City Council Agenda Item #13A
Meeting of March 23, 2015

Brief Description Items concerning At Home Apartments at 5709 Rowland Road:

1) Land Use Items:
   - Major amendment to an existing master development plan;
   - Floodplain rezoning to remove area from the floodplain overlay district;
   - Floodplain alteration permit; and
   - Site and building plan review, with floodplain setback variance.

2) Tax Increment Financing Items:
   - Redevelopment plan; and
   - Tax Increment Financing plan.

Recommendation Hold the public hearing and adopt the ordinances and resolutions approving the proposal

Background

In 2007, the city approved construction of a four-story Applewood Pointe senior cooperative building on the property at 5709 Rowland Road. As approved, the four-story building contained 61-owner occupied units; of these, 10% would have been affordable and mid-priced units. The Applewood Pointe residence was never constructed. However, given that the high-density residential designation, planned unit development (PUD) zoning, and approved master development plans for the property remain, an owner of the property would have the right to develop the site as approved in 2007. (See pages A48–A50.)

Proposal

At Home Apartments, LLC. is proposing to develop the 5709 Rowland Road property with a four-story apartment building. Of the 106 units proposed, 21 would be income and rent restricted. As the proposal differs from the 2007 approval in both housing type and unit count, an amendment to the existing master development plan and approval of final site and building plans is necessary. (See pages A1–A24.)
1) **Land Use Items – Planning Commission Review**

The planning commission considered the proposal on January 22, 2015. The staff report from that meeting is attached and various plans and documents describing the proposed project may be found on pages A1–A51. Staff recommended approval of the proposal noting:

- The proposal is consistent with the comprehensive plan guide plan designation for the property; and

- Though the proposal would have a greater density than the 2007 approval, the change in density is not based on an increase in the building size or mass. In fact, the building approved in 2007 had a larger total square-footage and floor area ratio than the building currently proposed by At Home Apartments.

At the commission meeting, a public hearing was opened to take comments. Several area residents addressed the commission, expressing concern about the proposed density, traffic implications, and possibility of upstream flooding due to the project. Following the public hearing, the commission discussed the proposal and raised two primary questions:

- **Existing Master Development Plan.** Commissioners asked for confirmation that an approved master development plan “runs with the property” and not an applicant. Staff reiterated that the PUD and master development approved in 2007 remain in place and constitute both the development rights and parameters for the property.

- **Floodplain.** Commissioners asked for greater explanation of the floodplain alteration and potential impacts on the surrounding neighborhood. Engineering staff noted that floodplain areas are delineated based on the results of computer modeling. This modeling assumes full build-out of properties with maximum allowable impervious surface. While there is no guarantee that floodplain areas will not experience flooding, the concerned residents live upstream of both the proposed site and a significant culvert crossing at nearby railroad tracks. The culvert crossing would have a more significant impact on the flood elevations upstream than any amount of fill proposed for the proposed project.

On a 7-0 vote, the commission recommended that the city council approve the proposal. Meeting minutes may be found on pages A87–A93. Approval included conditions outlined in a change memo presented to the commission that evening. Those changes have been incorporated into the resolutions presented to the council as part of this packet.
2) Tax Increment Financing Items – Economic Development Advisory Commission Review

The Economic Development Advisory Committee (EDAC) considered the proposal and its tax increment financing (TIF) component in December 2014 and February 2015. On a 6-0 vote, the EDAC recommended approval of the Redevelopment/TIF Plan (pages A95-A123) and the Contract for Private Development (pages A124-A188). The staff report from the February meeting and a memo from Ehlers and Associates, the city's financial consultant, may be found on pages A188–A193. The economic development authority must take action on the redevelopment/TIF plan and the Contract for Private Development as well.

The highlights of the TIF plan and Contract for Private Development are as follows:
- A Housing TIF District for a duration of 26 years
- A total of 21 income and rent restricted units to those at 50% AMI.
- The principal TIF amount will be $2.5 million. The developer has discussed possibly applying for 4d tax status (low income rental). The contract discusses that if the developer applies for 4d, then the amount of increment available will decrease. The commission felt the lower number should be in the contract if indeed this tax status was applied for, which at this time is not being requested. In any case, the TIF payments are commensurate with the increment created, not the total amount of TIF, which is considered a not to exceed amount.

Staff Recommendation

Staff recommends the city council hold a public hearing and adopt the following:

1. An ordinance amending the existing master development plan. (See page A59–A68.)
2. An ordinance approving a rezoning to remove area from the floodplain overlay district. (A69–A71.)
3. A resolution approving a floodplain alteration permit. (See pages A72–A75.)
4. A resolution approving final site and building plans, with floodplain setback variances. (See pages A76–A86.)
5. A resolution which establishes the Rowland Housing redevelopment project, adopts a redevelopment plan, establishes a tax increment financing district and adopts a tax increment financing plan (pages A194 to A199).

Through: Geralyn Barone, City Manager
Julie Wischnack, AICP, Community Development Director
Loren Gordon, AICP, City Planner
Originators:  Susan Thomas, AICP, Principal Planner
Elise Durbin, AICP, Community Development Supervisor
Brief Description

Items concerning At Home Apartments at 5709 Rowland Road:

1) Major amendment to an existing master development plan;

2) Floodplain alteration permit;

3) Site and building plan review, with floodplain setback variances; and

4) Comprehensive plan consistency review for TIF District Plan

Recommendation

Recommend the city council approve the proposal.

Background

In 2007, the city approved construction of a four-story Applewood Pointe senior cooperative building on the property at 5709 Rowland Road. As approved, the four-story building would contain 61-owner occupied units; of these, 10% would have been affordable and mid-priced units. The Applewood Pointe residence was never constructed. However, given that the high-density residential designation, planned unit development (PUD) zoning, and approved master development plans for the property remain, an owner of the property would have the right to develop the site as approved in 2007. (See pages A46–A48.)

Proposal

At Home Apartments, LLC. is proposing to develop the 5709 Rowland Road property with a four-story apartment building. Of the 106 units proposed, 21 would be income and rent restricted. As the proposal differs from the 2007 approval in both housing type and unit count, an amendment to the existing master development plan and approval of final site and building plans is necessary. (See pages A1–A24.)

The following is intended to summarize the development proposal. Additional information associated with the proposal can be found in the “Supporting Information” section of this report.

- Existing Site Conditions.

  The 3.27-acre, triangular-shaped property is located on the north side of Rowland Road, just east of the Soo Line railroad right-of-way. The highest point of the
property is a knoll located near the southeast corner the site; from this point, the site slopes downward in all directions. The property contains a variety of natural features including wetland, floodplain, and a floodplain forest woodland preservation area (WPA). The WPA is dominated by box elder, cottonwood, and birch. (See page A48.)

- **Proposed Use.**

  The proposed apartment building would have a footprint of roughly 27,000 square feet and a total habitable space of 105,040 square feet. The building would be four-stories, with the fourth story “stepped back” from the stories below. Common spaces would be located on the first and fourth floor; the fourth floor would contain a roof deck overlooking Lone Lake Park to the northeast. The building would be served by 116 parking stalls located in an underground garage and an additional 54 surface parking stalls. (See pages A2–A16.)

- **Site impacts.**

  To accommodate the building, parking lot, and stormwater management facilities, the existing knoll would be removed and the site made “level.” This grading activity would result in removal or significant impact to 16% of the site’s WPA. (See pages A44–A45.)

### Primary Questions and Analysis

A land use proposal is comprised of many details. In evaluating a proposal, staff first reviews these details and then aggregates them into a few primary questions or issues. The following outlines both the primary questions associated with the At Home Apartments proposal and staff’s findings.

- **Is a high-density residential land use generally appropriate for the site?**

  Yes. The property is currently designated for high-density residential use. High-density is defined as any density over 12-units per acre. This designation was established by the city council in 2007 in conjunction with the previous development proposal for the site. At that time, the council found that high-density residential was appropriate for several reasons, including:

  (1) Rowland Road accesses a variety of land uses: single-family houses, several medium-density residential projects, and an office/industrial park. Given this existing mix of uses, a high-density residential project would not impact the character of the area.

  (2) Rowland Road could accommodate a high-density residential development. A traffic study was conducted in conjunction with the current proposal. The 2014 study confirmed that a residential development of the proposed
density would “not cause traffic operations to degrade to unacceptable levels.” (See pages A26–A42.)

- **Is the increase in residential density reasonable?**

  Yes. In 2007, the city approved development of the site at a density of 18.7 units per acre. The current proposal would result in a density of 32.4 units per acre. The change in density is not based on an increase in the building size or mass. In fact, the building approved in 2007 had a larger total square-footage and floor area ratio than the building currently proposed by At Home Apartments. The density change is based solely on the decrease in the size of living units and in commensurate increase in their number.

<table>
<thead>
<tr>
<th></th>
<th>Applewood Pointe</th>
<th>At-Home Apartments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Footprint</strong></td>
<td>28,905 sq.ft.</td>
<td>27,000 sq.ft.</td>
</tr>
<tr>
<td><strong>Total Habitable Space</strong></td>
<td>115,595 sq.ft.</td>
<td>105,040 sq.ft.</td>
</tr>
<tr>
<td><strong>Floor Area Ratio</strong></td>
<td>0.81</td>
<td>0.74</td>
</tr>
<tr>
<td><strong>Average Size of Units</strong></td>
<td>1,330 sq.ft.</td>
<td>760 sq.ft.</td>
</tr>
<tr>
<td><strong>Number of Units</strong></td>
<td>61</td>
<td>106</td>
</tr>
<tr>
<td><strong>Stories</strong></td>
<td>4 stories</td>
<td>4 stories</td>
</tr>
<tr>
<td><strong>Density</strong></td>
<td>18.65 units/acre</td>
<td>32.42 units/acre</td>
</tr>
</tbody>
</table>

* does not include underground parking
 Area numbers rounded up to nearest 5 sq.ft.

The change in density cannot be visually tied to -- or perceived by – a change in building mass. As such, neither can the reasonableness of the increase density be judged based on visual mass. Rather, staff finds that the reasonableness should be evaluated based on the anticipated impacts to the surrounding area, specifically to the adjacent roadway system. The city-commissioned traffic study indicates that Rowland Road has ample capacity to accept vehicle trips generated by the proposal and that surrounding intersections would continue to operate at an acceptable level of service.

- **Is the proposed site design reasonable?**

  Yes. The existing master development plan establishes minimum setbacks and construction limits on the subject property. The applicant’s proposal meets and exceeds the setbacks from property lines. However, unlike the existing master development plan, the proposal includes floodplain alteration and a horizontal floodplain setback variance. The alteration and setback variance are reasonable as:
As proposed, roughly 600 cubic feet of floodplain would be filled and 1,300 cubic feet would be created, resulting in an increase in flood storage.

The intent of the horizontal setback is to provide visual separation from floodplain areas and structures. It is the vertical separation that provides physical flood protection. The proposed building would exceed the required two-foot vertical separation from the floodplain elevation.

Summary Comments

The applicant’s proposal is consistent with the high-density comprehensive plan designation for the site. Nevertheless, staff acknowledges that the proposal differs from existing master development plan in four primary ways: (1) building design aesthetic; (2) owner-occupied units vs. rental units; (3) number of units; and (4) percentage of affordability. Of these, the only difference that can be perceived visually is the building design. All other differences occur with the confines of the proposed building. Given this, staff supports the proposal.

Staff Recommendation

1. Recommend the city council adopt the following for the property at 5709 Rowland Road:
   a) An ordinance amending the existing master development plan. (See page A59–A68.)
   b) An ordinance approving the floodplain alteration permit. (See pages A69–A71.)
   c) A resolution approving final site and building plans, with floodplain setback variances. (See pages A72–A82.)

2. Adopt a resolution finding the At Home Apartments Housing Tax Increment Financing District Plan conforms to the general plan for the development and redevelopment of the city. (See pages A83–A84.)

Originator: Susan Thomas, AICP, Principal Planner
Through: Loren Gordon, AICP, City Planner
Supporting Information

**Surrounding Land Uses**
- Northerly: Lone Lake Park, city-owned property
- Easterly: Lone Lake Park, city-owned property
- Southerly: City fire station and office properties
- Westerly: railroad right-of-way and religious institution beyond

**Planning**
- Guide Plan designation: high-density residential
- Existing Zoning: PUD

**History**
In 2007, the city approved construction of a four-story Applewood Pointe senior cooperative building on the property at 5709 Rowland Road. As approved, the building would contain 61-owner occupied units; of these, 10% would have been affordable and mid-priced units. In addition, the approved plan included a public trail system linking the private Applewood Pointe property with Lone Lake Park to the north and east. (See pages A1–A4.)

City approvals included:
- Comprehensive guide plan amendment from low-density residential to high-density residential;
- Rezoning from R-1 to PUD;
- Master development plan; and
- Site and building plan review, with several setback variances.

The Applewood Pointe residence was never constructed. Nevertheless, many of the 2007 approvals have no “expiration date” and serve as the guiding development plan for the property. Specifically, the property is guided high-residential, it is zoned PUD, and future development must be consistent with the adopted master development plan. After going through basic planning commission site and building plan review, any owner of the property would have the right to develop the site as approved in 2007.

**Setbacks, Etc.**
The existing master development plan serves as the development guide/regulation for construction on the site.

<table>
<thead>
<tr>
<th></th>
<th>Approved</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Building Setbacks</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North property line</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>South property line</td>
<td>45 ft</td>
<td>51 ft</td>
</tr>
</tbody>
</table>
Natural Resources: To accommodate the proposal significant site changes will be necessary.

- **Topography and Grading.** As proposed, grading would occur to accommodate the residential building, associated parking lot, and stormwater facility. In some areas on the north side of the site there would be approximately ten feet of excavation. On the southeast side, there would be approximately six feet of fill. City engineering staff has reviewed the proposed grading plan and finds it to be generally acceptable. (See page A3.)

