yellow Circle Dr	Continental Office	Improved	225,235	165,005	73.3%	225,235	1	NA	NA	NA	0	0	1	
* 11	36-117-22-32-0071	10900 Red Circle Dr	Transition Networks Office	Improved	325,150	213,153	65.6%	325,150	1	NA	NA	NA	0	0	1	
12	36-117-22-33-0016	6001 Shady Oak Rd	Minnetonka Crossings	Improved	104,050	87,536	84.1%	104,050	1	NA	NA	NA	0	0	0	
13	36-117-22-33-0017	11000 Red Circle Dr	Three Putt	Improved	66,666	54,293	81.4%	66,666	1	NA	NA	NA	0	0	0	
14	36-117-22-33-0020	10985 Red Circle Dr	Holiday Inn Express	Improved	99,413	66,692	67.1%	99,413	1	NA	NA	NA	0	0	0	
15	36-117-22-33-0021	10995 Red Circle Dr	DJD Partners	Improved	34,834	26,048	74.8%	34,834	1	NA	NA	NA	0	0	0	
16	36-117-22-33-0022	10999 Red Circle Dr		Improved	34,792	28,285	81.3%	34,792	1	NA	NA	NA	0	0	0	
* 17	36-117-22-34-0010	10701 Red Circle Dr	Festivities Rental Service	Improved	126,248	65,764	52.1%	126,248	1	NA	NA	NA	0	0	1	
18	36-117-22-34-0011	10601 Red Circle Dr	VeraTech Office	Improved	52,811	28,318	53.6%	52,811	1	\$1,386,531	\$207,980	\$236,416	1	1	0	
19	36-117-22-34-0013	10401 Bren Rd E	Childhood Dev. Center	Improved	55,851	33,182	59.4%	55,851	1	NA	NA	NA	0	0	0	
20	36-117-22-31-0021	Not Assigned	Met Council	Vacant	8,937	-	0.0%	-	0	NA	NA	NA	NA	NA	NA	
21	36-117-22-31-0022	10451 Bren Rd W	Met Council	Vacant	113,509	-	0.0%	-	0	NA	NA	NA	NA	NA	NA	
22	36-117-22-34-0012	10501 Bren Rd E	Met Council	Vacant	58,140	-	0.0%	-	0	NA	NA	NA	NA	NA	NA	
23	36-117-22-33-0009	10801 Red Circle Dr	River Valley Church	Improved	180,072	136,893	76.0%	180,072	1	NA	NA	NA	0	0	0	
TOTAL					3,435,026			3,254,440	19					4	8	
								Total Percent of Coverage	94.7%					Percent of Buildings Structurally Substandard	21.1%	
														Percent of Buildings Requiring clearance to remove existing conditions	42.1%	

**Note: These parcels contain obsolete buildings as further described in the table below. Overall, these buildings are functionally obsolete and not suitable for improvement or conversion to a different use (other than demolition and redevelopment) due to high vacancies in the office market and lack of demand (especially in light of the recent COVID-19 pandemic), lack of 32' clear heights for warehouse uses, and proximity to a future light rail station. Most of the buildings are either listed for sale for redevelopment or under a purchase agreement for redevelopment.*

Map ID	PID	Property Address	Use	Description
* 4	36-117-22-32-0004	5959 Shady Oak Rd	Doran Apts	Existing single-story multi-office building constructed in 1970. The current owner determined it was obsolete and not suitable for improvement so listed it for sale for redevelopment and has a potential purchaser for the site into high density housing as highest/best use.
* 6	36-117-22-33-0010	10901 Red Circle Dr	Wellington Apts	Existing office building that was constructed in 1978 and is 70% vacant. Current owner determined it was obsolete and not suitable for improvement and submitted plans to the City for redevelopment as high-density housing as highest and best use.
* 7	36-117-22-31-0014	10701 Bren Rd E	KA & AEON Apts	Existing single-story office building constructed in 1984 that is currently only 30% occupied. The current owner determined it was obsolete and not suitable for improvement so listed it for sale for redevelopment and has a potential purchaser for the site into high density housing as highest/best use.
* 8	36-117-22-31-0005	10301 Bren Rd W	Mpls Mart	Existing single-story multi-dealer building that was constructed for a specific purpose for retail wholesaler showroom/office space. It is obsolete and not suitable for improvement since it would be difficult to repurpose for a single user or to convert to office and/or warehouse due to its layout and configuration. Several redevelopment prospects have looked at the site to redevelop for high-density housing as highest and best use.
* 9	36-117-22-31-0016	10901 Bren Rd E	Industrial/Office	Existing single-story office/warehouse building built in 1985 with only 14' clear height. The building is obsolete because most office/warehouse facilities require 32' clear height today to be marketable. In addition, the use no longer fits with the future land uses around it, many of which have been or will be redeveloped into high-density housing as highest and best use.
* 10	36-117-22-34-0014	10400 Yellow Circle Dr	Continental Office	Existing office building that was constructed in 1978 and has an above market vacancy (more than 10%) due to the market and current issues related to the Covid-19 pandemic. The City has received several inquiries regarding redevelopment of the site into high-density housing as highest and best use.
* 11	36-117-22-32-0071	10900 Red Circle Dr	Transition Networks Office	Existing multi-level office that is 50% vacant. The current owner determined it was obsolete and not suitable for improvement so listed it for sale for redevelopment. The 40' slope of the property and lack of windows on the lower level make it difficult for leasing which has only worsened due to the recent Covid 19 pandemic.
* 17	36-117-22-34-0010	10701 Red Circle Dr	Festivities Rental Service	Existing single-story light industrial/warehouse building constructed in 1976 with only a 20' clear height. The building is obsolete because most warehouse facilities require 32' clear height today to be marketable and it can't be improved for another use. In addition, it no longer fits with the future land uses around it, many of which have been or will be redeveloped into high-density housing as highest and best use.