- **Trees.** The tree protection ordinance establishes minimum tree removal thresholds for high-priority trees and woodland preservation areas when a subdivision occurs. As no subdivision is proposed, the thresholds do not apply. Nevertheless, for information purposes staff notes that outside of the WPA:

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>Removal</th>
<th>% Removed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High Priority</strong></td>
<td>11</td>
<td>5</td>
<td>45</td>
</tr>
<tr>
<td>Significant</td>
<td>102</td>
<td>88</td>
<td>86%</td>
</tr>
<tr>
<td>-------------</td>
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</tr>
</tbody>
</table>

This level of tree removal would be permitted under the tree protection ordinance.

- **Wetland.** The proposal would not impact the location, shape, or size of existing wetlands on the site.

- **Floodplain.** There is an area of 100-year floodplain surrounding the wetland on the north side of the property. As proposed, roughly 600 cubic yards of floodplain would be impacted to accommodate the proposed building and 1300 cubic yards would floodplain would be created. City engineering staff has reviewed the proposed fill and mitigation and finds it to be generally acceptable.

**Stormwater**

The city’s water resources engineer has reviewed the plans associated with the proposal and finds them to be generally acceptable. The plans would meet the standards of the city’s Water Resources Management Plan, incorporating rate control, volume control, and water quality treatment.

Under current conditions, the majority of stormwater runoff from the undeveloped property flows to wetland areas north and east of the site. Under proposed conditions, runoff from the “front” of the site would be captured and directed via stormwater pipe to a new treatment pond north of the building. Runoff from the “back” of the building would flow overland to the same ponding area or to the wetland complex east of the site. (See page A4).

**Traffic**

The city commissioned a traffic study to understand:

1) The proposed building’s impact on the roadway capacity and intersection function; and

2) Parking supply and demand.

In evaluating each of this items, the city’s traffic engineering consultants drew on general engineering principals, as well as specific observations of the adjacent roadway and area intersections. (See pages A26–A42.) The study concluded:

1) The proposed development would not cause traffic operations to degrade to unacceptable levels.
2) The proposed parking would be consistent with the Institute of Transportation Engineers (ITE) guidelines. However, parking above and beyond these guidelines is recommended.

The study was based on the applicant’s original proposal consisting of 112 units and 140 parking stalls, rather than the currently proposed 106 units and 158 parking stalls. Given that the current proposal would reduce the number of units – and presumably trips – and increase parking supply, staff did not find it necessary to update the study.

Parking

Within a traditional zoning district, a parking ratio of two parking stalls per living unit is required. Within a PUD this is not a standard, but can serve as a guideline. Recently, the city has approved various parking ratios for PUD rental apartment buildings, ranging from 1 parking stall per bedroom to 2 parking stalls per unit.

As proposed, 170 parking stalls would be provided. Of these 116 would be underground. The parking ratio would be 1.34 parking stalls per bedroom and 1.6 stalls per unit. This is over the range suggested by the Institute of Transportation Engineers (ITE) and is similar to other recently approved apartment buildings.

<table>
<thead>
<tr>
<th></th>
<th>Stalls per Bedroom</th>
<th>Stalls per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRADITIONAL STANDARD</td>
<td>n/a</td>
<td>2</td>
</tr>
<tr>
<td>PROPOSED</td>
<td>1.34</td>
<td>1.60</td>
</tr>
<tr>
<td>ITE</td>
<td>n/a</td>
<td>1.10-1.37</td>
</tr>
<tr>
<td>Tonka on the Creek</td>
<td>1.15</td>
<td>1.49</td>
</tr>
<tr>
<td>Carlson Island</td>
<td>1.03</td>
<td>1.55</td>
</tr>
<tr>
<td>The Ridge</td>
<td>.93</td>
<td>1.55</td>
</tr>
<tr>
<td>Highland Bank</td>
<td>1.2</td>
<td>1.78</td>
</tr>
</tbody>
</table>

Residential Units

The proposed building would include 106 dwellings. The units would range in size from 600 square feet to roughly 1,100 square feet. (See pages A12–A14.)

Park Dedication

Park dedication is required. By city code, the city may determine whether to receive this dedication in the form of cash or land dedication, or may credit work that creates a public benefit. In
several recent approvals the city has used a combination of these options. For instance, developers have agreed to install and maintain trails or other public facilities; the costs associated with such are essentially deducted from the otherwise required cash donation.

At the time of publication of this report, the city has not determined what option is appropriate for the current proposal. Installation of a loop trail system on the city-owned property to the east could be considered a public benefit if that trail could ultimately be connected to other existing trails within Lone Lake Park. However, the cost and feasibility of such connection has not be determined. Staff recommends a condition of approval requiring a cash contribution “minus” any facilities that the park board and/or city council deem appropriate.

TIF

The applicant has requested tax increment financing (TIF) in order to accommodate 21 affordable rental units. The Economic Development Advisory Committee (EDAC) reviewed the proposal and generally responded that it would be a good candidate for the use of TIF. The final EDAC review of the TIF contract will occur on March 23, 2015. The use of TIF is not the purview of the planning commission. However, in conjunction with action on TIF contract, the planning commission is required to determine that the redevelopment of the property is consistent with the city’s comprehensive plan.

Motion Options

The planning commission has three options:

1) Concur with the staff recommendation. In this case a motion should be made recommending the city council approve the proposal.

2) Disagree with staff’s recommendation. In this case, a motion should be made recommending the city council deny the proposal.

3) Table the proposal. In this case, a motion should be made to table the item. The motion should include a statement as to why the proposal is being tabled with direction to staff, the applicant, or both.

Neighborhood Comments

Notice was sent to 367 area property owners. The city has received four written comments to date. (See pages A53–A57.)

Deadline for Action

The applicant has waived the 120-day statutory deadline.
Location Map

Project: At Home Apartments
Address: 5709 Rowland Rd
(07023.14b)
At Home Apartments
5709 Rowland Rd
07023.14b
Residential Units

17 UNITS FIRST FLOOR
31 UNITS SECOND FLOOR
31 UNITS THIRD FLOOR
27 UNITS FOURTH FLOOR

106 TOTAL UNITS

1 BR = 85
2 BR = 21

TOTAL BEDROOMS: 127

Parking

116 Interior parking stalls
54 Exterior parking stalls

170 TOTAL STALLS
Parking
- 76 Parking Stalls
- 7 Tandem Stalls
- 83 Total Stalls
Units

17 Units
1 BR: 14 Units
2 BR: 3 Units
Units

31 Units / Floor = 62
1 BR: 22 Units (44)
1+ BR: 3 Units (6)
2 BR: 6 Units (12)
Units

27 Units
1 BR: 20 Units
1+ BR: 1 Units
2 BR: 6 Units
Mike Cashill and Alan Spaulding started At Home Apartments in 1992 when they bought two 14-unit apartment buildings on Grand Avenue in St. Paul. This was the beginning of a new company, which today offers a wide variety of rental housing in a number of different markets. Currently, At Home Apartments owns and manages over 4,500 apartment units located in the Minneapolis-St. Paul metro area, St. Cloud, Minnesota and Kansas City, Kansas.

1992 History

Founders
Mike Cashill
Alan Spaulding

Locations
Minneapolis-St. Paul metro
St. Cloud, Minnesota
Kansas City, Kansas

Employment
150 Employees

Portfolio of Properties
>50 Properties
>4,500 Units

Management Philosophy

At Home Apartments is and has always retained complete focus on being an apartment living specialist. Our primary goal is to be the best rental housing provider in each market we serve. We strive to provide the highest quality and best value to each resident in every apartment within our portfolio of Properties. Our approach is simple, but proven. First, we acquire structurally solid apartment properties in good locations. Secondly, we make appropriate improvements to the property, implement sound management policies, and invest in physical and aesthetic improvements designed to attract residents who appreciate and value a well cared for home. And we continually strive to provide clean, quiet, well-maintained apartments to every resident, while offering excellent customer service and attention to detail, to promote long-term, satisfied residents.

Our Direction

At Home Apartments is constantly seeking opportunities in the rental housing market. In the past we have capitalized on opportunities such as the resurgence of city living and the increased popularity of classic turn of the century buildings. We also update 1970s vintage buildings to compete with newer properties. In recent years we built new apartment communities in response to a high level of housing demand in urban in-fill locations, we have expanded into new markets, using our proven ideas as opportunities for new acquisitions. At Home Apartments has more owner involvement in the day-to-day operations than the average apartment management company. This level of involvement combined with our highly qualified staff ensures an exceedingly committed team dedicated to serving our resident’s needs.
At Home Apartments

Offering ‘condo-quality’ rentals

In 1992, former college classmates Mike Cashill and Alan Spaulding pooled their skills in property management and building maintenance and launched a fledgling rental apartment business with just two 14-unit buildings on St. Paul’s Grand Avenue. Today, their 5,000-unit rental apartment business employs more than 150 people with properties spread throughout the Twin Cities, St. Cloud and Kansas City.

Cashill and Spaulding’s At Home Apartments, which is headquartered at 616 Lincoln Ave., manages 1,000 apartments in St. Paul alone, in Highland Park, Merriam Park, Macalester-Groveland, Summit Hill and Ramsey Hill.

Their apartments range from 600 to 1,800 square feet, at rental rates from $695 to $2,000 per month.

According to company president Cashill, At Home Apartments offers “condo-quality” apartment units featuring historic updates, unique lighting and lots of granite and stainless steel. “We provide the very best windows, heating, plumbing and customer service,” Cashill said.

The company’s clubhouse at 1274 Grand Ave. is available for use by residents of its apartment buildings and includes a fitness studio, lounge and weekly social events.

Cashill said it is “passion and involvement” that distinguish At Home Apartments in the apartment rental industry. Former caretakers and maintenance technicians themselves, the owners know what makes good apartment living. “Excellent customer care, service and safety make the difference,” Cashill said.

Shifting demographics will continue to shape At Home Apartments’ future, according to Cashill. “Colleges can’t build campus housing fast enough,” he said. “Millennials, at 80 million strong, as well as the Baby Boomers will increasingly be our focus and the next big wave for our industry.

“We’re poised and ready to meet the evolving needs of those populations,” he said.

At Home Apartments
616 Lincoln Ave., St. Paul
651-224-1234
athomeapartments.com
Quality employees are attracted to At Home Apartments by our impressive growth record, the opportunity for advancement, and our industry leading benefits package.

Our Team

We have the best employees in the business!

At Home Apartments attracts the best property management professionals. We offer great economic benefits combined with a vibrant environment that promotes growth opportunities. Our company will double in size and likely double again. We are looking for motivated individuals who want to learn our business, take advantage of career opportunities that arise with our successes, and who seek greater challenges and responsibilities.

We utilize a mentoring-style training program, and promote creative thinking and new ideas. New employees are thoroughly coached on all issues of the multi-housing industry. Once training is completed each member of our team has a thorough understanding of management policies and procedures, financial reports, industry best practices, company philosophy, and excellent customer service.

Training and Education

Training never ends for At Home Apartments employees. Our team benefits from in-house programs as well as those offered from sources such as the Minnesota Multi-Housing Association or The Institute of Real Estate Management. All employees are encouraged to increase their knowledge in property management, maintenance, brokerage, and other areas.

Come join our team!
Our Residents

Clean, quiet...

“We are your source for a clean, quiet, and well-maintained apartment home. Although we can’t provide everything for every resident at every property, each of our residents appreciates an attractive building with clean common areas, a well-maintained apartment with updated kitchen and bath, and the security of knowing that a capable staff will be available to tend to their needs. We offer a wide variety of apartments and buildings, in many different locations, with varying levels of amenities; but they all have this common theme.”

-Mike Cashill, President

Reviews

“At Home Apartments is a one-stop shop! They have apartments in many different areas of St. Paul and different price ranges. Their friendly staff helped me find the apartment that met all our needs.”

-retired couple

“At Home Apartments made finding an apartment so easy. They are open 7 days a week and they met me after work to show apartments. They understand their renters are busy people too!”

-college senior

“I’ve been a renter for many years, but I’ve never received as much service as the last two years with At Home Apartments. From the property manager to the maintenance staff, they’re a team to take care of where I live.”

-single professional woman

It all starts with our residents

Some people may think our business begins with the apartment buildings we acquire or develop. We believe our business starts with our residents and prospective residents. Our decisions, from acquisition to renovation to everyday management and repairs, are made to satisfy the needs and preferences of the residents.

We take pride in understanding what rental customers are looking for in their next apartment home. We provide the desirable community, the character and charm, the apartment layout and design, and the preferred amenities and conveniences. We also offer smoke-free and pet-free housing options; all offered with the level of service our renters have come to expect.

Green Initiative

We believe that it is our collective responsibility to preserve our planet through conservation of our natural resources. At Home Apartments is committed to providing a quality living experience for our residents while promoting an eco-friendly environment by increasing energy efficiency at all of our buildings. When replacing building materials and appliances we choose environmentally friendly and energy efficient upgrades. We provide recycling centers at all of our buildings, use technologically advanced boilers for heating, and install low flow toilets and shower heads where possible.

We go the extra mile to reduce our carbon footprint!
Acquisition

We look for...

- Older, historical apartments
- Mid 1970s – 1980s apartments
- Newer apartments

Our Process

Our company is very involved with the daily operations of our properties, thus we are able to project how contemplated acquisitions will operate after making renovations and operational improvements. When we make an offer on a property, we base our purchase price offer on projections of how the property will perform once we have made some initial property improvements, implemented our management system, and adjusted the rent levels to market rates.

Investing in an apartment building is like any other investment – what we are seeking is an income stream. A major benefit of investing in apartment buildings is that we can enhance the income stream after property has been acquired by implementing proper improvements and sound management. It is our job to identify the potential of a property, accurately project the income stream, enhance the cash flow, and effectively manage the property to realize the full potential of the asset.

What We Look For

We apply our asset management techniques to three principal types of buildings: turn of the century Brownstones, mid 70s-80s apartments, and newer apartments. A common denominator of these building types is our ability to maximize the potential of each of the products with effective management and maintenance programs.

Whether we are bringing out the charm in historical buildings, updating kitchens of a 1970s building, or adding washers and dryers to private entry townhomes, it is our goal to improve the financial operation of our buildings by making them more desirable to our client base.

We’re Structured Regionally

Our portfolio consists of medium-sized apartment properties (30-120 unit) primarily due to the opportunity of property acquisition in this size range. Many apartment buildings simply require more maintenance and property management than one individual owner/investor can provide; but, on the other hand, these investments may not be large enough for the institutional investor.

To capitalize on this niche, At Home Apartments manages and maintains our portfolio from regional offices, averaging around 300 units per office. Our regional offices provide excellent economies of scale, allow for succession planning for staffing, and create a team dynamic. Essentially each group of properties within a given region is treated like one large property cared for by a management and maintenance team. This allows us to manage the properties as efficiently as we could a larger property, except we are able to acquire them at better pricing. Also, by focusing on these regions rather than a much larger overall market, we become experts in the real estate market of each of these geographic areas, and can therefore better identify value in our “backyard.”
New Development

Sites we are looking for...

- Urban & first tier suburb
- Close to public transportation
- Close to parks, amenities, shopping, schools
- Strong & upcoming communities
- Sites as small as double lots
- Sites as large as whole blocks
- Grand Avenue/Uptown/Urban neighborhoods

Mission and Trends

At Home Apartments is committed to providing new apartment housing in those areas where the demand for housing warrants new construction, preferably where we currently have regional property management offices in place. We are particularly attracted to the challenge of offering new urban housing alternatives, and we feel the demand for urban and first tier suburban development and redevelopment will continue to increase substantially in the coming years.

Housing demand within the Twin Cities core will continue to rise as people increasingly put a premium on proximity to work, closeness to area attractions, and desire for the diversity of urban culture. Despite the obstacles of high land prices, suitable site availability, and rising construction costs, we feel strongly the demand for housing, and corresponding rent levels, more than justifies new housing alternatives within Minneapolis-St. Paul and first tier suburbs of the Twin Cities.

Our Development Team

At Home Apartments is well positioned to pursue development and redevelopment opportunities with the intention of long-term ownership. Although development has its own set of challenges, we are confident that by basing our developments around the same core principles that At Home Apartments has used in successfully operating our existing portfolio of properties, we can attract and maintain a resident base at rent levels that warrant new development. Our focus is to find under-valued sites, or sites overlooked by large development firms due to their smaller size. We also target those areas where we have market expertise and established property management offices. Unlike most development firms, we develop only for long-term ownership, and our niche in the development market is similar to our acquisition philosophy of operating mid sized properties of 40-120 units.

2013

Future

Founders
Mike Cashill
Alan Spaulding

Locations
Minneapolis-St. Paul metro
St. Cloud, Minnesota
Kansas City, Kansas

Employment
150 Employees

Portfolio of Properties
>50 Properties
>4,500 Units
New Development Projects

The partnership of The Lander Group, investors, and At Home Apartments will bring three new developments into the Twin Cities metro area for a total of 174 new luxury apartments units.

Parkway West Apartments | 4556 46th Street East | Minneapolis

It’s the majesty and beauty of Minnehaha Park and the Mississippi River just steps from your front door couples with the convenience of services and light rail just blocks away. It’s a blending of the rich history of the established Longfellow neighborhood with the convenience of the modern city. It’s the walking and the bike trails of West River Parkway combined with the major shops and fine dining of Highland Park. It’s located in the heart of... well, everything.

EastRiver Apartments | 2318 Marshall Avenue | Saint Paul

The story of EastRiver Apartments will rewrite how you view urban living. It begins when forward-thinking design meets one of the most beautiful locations on the Mississippi River bluffs – and gets better from there. Sitting near Mississippi River Boulevard in the Merriam Park Neighborhood, EastRiver Apartments finds the balance between active and resting, bold and refined. Open floor plans provide efficient sanctuaries. An impressive location brings the history of Saint Paul and the action of Minneapolis at your doorstep.

The BoatWorks Commons | Lake Ave South | White Bear Lake

A new multi-family community on the shores of White Bear Lake offering a central green space, lakeside dining, dock access and more. The complex will consist of an 85-unit market-rate apartment building, a 120 seat full-service restaurant, 1,625 square feet of retail, a 232-stall shared public/private parking garage tucked under the apartment building, a 2,000 sq. ft. community room, a 15,000 square foot public plaza, and year-round public restrooms. The apartment building will consist of 61 one-bedroom units, and 24 two-bedroom units.
We look for investment partners with the same long-term goals as ourselves.”
-At Home Apartments Owners

We Share Our Success

Another secret to At Home Apartments’ success is that we share it, whether it is in acquisition, renovation, or new development. We typically acquire/develop investment properties with partners by forming a new single asset entity for each new acquisition/development. This way, investors interested in the various benefits of real estate ownership can identify a certain segment of the real estate market (or a product type), invest in it, and actually track the progress of the property.

Investors can be as involved as much or as little as they desire. At Home Apartments does the work to understand the market, address the labor and knowledge intensive aspects of property management, and insure profitability.

The At Home Apartments Perspective

We look for partners with the same long-term goals as ourselves. To promote quick results, our partnerships are formed in a manner where the principals of At Home Apartments don’t receive any payment of any kind until the investors have recouped their entire initial investment – with interest.

Real estate investment is a stable long-term investment, and an excellent tool for diversification in an investment portfolio. A wise choice in real estate acquisition coupled with professional management and maintenance will invariably yield successful returns over the long run, and usually in the short run as well.

Benefits of Real Estate Ownership:
• Cash Flow
• Tax Benefits
• Appreciation
• Principal Reduction
• Inflation Resistant
• Annuity
• Tangibility, Pride of Ownership
• Professional Management
TRAFFIC STUDY
Technical Memorandum

To: Susan Thomas, AICP – City of Minnetonka

From: Dean Chamberlain, EIT – WSB & Associates, Inc.
Tony Heppelmann, PE – WSB & Associates, Inc.

Date: November 18, 2014

Re: At Home Apartments Traffic Study
WSB Project No. 01502-550

This technical memorandum is intended to document the impact of the development of the proposed At Home Apartments located at 5709 Rowland Road in the City of Minnetonka. This report will document the existing conditions of the roadways in the area, the trip generation and distribution of the proposed development, the operations of the area roadways with the proposed development constructed, and the parking needs generated by the development.

Existing Conditions

The proposed development site of the At Home Apartments is located at 5709 Rowland Road in the City of Minnetonka. The development site is approximately 0.5 miles southeast of the intersection of Rowland Road and CSAH 60 (Baker Road) and approximately 0.2 miles northwest of the intersection of Rowland Road and Clearwater Drive.

Traffic turning movement counts were collected at the intersections of Rowland Road/CSAH 60 (Baker Road) and Rowland Road/Clearwater Drive in October 2014. Average Daily Traffic (ADT) volumes were taken from the Minnesota Department of Transportation (MnDOT) traffic volume maps. Both the existing turning movement counts and the ADTs for area roadways are shown on Figure 1. Turning movement counts are provided in the Appendix.
Traffic Impact Study
At Home Apartments (5709 Rowland Road)
City of Minnetonka, Minnesota

Figure 1
Existing Traffic Volumes

LEGEND
- Thru-Stop Intersection
- AM (PM) Turning Movements
- Existing Lane Geometry
- Average Daily Traffic Volume
Intersection operations are evaluated in terms of average seconds of delay per vehicle for the intersection, and for each approach and turning movement. The average number of seconds of delay is broken into six ranges assigned letter grades A through F defining each level of service (LOS) as shown in Figure 2. The ranges for unsignalized intersections are narrower than the ranges for signalized intersections. This is because many factors including the intangible factors of driver discomfort and frustration are considered. A one-minute delay at a red light is perceived as being more tolerable than one minute waiting for a gap in traffic at a stop sign, especially when there are vehicles queued behind. It is generally recognized that LOS D is the lowest acceptable LOS for urban intersections. Intersection capacity is also defined in terms of queue lengths of stopped vehicles. A 100-foot queue is approximately equal to four cars.

Synchro / SimTraffic software was used to simulate existing and future traffic operations at the intersections in the study area. Synchro is a macroscopic software application used for optimizing traffic signal timing and performing capacity analysis of roadway networks consisting of stop, yield, and signalized traffic control conditions. The underlying equations are based on Highway Capacity Manual procedures. SimTraffic is a microscopic software application that performs simulation and animation of vehicular traffic based on Synchro inputs. SimTraffic follows individual cars and uses a wide variety of variables (including some random variables) to simulate real-world driver behavior.

Figure 2: Level of Service Guidelines

SOURCE: Level of Service thresholds from the Highway Capacity Manual.

K:\Traffic\Level of Service (LOS)\LOS Delay Graphic.png
The traffic operations of the existing conditions are summarized in Table 1. Detailed delay and queuing information is provided in the Appendix.

### Table 1: Summary of Operations for Existing Conditions

<table>
<thead>
<tr>
<th>Control Location</th>
<th>Approach</th>
<th>AM Peak Hour</th>
<th>PM Peak Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSAH 60 (Baker Road) &amp; Rowland Road</td>
<td>NB</td>
<td>0 A</td>
<td>1 A</td>
</tr>
<tr>
<td></td>
<td>WB</td>
<td>6 A</td>
<td>11 B</td>
</tr>
<tr>
<td></td>
<td>SB</td>
<td>3 A</td>
<td>2 A</td>
</tr>
<tr>
<td></td>
<td>EB</td>
<td>0 A</td>
<td>0 A</td>
</tr>
<tr>
<td>Clearwater Road &amp; Rowland Road</td>
<td>NB</td>
<td>4 A</td>
<td>4 A</td>
</tr>
<tr>
<td></td>
<td>WB</td>
<td>2 A</td>
<td>1 A</td>
</tr>
<tr>
<td></td>
<td>SB</td>
<td>0 A</td>
<td>0 A</td>
</tr>
<tr>
<td></td>
<td>EB</td>
<td>1 A</td>
<td>1 A</td>
</tr>
</tbody>
</table>

The operational analysis shows that no operational deficiencies are present with the existing conditions. All intersections and intersection approaches operate at LOS B or better, which indicates that there is adequate capacity at these intersections.

### Proposed Build Conditions

The proposed site development consists of a three- to four-story apartment building with 112 total units (90 one-bedroom units and 22 two-bedroom units). The site is proposed to have two accesses onto Rowland Road from the parking area.

### Trip Generation

The amount of trips coming into and out of the proposed development was estimated using trip generation rates from the ITE Trip Generation Manual, 9th Edition. Trip generation was estimated for the AM and PM peak hours as well as for daily trips. Table 2 shows the trip generation for the site.

### Table 2: Trip Generation

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Total Land Use Units</th>
<th>Time of Day</th>
<th>Trip Generation Rate (1)</th>
<th>Trips Generated</th>
<th>% Internal Trip Reduction</th>
<th>% Pass-By / Diverted Link Trip Reduction</th>
<th>Net Trips Generated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartments</td>
<td>112 units</td>
<td>Daily</td>
<td>Total: 6.65 3.33 3.33</td>
<td>744 372 372</td>
<td>0%</td>
<td>0%</td>
<td>744 372 372</td>
</tr>
<tr>
<td></td>
<td></td>
<td>AM Peak Hour</td>
<td>0.51 0.10 0.41</td>
<td>57 11 46</td>
<td>0%</td>
<td>0%</td>
<td>744 372 372</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PM Peak Hour</td>
<td>0.62 0.40 0.22</td>
<td>70 45 25</td>
<td>0%</td>
<td>0%</td>
<td>744 372 372</td>
</tr>
</tbody>
</table>

(1) Trip generation rate based on ITE Trip Generation, 9th Edition rates per dwelling unit
Trip Distribution

Trips were distributed on the roadway network according to the existing ADTs on the roadways in the area. Figure 3 shows the trip distribution along Rowland Road, CSAH 60, and Clearwater Road.

Build Condition Traffic Volumes

The build condition traffic volumes were derived from the following:

- Background traffic: The existing traffic volumes were multiplied by 1.05 to add a 5% background growth. This background growth is meant to account for any other additional development that will occur in the area before the At Home Apartments site is constructed.
- Trips from development: The trips from the At Home Apartments site were added on top of the background traffic to come up with the build conditions traffic volumes.

The build traffic turning movements and ADTs are provided in Figure 4.
Traffic Impact Study
At Home Apartments (5709 Rowland Road)
City of Minnetonka, Minnesota

Figure 3
Trip Distribution

Legend
35% Trip Distribution %

PROPOSED DEVELOPMENT AREA

At Home Apartments
5709 Rowland Rd
07023.14b
Figure 4

Build Condition Traffic Volumes

At Home Apartments (5709 Rowland Road)
City of Minnetonka, Minnesota

Traffic Impact Study

Legend

Thru-Stop Intersection

50 (75) AM (PM) Turning Movements

Existing Lane Geometry

17,000 Average Daily Traffic Volume

LEGEND

Thru-Stop Intersection

50 (75) AM (PM) Turning Movements

Existing Lane Geometry

17,000 Average Daily Traffic Volume
Traffic Operations Analysis – Build Condition

Synchro / SimTraffic was again used to analyze the traffic operations at the intersections of interest. The build condition traffic operations are summarized in Table 3. Detailed delay and queuing information is provided in the Appendix.

| Table 3: Summary of Operations for Build Conditions |
|----------------------------------|----------------|----------------|----------------|----------------|
| Control                          | Location                  | Approach | AM Peak Hour | PM Peak Hour |
|                                  |                            |          | LOS by Approach (Sec/Veh) | LOS by Intersection (Sec/Veh) | LOS by Approach (Sec/Veh) | LOS by Intersection (Sec/Veh) |
|                                  |                            |          | Delay | LOS | Delay | LOS | Delay | LOS |
| CSAH 60 (Baker Road) & Rowland Road | Thru-Stop                 | NB       | 0     | A   | 14   | B  | 5     | A   |
|                                  |                            | WB       | 7     | A   | 1     | A  | 2     | A   |
|                                  |                            | SB       | 3     | A   | 0     | A  | 1     | A   |
|                                  |                            | EB       | 0     | A   | 0     | A  | 1     | A   |
| Rowland Road & West At Home Apartments Access | Thru-Stop | NB       | 0     | A   | 0     | A  | 1     | A   |
|                                  |                            | WB       | 0     | A   | 0     | A  | 1     | A   |
|                                  |                            | SB       | 3     | A   | 3     | A  | 1     | A   |
|                                  |                            | EB       | 1     | A   | 1     | A  | 1     | A   |
| Rowland Road & East At Home Apartments Access | Thru-Stop | NB       | 0     | A   | 0     | A  | 1     | A   |
|                                  |                            | WB       | 1     | A   | 1     | A  | 1     | A   |
|                                  |                            | SB       | 3     | A   | 4     | A  | 0     | A   |
| Clearwater Road & Rowland Road     | Thru-Stop                 | NB       | 5     | A   | 5     | A  | 2     | A   |
|                                  |                            | WB       | 2     | A   | 1     | A  | 2     | A   |
|                                  |                            | SB       | 0     | A   | 0     | A  | 1     | A   |
|                                  |                            | EB       | 1     | A   | 1     | A  | 1     | A   |

The operational analysis shows that no operational deficiencies are present with the build conditions. All intersections and intersection approaches operate at LOS B or better, which indicates that there is adequate capacity at these intersections.