Opus Business Park Renewel & Renovation TIF District



Appendix E: Resolution Designating Buildings as Structurally Substandard

EDA Resolution No. 2021-003

Resolution designating buildings as structurally substandard within Development District No. 1 of the City of Minnetonka; and authorizing the execution of a preliminary development agreement

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. Under Minnesota Statutes, Section 469.174, subdivisions 10(d) and 10a(b), the Authority is authorized to deem parcels as occupied by structurally substandard buildings before the demolition or removal of the buildings, subject to certain terms and conditions as described in this resolution.
- 1.02. The Authority intends to cause interior abatement and demolition of certain buildings located on the property described in EXHIBIT A attached hereto (the "Designated Property"), and may in the future include the Designated Property in a renewal and renovation tax increment financing district as defined in Minnesota Statutes, Section 469.174, subdivision 10a.
- 1.03. Prior to undertaking the demolition of certain buildings located on the Designated Property, the Authority is required to enter into a preliminary development agreement with a private developer.
- 1.04. There has been presented before the Board a form of Preliminary Development Agreement (the "Preliminary Development Agreement") regarding the demolition of the buildings.

Section 2. Buildings Designated Substandard; Other Proceedings.

- 2.01. The Authority finds that (i) parcels consisting of 70% of the area of the proposed tax increment district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures; (ii) at least 20% of the buildings on the Designated Property are structurally substandard; (iii) 30% of the other buildings on the Designated Property require substantial renovation or clearance to remove existing conditions that may result in blight. In making such findings, the Authority has relied on the analysis of CR-BPS, dated February 10, 2021, a copy of which is on file in City Hall and additional analysis performed by Ehlers and Associates, Inc.
- 2.02. After the date of approval of this resolution, buildings on the Designated Property may be demolished or removed by the Authority, or such demolition or removal may be financed by the Authority, or may be undertaken by a developer under a development agreement with the Authority.
- 2.03. The Authority intends to include the Designated Property in a renewal and renovation tax increment financing district within Development District No. 1 of the

City, and to file the request for certification of such district with the Taxpayer Services Division Manager, in its capacity as the County Auditor of Hennepin County, Minnesota (the "County Auditor"), within three (3) years after the date of demolition of the buildings on the Designated Property.


2.04. Upon filing the request for certification of the new tax increment financing district, the Authority will notify the County Auditor that the original tax capacity of the Designated Property must be adjusted to reflect the greater of (a) the current net tax capacity of the parcel, or (b) the estimated market value of the parcel for the year in which the buildings were demolished or removed, but applying class rates for the current year, all in accordance with Minnesota Statutes, Section 469.174, subdivision 10(d).

Section 3. Preliminary Development Agreement; Other Approvals.

3.01. The Preliminary Development Agreement is hereby in all respects approved and the President and the Executive Director are authorized and directed to execute the Preliminary Development Agreement in substantially the form on file with the Authority, subject to modifications that do not alter the substance of the transaction and that is approved by the President and Executive Director; provided that execution of such document by such officials shall be conclusive evidence of approval.

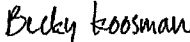
3.02. Authority staff and consultants are authorized to take any actions necessary to carry out the intent of this resolution.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota on March 8, 2021.