Parking Analysis

The preliminary site plan for the At Home Apartments development (dated 09/29/2014) shows 140 proposed off-street parking stalls, of which 73 would be underground and 67 would be ground level. Three of the ground level parking stalls are proposed to be designated as handicapped spaces, and 12 ground level parking spaces are proposed to be designated as compact.

City of Minnetonka Requirements

The City of Minnetonka code of ordinances section 300.28 provides specifications on the minimum number of parking stalls required for multiple family dwellings. The city code requires:

- Two parking spaces per dwelling unit, one of which must be completely enclosed.
- Additional spaces for visitor parking shall be provided based on specific characteristics of a development and the anticipated demand for visitor spaces as determined by the city.
• Up to 25% of the total number of required spaces may be for compact cars.

**ITE Parking Generation Needs**

The ITE *Parking Generation* Manual, 4th Edition was also used to determine what rate of parking demand is expected to be generated based on other similar developments around the nation. For a Low/Mid-Rise Apartment land use, a peak parking generation of 1.10 to 1.37 vehicles per dwelling unit was found on a typical weekday in a suburban location.

**Determination of Parking Adequacy**

With the parking spaces provided, the following standards are or are not met:

**City of Minnetonka:**

• *Two parking spaces per dwelling unit, one of which must be completely enclosed.* At least 224 spaces would be needed, 112 of which would need to be fully enclosed. As proposed, 140 spaces are provided, 73 of which would be fully enclosed. **NOT MET**

• *Additional spaces for visitor parking shall be provided based on specific characteristics of a development and the anticipated demand for visitor spaces as determined by the city.* There are no additional spaces provided for visitor parking demand. **NOT MET**

• *Up to 25% of the total number of required spaces may be for compact cars.* The preliminary layout did not provide the number of compact spaces available in the underground parking area. However, based on the 140 spaces proposed, 12 compact spaces would equate to 8.5% of the total spaces. A maximum of 35 compact spaces would be allowed for a 140 space lot to meet city code, and a maximum of 56 spaces would be allowed for a 224 space lot.

**ITE Parking Generation:**

• 1.10-1.37 spaces per dwelling unit per ITE guidance results in a total of 123-153 spaces needed. The 140 spaces proposed falls in that range.

There is not enough shoulder width along Rowland Road to provide on-street parking for this proposed development and therefore there will be no place for overflow parking if the on-site parking is not adequate. Reconstruction of Rowland Road to add on-street parking is not proposed as a part of this development.

**Conclusions**

Based on the analysis, the following conclusions can be made:

• The proposed development as shown on the preliminary site plan will not cause traffic operations to degrade to unacceptable levels. The traffic operations analysis shows that plenty of additional capacity is available at the studied intersections to accommodate the proposed development and other potential developments in the area.

• There is not enough proposed parking to satisfy the City of Minnetonka zoning code. Additional spaces are needed in both enclosed parking areas and ground level parking.
areas for resident and visitor use. We recommend that a total of 112 enclosed parking spaces be provided for the development. WSB would also recommend providing the 67 above ground parking spaces for a total of 179 parking spaces. This would be slightly less than the Minnetonka zoning ordinance but exceed the ITE Parking rates and provide some parking spaces for visitors. Proof of parking up to the 224 parking space requirement should be provided to make sure there is room to add parking if demand should exceed expectations.
Appendix

Turning Movement Counts
Traffic Operations Analysis Results
<table>
<thead>
<tr>
<th>Start Time</th>
<th>From North</th>
<th>From East</th>
<th>From South</th>
<th>From West</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Right Thru Left Peds</td>
<td>Right Thru Left Peds</td>
<td>Right Thru Left Peds</td>
<td>Right Thru Left Peds</td>
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<tr>
<td>6:00 AM</td>
<td>0 1 3 0</td>
<td>1 0 2 0</td>
<td>1 4 0 0</td>
<td>0 0 0 0</td>
</tr>
<tr>
<td>6:15 AM</td>
<td>0 4 5 0</td>
<td>3 0 1 0</td>
<td>3 5 0 0</td>
<td>0 0 0 0</td>
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<tr>
<td>6:30 AM</td>
<td>0 10 8 0</td>
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<td>7 7 0 0</td>
<td>0 0 0 0</td>
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<tr>
<td>6:45 AM</td>
<td>0 4 13 0</td>
<td>2 0 3 0</td>
<td>9 4 0 0</td>
<td>0 0 0 0</td>
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<tr>
<td>7:00 AM</td>
<td>0 8 15 0</td>
<td>4 0 3 0</td>
<td>15 28 0 0</td>
<td>0 0 0 0</td>
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<tr>
<td>7:15 AM</td>
<td>0 12 11 0</td>
<td>3 0 7 0</td>
<td>14 22 0 0</td>
<td>0 0 0 0</td>
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<td>7:30 AM</td>
<td>0 9 27 0</td>
<td>5 0 8 0</td>
<td>15 25 0 0</td>
<td>0 0 0 0</td>
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<tr>
<td>7:45 AM</td>
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</tr>
<tr>
<td>8:00 AM</td>
<td>0 4 19 0</td>
<td>7 0 6 0</td>
<td>14 31 0 0</td>
<td>0 0 0 0</td>
</tr>
<tr>
<td>8:15 AM</td>
<td>0 6 16 0</td>
<td>6 0 6 0</td>
<td>20 27 0 0</td>
<td>0 0 0 0</td>
</tr>
<tr>
<td>8:30 AM</td>
<td>0 11 12 0</td>
<td>3 0 2 0</td>
<td>12 17 0 0</td>
<td>0 0 0 0</td>
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<tr>
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<td>3 0 8 0</td>
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<td>3:00 PM</td>
<td>0 18 5 0</td>
<td>8 0 5 0</td>
<td>10 9 0 0</td>
<td>0 0 0 0</td>
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<td>0 17 8 0</td>
<td>5 0 7 0</td>
<td>5 7 0 0</td>
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<tr>
<td>3:30 PM</td>
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<td>9 12 0 0</td>
<td>0 0 0 0</td>
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<td>3:45 PM</td>
<td>0 18 6 0</td>
<td>5 0 8 0</td>
<td>7 14 0 0</td>
<td>0 0 0 0</td>
</tr>
<tr>
<td>4:00 PM</td>
<td>0 20 9 0</td>
<td>18 0 19 0</td>
<td>5 12 0 0</td>
<td>0 0 0 0</td>
</tr>
<tr>
<td>4:15 PM</td>
<td>0 20 4 0</td>
<td>12 0 8 0</td>
<td>4 14 0 0</td>
<td>0 0 0 0</td>
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### SimTraffic Simulation Summary

#### Existing AM Peak Hour Measures of Effectiveness

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**K:\01502-550\Traffic\Synchro\Existing MOEs**

**TAB: [AM MOEs]**

**At Home Apartments**

**5709 Rowland Rd**

**07023.14b**
### SimTraffic Simulation Summary

**11/12/2014**

**Existing PM Peak Hour Measures of Effectiveness**

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### SimTraffic Simulation Summary

#### Build AM Peak Hour Measures of Effectiveness

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#### Measures of Effectiveness

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### SimTraffic Simulation Summary

**Build PM Peak Hour**

**Measures of Effectiveness**

K:\01502-550\Traffic\Synchro\Build MOEs.xlsx\PM MOEs

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3.6 acres

DISCLAIMER: This drawing is not a legally recorded plat or an accurate survey. It is intended to be only an approximate representation of information from various government offices and other sources. It should not be used for a purpose that requires exact measurement or precision. People who use this drawing do so at their own risk. The City of Minnetonka is not responsible for any inaccuracies contained in this drawing. The City of Minnetonka provides no warranty, express or implied, about the correctness of the information.
DISCLAIMER: This drawing is not a legally recorded plat or an accurate survey. It is intended to be only an approximate representation of information from various government offices and other sources. It should not be used for a purpose that requires exact measurement or precision. People who use this drawing do so at their own risk. The City of Minnetonka is not responsible for any inaccuracies contained in the drawing. The City of Minnetonka provides no warranty, express or implied, about the correctness of the information.

- 0.8 acres on property
- 3.6 acres total floodplain forest
- 0.13 acres removed (16%)
2007 APPROVED BUILDING ELEVATION

Applewood Pointe
#07023.07a

At Home Apartments
5709 Rowland Rd
07023.14b
Project feedback: At Home Apartments

Response sent Thursday, June 26, 2014
5487 Butternut Circle
Minnetonka, MN 55343

General comments
We have owned our townhouse near the site for 24 years. In 2007 we were asked to comment on the Applewood Senior Housing project. Many of our comments made at that time now apply to the new At-Home Apartments & are included below.

Specific issues or concerns
We believe the density, height, & massing of the new proposal is out of scale with our neighborhood. A two story building with fewer units would more acceptable. We have full view of the adjacent Church from our second floor bedroom & the new building beyond will loom at least two stories above the Church roof. We are also concerned about the additional traffic volume on Rowland Road that is already loaded during morning & evening rush hours. A more modest building approach would provide a better asset to our community in our opinion.
Response sent  Monday, December 29, 2014

5944 Lone Lake Loop
Minnetonka, MN 55343

Specific issues or concerns

General comments
With the recent completion of the Lone Lake Highlands single family development and the 25+ children living in that development and with the potential addition of these apartments - what is the city going to do about a lack of safe way to walk on Bren / Rowland towards Shady Oak Rd? There is a significant safety risk walking towards Shady Oak and why would there not be a sidewalk in the plans to connect Lone Lake Park, Bryant, Bren, Rowland, Shady Oak Road?
Hello Mr. Ellingson,

I am writing to express my concern regarding the above project being considered by the Planning Commission and the City Council.

I live just west of the proposed project off Rowland and Jorissen. The upper floor of the building will be seen from our bedroom windows. If we can see the building, they can see us as well.

More important is my concern for the traffic on Rowland which has already increased greatly and once the United Health campus is up and running you can be sure Rowland will be used as a shortcut to other roadways. The intersection at Rowland and Baker Rd is not the safest now due to the hill coming over Baker but at 4:00pm the traffic on it is bumper to bumper. Adding the apartment building will make it even more difficult to get through this intersection. A traffic light may become necessary. The noise level in front of our townhomes facing Rowland is very bad now. If you are out on the property you have to contend with the noise to have a conversation.

I am also concerned about the flood plain in our community. Some of our homes on Butternut Circle are close to the flood plain if not in it.
Would construction of this magnitude affect the flood plain? Lone Park and trails are so close could they be affected as well?

I would appreciate your support to deny this project. 114 apartments is just too big for our neighborhood.

Many thanks.
Bonnie Carlson
5487 Butternut Circle
Minnetonka, MN 55343
952-939-0517
Ms. Thomas,

I reside at 5938 Lone Lake Loop, Minnetonka, MN 55343. I request that the comments in this email be included in the record presented to the Planning Commission and City Council at the upcoming meetings. I tried to submit comments through the City's electronic system, but was unsuccessful.

I am opposed to the project because the proposed density of 112 units is well beyond the character of the neighborhood and beyond the capacity of the neighborhood's amenities.

A 112-unit apartment building will be larger, in terms of density, than anything else in the immediate area. The neighborhood is a mix of residential and light commercial uses. For residential, while there are some small one and two-story town home projects, none are of the scope or size of the proposed project in terms of density.

I am particularly concerned about traffic and parking. The developers have proposed to have enough parking for one-car-per-unit. The developers claim that this is sufficient because they anticipate that residents will utilize public transportation, including the as-yet-finalized light-rail. Please be aware that this property is not proximate to any public transportation. No metro transit buses service Rowland or surrounding streets. The nearest bus stop is several miles away, on Excelsior Blvd. Likewise, the projected location of the light rail stop is several miles in the other direction, towards Shady Oak Rd. From a pedestrian standpoint, neither option is safe because neither has side walks. There, this is a very different cite that the other apartments owned and operated by this developer, which are in Minneapolis and St. Paul respectively.

Furthermore, the increased traffic that will be created by the project on Rowland is of particular concern to those of us with small children. My family uses the bike path off of Rowland frequently. There are no side walks from our street to those paths, and therefore, use of Rowland for biking is already a bit perilous. Adding a minimum of 112 more cars frequently using that streets, including on nights and weekends, will add to the risk. Please remember that, while there are light commercial uses along this road, they do not increase traffic on nights and weekends, which are the times when families use the road. However, the proposed project will clearly increase traffic at those times. Unless the city is prepared to remedy the issue of pedestrian safety by adding sidewalks on Rowland and Bren Roads, then the City should not consider dramatically increasing the vehicular traffic on that road.

--

Rob Shainess
5938 Lone Lake Loop
Minnetonka, MN 55343
Thank you for returning my phone call. I was at a previous planning meeting and spoke of my concerns at that time.

They are:
- the density of the units planned,
- the limited parking,
- flood plain,
- and traffic, especially at the intersection of Rowland and Baker Road.

That intersection is now troublesome because as you exit Rowland onto Baker there is a hill to your right that blocks your view of oncoming traffic. We are already seeing additional traffic from the new United Health Campus nearby, and that is almost complete. Eventually a traffic light will be required at the intersection.

The flood plain was mentioned as being effected. Our townhouse sits just inches above the minimum, so that is a real danger. I am well aware of this as when we bought our townhouse I had to prove to Wells Fargo Mortgage we were just above the minimum so as to not require flood insurance.

Thank you,

Terry Thomas
5455 Butternut Circle
Minnetonka, MN 55343
952-933-8418

Sent from my iPad

On Jan 14, 2015, at 12:28 PM, Susan Thomas <sthomas@eminnetonka.com> wrote:

Terry,

I am sorry that your email “bounced back” previously. Please feel free to respond to this email address.

Susan Thomas

Susan M. Thomas, AICP | Principal Planner | City of Minnetonka
14600 Minnetonka Blvd | Minnetonka, MN 55345 | 952-939-8292
ORDINANCES AND RESOLUTIONS
Ordinance No. 2015-

Ordinance repealing and replacing the master development plan for the property at 5709 Rowland Road

The City Of Minnetonka Ordains:

Section 1.

1.01 The existing master development plan for the property at 5709 Rowland Road, a copy of which is attached as Exhibit A, is repealed. The following plans are hereby adopted as the new master development plan for the site:

- Site plan, dated December 31, 2014
- Grading, drainage, and erosion control plan, dated December 31, 2014
- Utility plan, dated December 31, 2014
- Tree preservation plan, dated December 31, 2014
- Landscape plan, dated December 31, 2014
- Photometric plan, dated January 7, 2015
- Building renderings and floor plans, dated January 13, 2015

1.02 The site must be developed and maintained in substantial conformance with the preceding plans.

1.03 Development must further comply with all conditions as outlined in City Council Resolution No. 2014-XX, adopted by the Minnetonka City Council on March 23, 2015.

Section 2. A violation of this ordinance is subject to the penalties and provisions of Chapter XIII of the city code.

Section 3. This ordinance is effective immediately.

Adopted by the city council of the City of Minnetonka, Minnesota, on March 23, 2015.
Tim Bergstedt, Acting Mayor

Attest:

David E. Maeda, City Clerk

Action on the Ordinance:

Date of introduction:
Date of adoption:
Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Ordinance adopted.

Date of publication:

I certify that the foregoing is a correct copy of an ordinance adopted by the city council of the City of Minnetonka, Minnesota at a regular meeting held on March 23, 2015.

David E. Maeda, City Clerk

Date:
ORDINANCE NO. 2007-32

ORDINANCE REZONING THE PROPERTY AT 5709 ROWLAND ROAD AND ADJACENT RAILROAD RIGHT-OF-WAY FROM R-1, LOW DENSITY RESIDENTIAL, TO PUD, PLANNED UNIT DEVELOPMENT, AND ADOPTING A MASTER DEVELOPMENT PLAN WITH FINAL SITE AND BUILDING PLANS, WITH VARIANCES, FOR THE APPLEWOOD POINTE SENIOR COOPERATIVE BUILDING

The City Of Minnetonka Ordains:

Section 1.

1.01 The property at 5709 Rowland Road and the adjacent railroad right-of-way is hereby rezoned from R-1, low density residential, to PUD, planned unit development, based on the following findings:

Section 2.

2.01 This ordinance hereby adopts a planned unit development master development plan for Applewood Pointe at 5709 Rowland Road and adjacent railroad right-of-way. (Project 07023.07a). Adoption is based on the findings in the July 26, 2007, staff report. Approval includes the following variances:

- Front yard setback variance from 50 feet to 45 feet.
- Side yard setback variance from 50 feet to 20 feet.

The stricken language is deleted; the double-underlined language is inserted.
Section 3.

3.01 The property is legally described as follows:

That part of the West Half of the Southwest Quarter of the Northwest Quarter of Section 35, Township 117, Range 22, Hennepin County, Minnesota lying southerly of the southeasterly right-of-way line of the Chicago, Milwaukee, St. Paul & Pacific Railroad and lying northerly of the northeasterly right-of-way line of Rowland Road as delineated on the recorded plat of said Rowland Road.

Section 4.

4.01 This ordinance is based on the following findings:

1. The rezoning would be consistent with the public health, safety, and welfare.

2. The rezoning would have little impact on area roadways or intersections.

3. The rezoning would have little impact on the character of the surrounding area, which includes a variety of land uses: single-family houses, several medium density residential projects, and an office/industrial park.

4. The rezoning is consistent with the purposes of the PUD district, particularly the provision of affordable housing, and sensitive development in transitional areas located between different land uses and along significant corridors within the city.

5. The proposed variances associated with the development are reasonable and appropriate:

a. There are several practical difficulties impacting reasonable development of the site:

   (1) Though providing a visual and environmental benefit, the wetland and floodplain on the site present a practical difficulty. The property is 3.27-acres in total size. However, the buildable area of the property is less than 1-acre; 30 percent of the total site area.

The stricken language is deleted; the double-underlined language is inserted.
(2) The requested side yard setback variance is required due to the PUD zoning classification. This PUD zoning is required during the current development moratorium. If a standard residential zoning category were used, no variance would be required.

(3) The requested front yard setback variance is for a point intrusion; 336 square feet or less than 0.3 percent of the total square-footage of the building. From Rowland Road, there would be little to no visual difference between the required 50-foot setback and the proposed 45-foot setback.

b. The Applewood Pointe is bounded unique properties, none of which are in constant and/or consistent use. As such, the situation of the applicant's property is a unique and not common to every R-1 or PUD zoned property.

c. There are no structures on the properties immediately adjacent to subject property. As such, the front yard setback variance would have little to no impact on area site lines or area standards.

Section 5.

5.01 The rezoning, master development plan, and final site and building plans are subject to the following conditions:

1. The site must be developed and maintained in substantial conformance with the following plans, unless modified by the conditions below:

   • Site plan date-stamped June 13, 2007
   • Grading plan date-stamped June 13, 2007
   • Landscaping plan date-stamped November 18, 2005
   • Building elevations date-stamped June 13, 2007
   • Utility plan date-stamped June 13, 2007

The above plans are hereby adopted as the master development plan and as final site and building plans.

The strucken language is deleted; the double-underlined language is inserted.
2. The building must include at least 2 units priced at no more than $187,875, and 4 units priced at no more than $206,800.

3. The building must include at least 28 mid-range units priced as follows:
   - up to $263,475 (4 units)
   - up to $282,375 (4 units)
   - up to $284,175 (2 units)
   - up to $289,800 (1 unit)
   - up to $290,700 (6 units)
   - up to $298,595 (7 units)

4. The final utility plan must correctly identify existing conditions, as well as proposed conditions. Water must be wet taped in the same area as the sanitary sewer connection.

5. A grading permit is required. Unless authorized by appropriate staff, no site work may begin until a complete grading permit application has been submitted, reviewed by staff, and approved.
   a. The following must be submitted for the grading permit to be considered complete:
      (1) The following documents for the city attorney's review and approval:
         (a) A construction and restoration agreement. The agreement must stipulate that United Properties Residential, LLC and the Applewood Pointe Homeowners' Association are responsible for:
            • Construction of the full trail; and
            • Restoration of the woodland area through the removal of buckthorn and other invasive species.

The stricken language is deleted; the double-underlined language is inserted.
(b) A maintenance agreement. The agreement must:

- Grant city staff the right to monitor/inspect the trail and require any safety improvements as necessary; and
- Provide for an annual meeting between the Applewood Pointe Homeowners' Association and city staff to discuss maintenance issues.

(c) A public trail easement over the portion of the public trail on the Applewood Pointe property.

(2) Final site, grading, drainage, utility and erosion control plans for staff approval.

(a) The proposed trail on city property must be specifically located to minimize tree loss. The final location is subject to review and approval of natural resource staff.

(b) Final plans must meet all the requirements of the city engineer.

(3) A stormwater pollution prevention plan for staff review and approval.

(4) A letter of credit or cash escrow for 150% of the estimated cost or 125% of a bid cost to comply with grading permit requirements and restore the site.

(5) A construction management plan. The plan must indicate:
(1) how equipment will avoid roots of trees to be saved; (2) location for stockpiling of earth and construction materials and equipment; and (3) how contractors will prevent tracking of earth onto the street.

The stricken language is deleted; the double-underlined language is inserted.
b. Prior to issuance of a grading permit:

(1) Install a temporary rock driveway, erosion control, tree and wetland protection fencing for natural resources staff inspection. These items must be maintained throughout the course of construction.

(2) The final plat must be released by the city and filed with the Hennepin County for recording.

c. Permits may be required from other outside agencies, including but not limited to Nine Mile Creek Watershed District. It is the applicant's and/or property owner's responsibility to obtain any necessary permits.

6. Prior to issuance of a building permit, the following must be submitted:

a. A park dedication fee of $144,875.

b. A final landscape and irrigation plan. The final plan must meet minimum value as outlined in city code and is subject to the review and approval of natural resources staff.

c. A letter of credit or cash escrow for 150% of the estimated cost or 125% of a bid cost of all required landscaping.

d. An illumination plan for staff review and approval.

e. All required hook-up fees.

f. Submit proof of having recorded this ordinance with the county.

7. The building must include six affordable units, as defined by the Metropolitan Council.

8. The property owner is responsible for replacing any required landscaping that dies.

The stricken language is deleted; the double-underlined language is inserted.
9. All rooftop and ground-mounted mechanical equipment, and exterior trash and recycling storage areas, must be enclosed with materials compatible with the principal structure, subject to staff approval. Low profile, self-contained mechanical units that blend in with the building architecture are exempt from the screening requirement.

10. The existing trail must be maintained through the driveways.

11. Stop signs must be installed at the drive exit.

12. Curbing must be replaced upon removal of the existing driveway.

13. Approval does not include the signs shown on the drawings. Separate permits are required from staff.

14. Construction must begin by December 31, 2008, unless the planning commission grants a time extension.

Section 4. A violation of this ordinance is subject to the penalties and provisions of Chapter XIII of the city code.

Section 5. This ordinance is effective immediately.

Adopted by the city council of the City of Minnetonka, Minnesota, on September 24, 2007.

[Signature]
James A. Callison, Mayor

ATTEST:

[Signature]
David E. Maeda, City Clerk

The stricken language is deleted; the double-underlined language is inserted.
ACTION ON THIS ORDINANCE:

Date of introduction: July 23, 2007
Date of adoption: September 24, 2007
Motion for adoption: Wagner
Seconded by: Thomas
Voted in favor of: Thomas, Allendorf, Ellingson, Wagner, Wiersum, Callison
Voted against:
Abstained:
Absent: Schneider

Ordinance adopted.

Date of publication: 10/21/07

I certify that the foregoing is a correct copy of an ordinance adopted by the city council of the City of Minnetonka, Minnesota at a regular meeting held on September 24, 2007.

David E. Maeda, City Clerk

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The stricken language is deleted; the double-underlined language is inserted.
Ordinance No. 2014-

An ordinance removing area from the floodplain overlay district
at 5709 Rowland Road

The City Of Minnetonka Ordains:

Section 1.

1.01 Floodplain areas on the properties hereby removed from the floodplain overlay zoning districts. This action is based on the following findings:

1. The removal of the area from the overlay district would not compromise the public health, safety, and welfare.

2. Floodplain storage volume will be recreated on-site within the existing and contiguous floodplain area.

Section 2.

2.01 The area to be removed from the overlay districts is depicted on EXHIBIT A of this ordinance.

Section 3. This ordinance is effective immediately.

Adopted by the city council of the City of Minnetonka, Minnesota, on March 23, 2015.

Tim Bergstedt, Acting Mayor
ATTEST:

______________________________
David E. Maeda, City Clerk

ACTION ON THIS ORDINANCE:

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

Ordinance adopted.

Date of publication:

I certify that the foregoing is a correct copy of an ordinance adopted by the city council of the City of Minnetonka, Minnesota at a regular meeting held on March 23, 2015.

______________________________
David E. Maeda, City Clerk

Date of publication:
Resolution No. 2015-
Resolution approving a floodplain alteration permit at 5709 Rowland Road

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01 At Home Apartments, LLC has requested a floodplain alteration permit to fill and recreate floodplain area at 5709 Rowland Road. The property is legally described as:

Parcel 1:

All that part of the West Half of the Southwest Quarter of the Northwest Quarter of Section 35, Township 117, Range 22 lying south of the Chicago, Milwaukee and St. Paul Railway right-of-way and lying northerly of Rowland Road as established in Document No. 3806560, according to the United State Government Survey thereof and situated in Hennepin County, Minnesota.

Parcel 2:

That part of the Chicago, Milwaukee and Pacific Railroad right-of-way in the West Half of the Southwest Quarter of the Northwest Quarter of Section 35, Township 117, Range 22, Hennepin County, Minnesota, which lies southeasterly of a line parallel with and distant 75.00 feet southeasterly from the centerline of said railroad right-of-way and which lies northeasterly of the northeasterly right-of-way of Rowland Road, on file and of record in the Office of the Hennepin County Recorder.

1.02 On January 22, 2015, the Planning Commission held a hearing on the proposal. The applicant was provided the opportunity to present information to the Planning Commission. The Planning Commission considered all of the comments received and the staff report, which are incorporated by reference into this resolution. The Planning Commission recommended the
City Council approve the permit.

Section 2. General Standards.

2.01 City Code §300.24 Subd. 9(c), states that in reviewing alteration permits, the city will consider whether general standards are met. These standards are incorporated by reference into this resolution.

2.02 City Code §300.24 Subd. 9(d), states that an alteration permit will not be granted unless certain specific standards are met. These standards are incorporated by reference into this resolution.