DocuSigned by:


71AA42DB33F7D9
Brad Wiersum, President

ATTEST:

DocuSigned by:


02FF608054C64E1
Becky Koosman, Secretary

Action on this resolution:

Motion for adoption: Calvert

Seconded by: Kirk

Voted in favor of: Carter, Calvert, Schaeppi, Coakley, Kirk, Schack, Wiersum

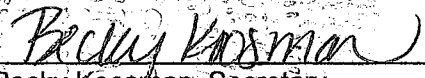
Voted against:

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 March 8, 2021.



Becky Koosman, Secretary

EXHIBIT A

Description of Designated Property

- 10400 Bren Road East, PID 36.117.22.31.0018
- 10500 Bren Road East, PID 36.117.22.31.0017
- 10550 Bren Road East, PID 36.117.22.34.0019
- 10601 Red Circle Drive, PID 36.117.22.34.0011

MN140-215 (JAE)
705008v1

EDA Resolution No. 2021-_____

Resolution approving a tax increment financing plan for the Opus Business Park Tax Increment Financing District and a modified development program for Development District No. 1

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 Authority was created pursuant to Minnesota Statutes, Sections 469.090 through 469.1082, as amended (the "EDA Act"), and was authorized to transact business and exercise its powers by a resolution adopted by the City Council (the "Council") of the City of Minnetonka, Minnesota (the "City").
- 1.02. The City previously established and the Authority administers Development District No. 1 (the "Development District") located within the City, pursuant to the EDA Act, and has caused to be created a Development Program (the "Development Program") therefor.
- 1.03. The Authority and the City have determined to modify the Development Program and approve a new tax increment financing plan (the "TIF Plan") for the Opus Business Park Tax Increment Financing District (the "TIF District"), a renovation and renewal district within the Development District, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"), all as described in a plan document presented to the Board on this date.
- 1.04. The Authority and the City have identified the need to redevelop land located in the Development District and have determined that such property meets the criteria of a renewal and renovation tax increment financing district under the TIF Act.
- 1.05. Pursuant to Section 469.175, subdivision 2 of the TIF Act, the proposed TIF Plan and the estimates of the fiscal and economic implications of the TIF Plan were presented to the Board of Education of Independent School District No. 270 and to the Board of Commissioners of Hennepin County, Minnesota (the "County") at least thirty (30) days prior to the date hereof.
- 1.06. This Board has reviewed the contents of the modified Development Program and the TIF Plan, and on this date the Council conducted a duly noticed public hearing on the adoption of the modified Development Program and the TIF Plan.

Section 2. Board Action.

- 2.01. The modified Development Program is hereby approved in substantially the form now on file with the Board.
- 2.02. The creation of the TIF District and the TIF Plan therefor are hereby approved.

2.03. Authority staff and consultants are authorized to take all actions necessary to implement the modified Development Program and the TIF Plan.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, on April 26, 2021.

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 meeting held on April 26, 2021.

Becky Koosman, Secretary

EDA Resolution No. 2021-_____

**Resolution authorizing interfund loan for advance of certain costs in connection with the
Opus Business Park Tax Increment Financing District to be created within Development
District No. 1**

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 intend to establish 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"), pursuant to resolutions to be considered on the date hereof.
- 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. The Authority has determined to pay for certain costs related to the proposed TIF District, including but not limited to engineering and design costs, costs of establishing and administering the TIF District, costs for necessary reports for the TIF District, infrastructure costs, and land acquisition costs (collectively, the "Qualified Costs"), which costs may be financed on a temporary basis from Authority or City funds available for such purposes.
- 1.05. In order to finance the Qualified Costs, the Authority has determined to use funds within its Development Fund.
- 1.06. The Authority intends to reimburse itself for all or a portion of the Qualified Costs from tax increments derived from the property within the TIF District (the "Interfund Loan") in accordance with the terms of this resolution.

Section 2. Interfund Loan.

- 2.01. The Authority shall reimburse itself for the Qualified Costs in the amount of up to \$50,000, together with interest at the rate stated below. Interest 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 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 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 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 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 Interfund Loan shall be repaid with Available Tax Increment on a parity basis with (a) the interfund loans previously approved by the Board of Commissioners 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 (b) 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 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 Interfund Loan.
- 2.05. This 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 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 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 Interfund Loan or other costs incident hereto. Neither the Authority nor the City shall have any obligation to pay any principal amount of this 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 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. 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 April 26, 2021.

Brad Wiersum, President

ATTEST:

Becky Koosman, Secretary

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Becky Koosman, Secretary