Section 3. Findings.

3.01 The proposal would meet the general standards outlined City Code §300.24 Subd. 9(c):

1. The alteration area would be relatively small given the large floodplain area adjacent to the site.
2. The alteration would increase the upland area of the site by roughly 3,500 square feet or 4 percent.
3. The alteration would not negatively impact the hydrology of the floodplain, given the small area of fill relative to the larger area.
4. The floodplain mitigation area would not negatively impact adjacent properties.
5. The alteration would meet the intent of the city's water resources management plan and the subdivision and zoning ordinances.
6. The alteration would not adversely impact governmental facilities, utilities, services or existing or proposed public improvements.
7. The alteration would not have an undue adverse impact on the public health, safety or welfare.

3.02 The proposal would meet the specific standards outlined in City Code §300.24 Subd. 9(d):

1. Adequate water storage would be maintained and provided in an amount at least equal to that filled.
2. Floodplain fill for purposes of creating buildable area would not be located more than 20 feet from the proposed building.

3. Floodplain alteration would not result in removal of regulated trees, adversely impact wetlands or existing wetland buffers, or be located within public easements.

Section 4. City Council Action.

4.01 The City Council hereby approves the above described floodplain alteration permit based on the findings outlined in section 3 of this resolution.

4.02 Approval is subject to the following conditions:

1. Subject to staff approval, the site must be developed and maintained in substantial conformance with the following plans, except as modified by the conditions below:
   - Grading, drainage, and erosion control plan, dated December 31, 2014
   - Floodplain cut and fill analysis, dated January 7, 2015

2. No wetland impact is allowed for the creation of floodplain.

3. Floodplain alteration must be conducted in conjunction with, and is subject to the grading permit provisions outlined in Resolution 2015-xx.

Adopted by the City Council of the City of Minnetonka, Minnesota, on March 23, 2015.

________________________________________
Tim Bergstedt, Acting Mayor

Attest:

________________________________________
David E. Maeda, City Clerk
Action on this resolution:

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

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a duly authorized meeting held on March 23, 2015.

__________________________
David E. Maeda, City Clerk
Resolution No. 2015-

Resolution approving final site and building plans for At Home Apartments at 5709 Rowland Road

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01 At Home Apartments, LLC has requested approval of final site and building plans for an apartment building on the property at 5709 Rowland Road. The property is legally described as:

Parcel 1:

All that part of the West Half of the Southwest Quarter of the Northwest Quarter of Section 35, Township 117, Range 22 lying south of the Chicago, Milwaukee and St. Paul Railway right-of-way and lying northerly of Rowland Road as established in Document No. 3806560, according to the United State Government Survey thereof and situated in Hennepin County, Minnesota.

Parcel 2:

That part of the Chicago, Milwaukee and Pacific Railroad right-of-way in the West Half of the Southwest Quarter of the Northwest Quarter of Section 35, Township 117, Range 22, Hennepin County, Minnesota, which lies southeasterly of a line parallel with and distant 75.00 feet southeasterly from the centerline of said railroad right-of-way and which lies northeasterly of the northeasterly right-of-way of Rowland Road, on file and of record in the Office of the Hennepin County Recorder.
1.02 The proposed site and building plans include a floodplain setback variance from 20 feet to 0 feet.

1.03 On January 22, 2015, the Planning Commission held a hearing on the proposal. The applicant was provided the opportunity to present information to the Planning Commission. The Planning Commission considered all of the comments received and the staff report, which are incorporated by reference into this resolution. The Planning Commission recommended that the City Council approve the request.

Section 2. General Standards.

2.01 City Code §300.27, Subd. 5, outlines several items that must be considered in the evaluation of the site and building plans. Those items are incorporated by reference into this resolution.

2.02 By City Code §300.07 Subd.1, a variance may be granted from the requirements of the zoning ordinance when: (1) the variance is in harmony with the general purposes and intent of this ordinance; (2) when the variance is consistent with the comprehensive plan; and (3) when the applicant establishes that there are practical difficulties in complying with the ordinance. Practical difficulties means: (1) The proposed use is reasonable; (2) the need for a variance is caused by circumstances unique to the property, not created by the property owner, and not solely based on economic considerations; and (3) the proposed use would not alter the essential character of the surrounding area.

Section 3. Findings.

3.01 The proposal would meet site and building plan standards outlined in the City Code §300.27, Subd.5.

1. The proposal would result in a high-density residential development consistent with the comprehensive guide plan designation for the site. Further, the proposal has been reviewed by city's planning, engineering, natural resources staff and found to be generally consistent with the city's development guides, including water resources management plan.

2. The proposal would alter the natural state of the site. However, the level of alteration would generally occur with any high-density development of the site.

3. The proposal would result in a harmonious relationship of buildings
and natural spaces. The design of the building has been carefully considered to take advantage of views of Lone Lake Park, adjacent public property.

4. The proposals would include a functional and harmonious design for structures and site features, providing a desirable environment for occupants, visitors and the general community.

5. Energy conservation will be promoted through the southerly exposure enjoyed by many of the units within the building.

6. The proposal would visually and physically alter the site. However, appropriate provisions are required as conditions of approval to mitigate such alteration.

3.02 The proposal meets the variance standard outlined in City Code §300.07 Subd. 1(a):

1. PURPOSE AND INTENT OF THE ZONING ORDINANCE: The general intent of the horizontal floodplain setback requirement is to ensure visual separation between structures and the floodplain. The requested variance would meet this intent. The variance would apply to just 5% of the footprint of the building; this area located at the rear of the site. The variance would have little impact on the visual perception of the area.

2. CONSISTENT WITH COMPREHENSIVE PLAN: One of the primary goals of the comprehensive plan is to balance natural resource protection efforts with individual property rights. The requested variances are consistent with this goal. The variances would represent an intrusion into the floodplain setback, but allow for a high-density development complying with comprehensive guide plan designation of the property.

3. PRACTICAL DIFFICULTIES: There are practical difficulties in complying with the ordinance standards:

a) REASONABLENESS: The proposed setback variance is reasonable as it is required for just 1,265 square feet or 5% of the footprint of the building. This represents a point intrusion.

b) UNIQUE CIRCUMSTANCE: The subject property is designated for high-density residential development and is encumbered by wetland, floodplain, and woodland
preservation areas. This is a unique circumstance not common to other similarly designated properties.

c) CHARACTER OF LOCALITY: The proposed setback would not negatively impact the character of the area, as they would be applied to a new building on a vacant lot.

Section 4. City Council Action.

4.01 The above-described site and building plans, with variances, are hereby approved subject to the following conditions:

1. Subject to staff approval the property must be developed and maintained in substantial conformance with the following plans, except as modified by the conditions below:

   • Site plan, dated December 31, 2014
   • Grading, drainage, and erosion control plan, dated December 31, 2014
   • Utility plan, dated December 31, 2014
   • Tree preservation plan, dated December 31, 2014
   • Landscape plan, dated December 31, 2014
   • Photometric plan, dated January 7, 2015
   • Building renderings and floor plans, dated January 13, 2015

2. A grading permit is required. Unless authorized by appropriate staff, no site work may begin until a complete grading permit application has been submitted, reviewed by staff, and approved.

   a) The following must be submitted for the grading permit to be considered complete.

      1) An electronic PDF copy of all required plans and specifications.

      2) Three full size sets of construction drawings and sets of project specifications.

      3) A revised existing conditions survey including:

         a. field surveyed two-foot contours;

         b. 100-year floodplain elevation;
c. wetland delineations; and

d. all existing public and private easements.

4) The following documents, prepared by an attorney knowledgeable in the area of real estate, for the review and approval of the city attorney:

a. A conservation easement over all existing wetlands and required wetland buffers. The easement must be based on a wetland delineation field confirmed during the 2015 growing season.

b. A drainage and utility easement up to and over the 900.0 floodplain elevation.

c. A hold harmless agreement acknowledging the horizontal floodplain setback variance.

d. A stormwater maintenance agreement.

5) Final site, grading, stormwater management, utility, landscape, tree mitigation, and natural resource protection plans, and a stormwater pollution prevention plan (SWPPP) for staff approval.

a. Final site plan must:

- Illustrate that the building meets all minimum access requirements as outlined in Minnesota State Fire Code.

- Include all existing drainage and utility easements.

- Include turning templates to verify moving trucks and fire engines can navigate the parking lot.

- Include valley curb in the concrete drive. The gutter cannot be integral to the apron.
b. Final grading plan must:
   • Include additional spot elevations at the radii and curb corners to ensure proper drainage of the parking lot.
   • Not include any retaining walls within existing drainage or utility easements.

c. Final stormwater management plan must meet the requirements of the city’s Water Resources Management Plan, Appendix A.

d. Final utility plan must:
   • Include extension of the existing sanitary sewer to the northwest and illustrate actual connections to the main.
   • Verify the elevation of the existing hydrant lead. The lead may need to be lowered.
   • Illustrate an added valve to the trunk water main on Rowland Road.
   • Verify the elevation of the existing water and sanitary sewer lines, as well as sanitary sewer inverts, in Rowland Road.
   • Include a looped water main service to the site so as to maintain service to the building in the event of a break.
   • Call out the type of connection to the trunk water main.

e. Final tree mitigation plans must meet minimum mitigation requirements as outlined in city code. This includes:
• 184, two-inch trees, mitigating inch for inch loss of 25 trees within the floodplain forest.

• 6, six-foot evergreens, mitigating foot for foot loss of one 40-foot evergreen.

At the sole discretion of natural resources staff, mitigation may be adjusted based on site conditions.

f. Final landscaping and tree mitigation plans must:

• Meet minimum landscaping and mitigation requirements as outlined in ordinance. However, at the sole discretion of natural resources staff, mitigation may be adjusted based on site conditions.

• Illustrate that all deciduous trees meet a 15 feet setback from the curb of Rowland Road and all evergreens meet a 20 foot setback.

• Show appropriate species in infiltration and ponding areas, based on site conditions and locations. Species lists must be provided.

• Include native plantings only in wetland and wetland buffer areas.

6) Individual letters of credit or cash escrow for 125% of a bid cost or 150% of an estimated cost to construct utility improvements, comply with grading permit, tree mitigations, and landscaping requirements, and to restore the site. One itemized letter of credit is permissible, if approved by staff.

a. The city will not fully release the letters of credit or cash escrow until:
• A final as-built survey has been submitted illustrating substantial consistency with the approved grading plans;

• An electronic CAD file or certified as-built drawings for infrastructure in microstation or DXF and PDF format have been submitted;

• A letter certifying that the utilities have been completed according to the plans approved by the city has been submitted;

• Vegetated ground cover has been established; and

• Required landscaping or vegetation has survived one full growing season.

7) A construction management plan. The plan must be in a city approved format and must outline minimum site management practices and penalties for non-compliance.

8) A copy of the approved MPCA NPDES permit.

9) Evidence of closure/capping of any existing wells, septic systems, and removal of any existing fuel oil tanks.

10) All required administration and engineering fees.

11) Evidence that an erosion control inspector has been hired to monitor the site through the course of construction. This inspector must provide weekly reports to natural resource staff in a format acceptable to the city. At its sole discretion, the city may accept escrow dollars, in amount to be determined by natural resources staff, to contract with an erosion control inspector to monitor the site throughout the course of construction.
12) Cash escrow in an amount to be determined by city staff. This escrow must be accompanied by a document prepared by the city attorney and signed by the builder and property owner. Through this document the builder and property owner will acknowledge:

- The property will be brought into compliance within 48 hours of notification of a violation of the construction management plan, other conditions of approval, or city code standards; and

- If compliance is not achieved, the city will use any or all of the escrow dollars to correct any erosion and/or grading problems.

b) Prior to issuance of the grading permit:

1) Install a temporary rock driveway, erosion control, tree and wetland protection fencing and any other measures identified on the SWPPP for staff inspection. These items must be maintained throughout the course of construction.

2) Schedule and hold a preconstruction meeting with engineering, planning, and natural resources staff as determined by city staff.

3) Any grading proposed within required wetland buffer must be field reviewed and approved by city staff.

c) Permits may be required from other outside agencies including, Hennepin County, the Nine Mile Creek Watershed District and the MPCA. It is the applicant’s or property owner’s responsibility to obtain any necessary permits.

d) No grading work is permitted on the adjacent, publically owned property. A separate grading permit is required in the event that specific, park-related improvements are approved on the adjacent city-owned property.

e) The watermain under Rowland Road is a trunk main and therefore subject to “blackout” dates. The water cannot be shut down between May 1 and September 15.
3. Prior to issuance of a building permit, submit the following:

   a) All required hook-up fees.

   b) A directional sign package for the parking lot.

   c) A park dedication fee in the amount of $530,000. In the event that specific improvements are proposed and approved on the adjacent city-owned property, the city may appropriately reduce this amount.

   d) A construction management plan. This plan must be in a city approved format and outline minimum site management practices and penalties for non-compliance. If the builder is the same entity doing grading work on the site, the construction management plan submitted at the time of grading permit may fulfill this requirement.

4. The city may require installation and maintenance of signs which delineate the edge of any required conservation easement. This signage is subject to the review and approval of city staff.

5. During construction, the streets must be kept free of debris and sediment.

6. The property owner is responsible for replacing any required landscaping that dies.

Adopted by the City Council of the City of Minnetonka, Minnesota, on March 23, 2015.

______________________________
Terry Schneider, Mayor

Attest:

______________________________
David E. Maeda, City Clerk
Action on this Resolution:

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

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a duly authorized meeting held on March 23, 2015.

______________________________
David E. Maeda, City Clerk
C. Items concerning At Home Apartments at 5709 Rowland Road.

Chair Lehman introduced the proposal and called for the staff report.

Thomas reported. She recommended approval of the application based on the findings and subject to the conditions listed in the staff report.

Kirk asked how approval of a PUD stays with a property. Thomas explained that the Glen Lake proposal was on a traditional, R-5 zoned property. When a developer or property owner submits an application that meets all ordinance requirements for that zoning, then the city is obligated to approve the application. Commissioners reviewed an application at the last meeting for a building that included variances to the R-5 ordinance standards. There was no existing PUD or master development plan for the property. That is different than the current proposal. In the case of PUD zoning, the city adopts a custom plan for that property. It serves as the zoning regulations for development. If an applicant would submit an application that would meet the allowances and regulations of a master development plan, then the city would be obligated to approve it. Kirk said that helped. It seems difficult to apply the same rules for a different product line sometimes.

Thomas explained that the current proposal is not exactly the same as what was approved in 2007. Commissioners have the authority to find that the proposal is not the same and recommend denial of the proposal; however, if an applicant came in with the exact same footprint, number of units, and for a senior cooperative, then the city would be obligated to approve the application.

Kirk noted that the PUD is its own zoning district. Thomas agreed.

O'Connell clarified with Thomas that the approval is attached to the property, not the developer, and a “reasonable” standard is used to approve a change. He asked what constitutes “reasonable.” Thomas said that it is a subjective measurement.

In response to Rettew's question, Colleran explained that the floodplain forest is a strip of land that is defined in the tree ordinance. It is an ecosystem made up of silver maple and cottonwood trees where flooding occurs, recedes, and leaves saturated soils. As part of the grading plan, a small portion of the floodplain forest, 16 percent, would be impacted. Trees within the floodplain forest would be in a woodland preservation area as defined in the tree protection ordinance.
Trees outside of the floodplain forest would be significant trees or high-priority trees. There are different categories of trees when evaluating tree loss.

Rettew asked what would happen to the flood water with a 16 percent reduction in floodplain forest. Colleran explained that the floodplain forest is an ecosystem growing in the floodplain. The flood water would be captured in the storm water ponding area. The project would be required to mitigate loss of the floodplain forest within reason. Trees would be planted to replace removed trees where reasonable.

Rettew asked for the parking ratio. Thomas provided a chart that explained that there would be 170 parking stalls on the property which equals 1.6 parking stalls per unit and 1.3 stalls per bedroom. Of the 170 stalls, 116 would be underground. Staff is comfortable with the amount of parking.

Rettew asked if the trail would connect to the city’s trail system. Thomas explained that portion of the project has not yet been determined.

Kirk confirmed with Thomas that the proposal would have eight fewer stalls than the consultant’s recommendation. Staff is comfortable with the ITE rate.

Kirk noted that the previous proposal provided for a larger building on the site without impacting the floodplain. Thomas agreed. The necessary parking area pushed the building back.

Kirk asked if an access agreement would be required for a trail. Thomas responded that a trail easement would be required.

Knight noted that residents support a sidewalk on Rowland Road and Bren Road leading to Shady Oak Road. He asked if the city plans on constructing a sidewalk. Thomas answered that it would not be part of the proposed project, but the city fills in missing links in the sidewalk system when the opportunities become available.

Mike Cashill and LeAnna Stefaniac of At Home Apartments and Pete Keely with Collage Architects introduced themselves. Mr. Cashill stated that they are excited to work in the community. At Home Apartments currently owns and manages the Chasewood Gates project down the road and 5,000 rental units throughout the twin cities and Kansas City. He looks to put the right product in the right place. He would like to work with staff to make the site pedestrian and cyclist friendly and provide an access to the park.
Mr. Keely presented the site plan. He stated that:

- There were modifications to accommodate the new wetland delineation which has changed since 2007.
- The main mass of the building was diminished by breaking it into parts and moving it further back from Rowland Road. The building was situated to avoid a wetland and provide more room to plant trees.
- The storm water retention would increase the runoff storage.
- There are two access points. There would be underground parking and on-grade parking.
- The number of units has decreased to 106 units and the number of underground parking stalls has increased to a ratio of 1 stall per unit. The number of parking stalls would be 1.3 per bedroom. There would be more 1-bedroom units. The market is calling for more 1-bedroom units.
- The internal courtyard would be developed, landscaped, and made nice.

Kirk relies on an applicant to know how much parking would be necessary. It seems that there would be no way to expand the parking if needed.

Kirk asked if the developments in the company profile are now built. Ms. Stefaniac answered affirmatively. At Home Apartments are currently developing a similar proposal in Eagan which uses the 1.3 parking ratio. Mr. Cashill and Kirk compared the differences between the projects in the company profile and the current proposal. The proposed site has a beautiful area in the back. The community room and decks would be facing the back. Kirk appreciates the gables on the roof. It makes it feel more residential.

Kirk asked if the stormwater retention pond would be used as part of the wetland remediation. Thomas stated that the proposal would not require any fill of wetland area. An area of the floodplain would be filled and mitigated. Stormwater storage would be happening in the floodplain area. Stout explained that the area being excavated for the stormwater pond would be the mitigation for the floodplain. There would be more storage for floodplain water created than existing storage area filled.

Kirk asked if rent restrictions for 20 percent of the units applies to a variety of units. Ms. Stefaniac explained that the affordable units would be 20 percent of the total of each type of unit which results in 14 1-bedroom units, 1 of the 1-plus-
den units, and 4 2-bedroom units. The mirror of the building as a whole would match the type of affordable units.

In response to Odland’s question, Ms. Stefaniac answered that Parkway West and East River have 100 percent market-rate units. Parkway West has 48 units and East River has 44 units. Both are roughly 75 percent 1-bedroom units and 25 percent 2-bedroom units.

The public hearing was opened.

Calvin Johnson, 12905 Jorissen Road, stated that:

- He lives in Lake Forest Townhomes which consists of 35 townhomes with 2-car garages for each.
- His concern is the density. The same amount of land would have a lot more units. It would not be appropriate.
- There are parking issues.
- There are floodplain issues. The additional flood waters could affect the townhomes.
- The previous project was for owner-occupied cooperatives. The current proposal would have twice the density.
- The surrounding townhomes are owner occupied.
- The commission should not do harm to existing homeowners.

Bob Stanke, 5833 Rowland Road, stated that:

- He has lived there 36 years. The massive structure would destroy the woodland character of the area.
- He was concerned with traffic. Traffic is already at an unacceptable level. It is impossible to sleep after 6:30 a.m. because of traffic going into the industrial park.
- The speed limit is 30 miles per hour, but vehicles travel at 45 miles per hour.
- The project would be across the street from the fire station. If it is a senior residence, then there would be more emergency calls.
- The size would be too large for the area.

Terry Thomas, 5455 Butternut Circle, stated that:

- His mortgage company required him to have flood insurance when he moved in in 1999. His property is inches above the floodplain.
• Make sure the holding pond is built adequately. His property is in trouble from any type of large rainfall now.
• Several owners of Lake Forest Townhomes have flood insurance.
• Flood insurance costs $1,000 a year, but he does not pay it now.
• He wants the engineers to make sure the developer does what is supposed to be done.

No additional testimony was submitted and the hearing was closed.

Chair Lehman requested staff address concerns expressed by residents. Stout explained that floodplains are based on computer modeling. The computer applies a 100-year storm to a watershed. The assumption fully builds out the site including the maximum amount of impervious surface. The amount of water that would travel off of the surface is calculated and it is determined how the Nine-Mile Creek and its floodplain would be impacted. Engineering staff requires final as-built and record drawings and surveys when a project is completed. That is to ensure that there would be zero net fill of the floodplain. Stout has worked with residents who may choose to get an elevation certificate done by a surveyor. Many owners of a Lake Forest Townhome have proven to FEMA and their mortgage companies that their property is above the floodplain and, therefore, were no longer required to have flood insurance. Stout stated that if she lived next to Nine-Mile Creek, she would consider investing in flood insurance. The Lake Forest Townhomes are upstream of the proposed site and a significant culvert crossing at the railroad tracks. The culvert crossing has more of a significant impact on the flood elevations upstream than any amount of fill proposed for the proposed project.

Chair Lehman asked what the city does to monitor the site for floodplain adequacy. Stout answered that final record drawings and as-built surveys would be required to ensure that there would have been no fill of the floodplain. The floodplain volume would be the same as it was prior to the project. The city holds an escrow or letter of credit until proof has been provided that demonstrates that the requirements have been completed. The city can and has made property owners correct those types of situations.

In response to Chair Lehman’s question, Stout explained that there is no guarantee that the floodplain area would not flood. In 1987, there was a 5,000-year storm in the area that caused flooding. The applicant enters into maintenance agreements with the city to allow city staff to monitor the area and make sure that the pond would be working adequately and the floodplain storage area would be maintained.
Chair Lehman noted that staff supports the proposal as recommended. He asked staff to compare the current proposal with past proposals. Thomas agreed that staff finds the proposal reasonable. The primary change would be the number of units from 61 to 106. Staff found from the results of the traffic study that the area’s infrastructure could accommodate the increase in density. The building mass has not changed.

Kirk lives near the proposed site. The traffic study focuses on the Rowland Road and Baker Road area. There is a curve that makes it difficult to get past. It does seem a little concerning. He recognizes that the majority of traffic would be heading toward Shady Oak Road which has a controlled intersection at Bren Road.

Kirk asked for the city’s position on buying the property and making it a park. Wischnack explained that the city does not have a large enough budget to purchase property to be used as a park every time an application for development has been received. The dollars from the previous park referendum have been used up. Acquisitions made as part of that planning process have been completed. Many of the properties purchased are along Minnehaha Creek. The funds were also used to rehabilitate existing parks.

Kirk found that the proposal fits the site’s guidance by the comprehensive guide plan. It fits the intention of what the 2007 application by Applewood would have brought to the site. He supports the project.

Rettew appreciated the architect chopping up the mass of the building. He also identified with the residents who would be losing a nice wooded area. He was leaning toward supporting the proposal because it would be consistent with the 2007 proposal.

Magney supported the proposal. There would be more density, but the footprint and mass would be slightly smaller. The way the building would be set back would allow the building to fit in better than Applewood would have. Traffic is a concern, but the traffic engineers did their homework and he accepts their expert opinion that it would be acceptable.

Knight noted that the proposed building would not be close to another building. He commutes on Rowland Road by bicycle and vehicle. He thought the building would be a nice addition to the area. Rowland Road is a fairly quiet street. He did not anticipate a huge change. He supports staff’s recommendation.
Odland moved, second by Kirk, to recommend that the city council adopt the following for the property at 5709 Rowland Road: an ordinance amending the existing master development plan (see page A59–A68 of the staff report); an ordinance approving the floodplain alteration permit (see pages A69–A71 of the staff report); and a resolution approving final site and building plans with floodplain setback variances (see pages A72–A82 of the staff report).

Odland, Rettew, Kirk, Knight, Magney, O’Connell, and Lehman voted yes. Motion carried.

Odland moved, second by Kirk, to adopt the resolution finding that the At Home Apartments Housing Tax Increment Financing District Plan conforms to the general plan for the development and redevelopment of the city (see pages A83–A84 of the staff report).

Kirk appreciated the application providing diversity in housing stock within the development.

Odland, Rettew, Kirk, Knight, Magney, O’Connell, and Lehman voted yes. Motion carried.
## Tax Increment Financing District Overview

**City of Minnetonka**

**Rowland Housing Tax Increment Financing District**

The following summary contains an overview of the basic elements of the Tax Increment Financing Plan for the Rowland Housing Tax Increment Financing District. More detailed information on each of these topics can be found in the complete Tax Increment Financing Plan.

| Proposed action: | ➢ Establishment of the Rowland Housing Tax Increment Financing District (District) and the adoption of a Tax Increment Financing Plan (TIF Plan).  

➢ Establishment of the Rowland Housing Redevelopment Project and the adoption of a Redevelopment Plan. |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of TIF District:</td>
<td>A housing district</td>
</tr>
<tr>
<td>Parcel Number:</td>
<td>35-117-22-23-0003</td>
</tr>
<tr>
<td>Proposed Development:</td>
<td>The District is being created to facilitate construction of 106 units of rental housing in the City. Please see Appendix A of the TIF Plan for a more detailed project description.</td>
</tr>
<tr>
<td>Maximum duration:</td>
<td>The duration of the District will be 25 years from the date of receipt of the first increment (26 years of increment). The City elects to receive the first tax increment in 2018. It is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after December 31, 2043, or when the TIF Plan is satisfied.</td>
</tr>
<tr>
<td>Estimated annual tax increment:</td>
<td>Up to $297,393</td>
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</table>
**Authorized uses:**

The TIF Plan contains a budget that authorizes the maximum amount that may be expended:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Land/Building Acquisition</td>
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<tr>
<td>Site Improvements/Preparation</td>
<td>$1,000,000</td>
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<tr>
<td>Public Utilities</td>
<td>$0</td>
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<td>Other Qualifying Improvements</td>
<td>$1,626,617</td>
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<td>Administrative Costs (up to 10%)</td>
<td>$680,955</td>
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<td><strong>PROJECT COSTS TOTAL</strong></td>
<td><strong>$4,182,572</strong></td>
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<tr>
<td>Interest</td>
<td>$3,307,932</td>
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<tr>
<td><strong>PROJECT COSTS TOTAL</strong></td>
<td><strong>$7,490,504</strong></td>
</tr>
</tbody>
</table>

See Subsection 2-10, on page 2-5 of the TIF Plan for the full budget authorization.

**Form of financing:**

The project is proposed to be financed by a pay-as-you-go note.

**Administrative fee:**

Up to 10% of annual increment, if costs are justified.

**Interfund Loan Requirement:**

If the City wants to pay for administrative expenditures from a tax increment fund, it is recommended that a resolution authorizing a loan from another fund be passed PRIOR to the issuance of the check.

**4 Year Activity Rule (§ 469.176 Subd. 6):**

After four years from the date of certification of the District one of the following activities must have been commenced on each parcel in the District:

- Demolition
- Rehabilitation
- Renovation
- Other site preparation (not including utility services such as sewer and water)

If the activity has not been started by approximately March 2019, no additional tax increment may be taken from that parcel until the commencement of a qualifying activity.

The reasons and facts supporting the findings for the adoption of the TIF Plan for the District, as required pursuant to M.S., Section 469.175, Subd. 3, are included in Exhibit A of the City resolution.
ROWLAND HOUSING REDEVELOPMENT PROJECT AND
THE ROWLAND HOUSING TAX INCREMENT FINANCING DISTRICT

At Home Apartments
5709 Rowland Rd
07023.14b

Lone Lake

At Home Apartments

Project Area

TIF District
Tax Increment Financing Plan

for the establishment of

the Rowland Housing Tax Increment Financing District
(a housing district)

within

the Rowland Housing Redevelopment Project

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

Public Hearing: March 23, 2015
Adopted:

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

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Section 2 - Tax Increment Financing Plan
for the Rowland Housing Tax Increment Financing District

Subsection 2-1. 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 Rowland Housing Tax Increment Financing District (the "District"), a housing tax increment financing district, located in the Rowland Housing Redevelopment Project.

Subsection 2-2. Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the EDA and City have certain statutory powers pursuant to Minnesota Statutes ("M.S."), Sections 469.090 to 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 Redevelopment Plan for the Rowland Housing Redevelopment Project.

Subsection 2-3. Statement of Objectives

The District currently consists of one parcel of land and adjacent and internal rights-of-way. The District is being created to facilitate construction of 106 units of rental housing in the City. Please see Appendix A for further District information. The EDA has designated Rowland Investments, LLC as the developer, and construction is anticipated to begin in 2015. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Rowland Housing Redevelopment Project.

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

Subsection 2-4. Redevelopment Plan Overview

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.
Subsection 2-5. Description of Property in the District and Property To Be Acquired

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

The 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.

Subsection 2-6. 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, find that the District, to be established, is a housing district pursuant to M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761 as defined below:

M.S., Section 469.174, Subd.11:

"Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts, and that satisfies the requirements of M.S., Section 469.1761. Housing project means a project, or portion of a project, that meets all the qualifications of a housing district under this subdivision, whether or not actually established as a housing district.

M.S., Section 469.1761:

Subd. 1. Requirement imposed.

(a) In order for a tax increment financing district to qualify as a housing district:

(1) the income limitations provided in this section must be satisfied; and

(2) no more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses.

(b) The requirements imposed by this section apply to property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the Authority’s cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies. The provisions of this section do not apply to districts located within a targeted area as defined in Section 462C.02 Subd 9, clause (e).

(c) For purposes of the requirements of paragraph (a), the authority may elect to treat an addition
(2) for an addition that does not meet the requirements of paragraph (a), clause (2), if it is treated as a separate building, the addition was not contemplated by the tax increment financing plan which includes the existing structure.

Subd. 2. Owner occupied housing.
For owner occupied residential property, 95 percent of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code.

Subd. 3. Rental property.
For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code. The requirements of this subdivision apply for the duration of the tax increment financing district.

Subd. 4. Noncompliance; enforcement.
Failure to comply with the requirements of this section is subject to M.S., Section 469.1771.

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

• The District consists of one parcel.
• The development will consist of 106 units of multi-family rental housing
• 20% of the units will be occupied by person with incomes less than 50% of median income

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 or 273.112 or Chapter 473H for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Subsection 2-7. Duration and First Year of Tax Increment of the District

Pursuant to M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to M.S., Section 469.176, Subd. 1b., the duration of the District will be 25 years after receipt of the first increment by the EDA or City (a total of 26 years of tax increment). The EDA elects to receive the first tax increment in 2018, 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 2043, or when the TIF Plan is satisfied. The EDA reserves the right to decertify the District prior to the legally required date.

Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor...
in 2014 for taxes payable 2015.

Pursuant to M.S., Section 469.177, Subds. 1 and 2, the County Auditor shall certify in each year (beginning in the payment year 2018) 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 2015, assuming the request for certification is made before June 30, 2015. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4, the estimated Captured Net Tax Capacity (CTC) of the District, within the Rowland Housing Redevelopment Project, 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 2018. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

<table>
<thead>
<tr>
<th>Project Estimated Tax Capacity upon Completion (PTC)</th>
<th>$242,251</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Estimated Net Tax Capacity (ONTC)</td>
<td>$3,450</td>
</tr>
<tr>
<td>Estimated Captured Tax Capacity (CTC)</td>
<td>$238,801</td>
</tr>
<tr>
<td>Original Local Tax Rate</td>
<td>1.24536</td>
</tr>
<tr>
<td>Estimated Annual Tax Increment (CTC x Local Tax Rate)</td>
<td>$297,393</td>
</tr>
<tr>
<td>Percent Retained by the EDA</td>
<td>100%</td>
</tr>
</tbody>
</table>

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 area to be included in the District and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.
Subsection 2-9. Sources of Revenue/Bonds to be Issued

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA or City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by a pay-as-you-go note. 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 total estimated tax increment revenues for the District are shown in the table below:

<table>
<thead>
<tr>
<th>SOURCES OF FUNDS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Increment</td>
<td>$6,809,549</td>
</tr>
<tr>
<td>Interest</td>
<td>$680,955</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$7,490,504</td>
</tr>
</tbody>
</table>

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 $4,182,572. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Subsection 2-10. Uses of Funds

Currently under consideration for the District is a proposal to facilitate construction of 106 units of rental housing. The EDA and City have determined that it will be necessary to provide assistance to the project for certain District costs, 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. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<table>
<thead>
<tr>
<th>USES OF TAX INCREMENT FUNDS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land/Building Acquisition</td>
<td>$875,000</td>
</tr>
<tr>
<td>Site Improvements/Preparation</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Utilities</td>
<td>$0</td>
</tr>
<tr>
<td>Other Qualifying Improvements</td>
<td>$1,626,617</td>
</tr>
<tr>
<td>Administrative Costs (up to 10%)</td>
<td>$680,955</td>
</tr>
<tr>
<td><strong>PROJECT COST TOTAL</strong></td>
<td>$4,182,572</td>
</tr>
<tr>
<td>Interest</td>
<td>$3,307,932</td>
</tr>
<tr>
<td><strong>PROJECT AND INTEREST COSTS TOTAL</strong></td>
<td>$7,490,504</td>
</tr>
</tbody>
</table>
The total project cost, including financing costs (interest) listed in the table does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The EDA may expend funds for qualified housing activities outside of the District boundaries.

**Subsection 2-11. 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. If the calculations pursuant to *M.S., Section 469.177, Subd. 3, clause b*, (within the District) are followed, the following method of computation shall apply:

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

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

The City will choose to calculate fiscal disparities by clause b. It is not anticipated that the District will contain commercial/industrial property. As a result, there should be no impact due to the fiscal disparities provision on the District.

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

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

**Subsection 2-12. Business Subsidies**

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

1. A business subsidy of less than $150,000;
(2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;

(3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;

(4) Redevelopment property polluted by contaminants as defined in M.S., Section 116J.552, Subd. 3;

(5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;

(6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;

(7) Assistance for housing;

(8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under M.S., Section 469.174, Subd. 23;

(9) Assistance for energy conservation;

(10) Tax reductions resulting from conformity with federal tax law;

(11) Workers' compensation and unemployment compensation;

(12) Benefits derived from regulation;

(13) Indirect benefits derived from assistance to educational institutions;

(14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;

(15) Assistance for a collaboration between a Minnesota higher education institution and a business;

(16) Assistance for a tax increment financing soils condition district as defined under M.S., Section 469.174, Subd. 19;

(17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;

(18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;

(19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;

(20) Funds from dock and wharf bonds issued by a seaway port authority;

(21) Business loans and loan guarantees of $150,000 or less;

(22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and

(23) Property tax abatements granted under M.S., Section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.

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

**Subsection 2-13. County Road Costs**

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

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

Subsection 2-14. Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF
Plan would occur without the creation of the District. However, the 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:

<table>
<thead>
<tr>
<th>IMPACT ON TAX BASE</th>
<th>Estimated Pay 2015 Total Net Tax Capacity</th>
<th>Estimated Captured Tax Capacity (CTC) Upon Completion</th>
<th>Percent of CTC to Entity Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hennepin County</td>
<td>1,356,052,834</td>
<td>238,801</td>
<td>0.0176%</td>
</tr>
<tr>
<td>City of Minnetonka</td>
<td>83,854,157</td>
<td>238,801</td>
<td>0.2848%</td>
</tr>
<tr>
<td>Hopkins ISD No. 270</td>
<td>96,926,550</td>
<td>238,801</td>
<td>0.2464%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IMPACT ON TAX RATES</th>
<th>Estimated Pay 2015 Extension Rates</th>
<th>Percent of Total CTC</th>
<th>Potential Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hennepin County</td>
<td>0.466480</td>
<td>37.46%</td>
<td>111,396</td>
</tr>
<tr>
<td>City of Minnetonka</td>
<td>0.366870</td>
<td>29.46%</td>
<td>87,609</td>
</tr>
<tr>
<td>Hopkins ISD No. 270</td>
<td>0.301270</td>
<td>24.19%</td>
<td>71,944</td>
</tr>
<tr>
<td>Other</td>
<td>0.110740</td>
<td>8.89%</td>
<td>26,445</td>
</tr>
<tr>
<td>Total</td>
<td>1.245360</td>
<td>100.00%</td>
<td>297,393</td>
</tr>
</tbody>
</table>

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate
used for calculations is the estimated Pay 2015 rate. The total net capacity for the entities listed above are
based on estimated Pay 2015 figures. The District will be certified under the actual Pay 2015 rates, which
were unavailable at the time this TIF Plan was prepared.

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

(1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be
generated over the life of the District is $6,809,549;

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

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction and include sprinkler systems.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. An extension of the sanitary sewer and the water main and/or service line will be required from the roadway to the parcel where the new development will occur. All of these extensions will be paid for with funds from the developer. The developer will also fund the construction of a private storm sewer on the site. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated $268,380 in sanitary sewer (SAC) and $270,000 water (WAC) connection fees.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's 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 $1,647,230;

(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 $2,550,857;

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

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

Subsection 2-15. Supporting Documentation

Pursuant to M.S. Section 469.175, Subd. 1 (a), clause 7 the TIF Plan must contain identification and description of studies and analyses used to make the findings are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the EDA and City's findings:

Subsection 2-16. Definition of Tax Increment Revenues

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

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

Subsection 2-17. Modifications to the District

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

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

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to M.S. Section 469.175 Subd. 4(f), the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a housing district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of M.S., Section 469.174, Subd. 11 must be documented. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2) (A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the EDA agrees that, notwithstanding M.S., Section 469.177, Subd. 1, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

The EDA or City must notify the County Auditor of any modification to the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

Subsection 2-18. Administrative Expenses

In accordance with M.S., Section 469.174, Subd. 14, administrative expenses means all expenditures of the EDA or City, other than:
1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the District; or
4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to M.S., Section 469.178; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

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

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

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

Pursuant to M.S., Section 469.177, Subd. 11, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the EDA or City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

**Subsection 2-19. Limitation of Increment**

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

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

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

The EDA or City or a property owner must improve parcels within the District by approximately March 2019 and report such actions to the County Auditor.

Subsection 2-20. Use of Tax Increment

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

1. To pay the principal of and interest on bonds issued to finance a project;
2. To finance, or otherwise pay the cost of redevelopment of the Rowland Housing Redevelopment Project pursuant to M.S., Sections 469.090 to 469.1082;
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in M.S., Section 469.176, Subd. 4;
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the EDA or City or for the benefit of the Rowland Housing Redevelopment Project by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to M.S., Chapter 462C, M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178; and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to M.S., Chapter 462C, M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178.

Revenues derived from tax increment from a housing district must be used solely to finance the cost of housing projects as defined in M.S., Sections 469.174, Subd. 11 and 469.1761. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the EDA or City may be included in the cost of a housing project.

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

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

**Subsection 2-21. Excess Increments**

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

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

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

**Subsection 2-22. Requirements for Agreements with the Developer**

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

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 10 percent, by acreage, of the property to be acquired in the District as set forth in the TIF Plan shall at any time be owned by the EDA or City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 10 percent of the acreage, the EDA or City concluded an agreement for the development of the property acquired and which provides recourse for the EDA or City should the development not be completed.

**Subsection 2-23. Assessment Agreements**

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

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

Subsection 2-25. Annual Disclosure Requirements

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

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

Subsection 2-26. Reasonable Expectations

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon EDA and City staff awareness of the feasibility of developing the project site(s) within the District.

Subsection 2-27. Other Limitations on the Use of Tax Increment

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay the cost of redevelopment of the Rowland Housing Redevelopment Project pursuant to M.S., Sections 469.090 to 469.1082. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.

Subsection 2-28. Summary

The Minnetonka Economic Development Authority is establishing the District to provide an impetus for residential development and provide safe and decent life cycle housing in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, telephone (651) 697-8500.
Appendix A

Project Description

The At Home Apartment TIF District is being established to facilitate the development of an approximately 106-unit apartment building with 20 percent of the units available to persons meeting the affordability requirements set out in Minnesota Statutes, Section 469.1761. The development will also include 106 parking spaces.

The EDA and City plan to enter into a Contract for Private Development with Rowland Investments, LLC, early in 2015, and construction is anticipated to begin later in 2015. It is anticipated that the Developer will receive a pay-as-you-go note to reimburse for land acquisition, site preparation costs and other costs eligible to be reimbursed with tax increment in an annual amount equal to the reduced rent income associated with affordability.
Appendix B

Map of the Rowland Housing Redevelopment Project and the District
Rowland Housing Development

- **Project Area**
- **TIF District**
Appendix C

Description of Property to be Included in the District

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

<table>
<thead>
<tr>
<th>Parcel Numbers</th>
<th>Address</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>35-117-22-23-0003</td>
<td>5709 Rowland Rd</td>
<td>United Property Residential LLC</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix D

Estimated Cash Flow for the District
At Home Apartments - 1% Inflation
City of Minnetonka, MN
106 Units of Rental Housing

ASSUMPTIONS AND RATES

<table>
<thead>
<tr>
<th>District Type:</th>
<th>Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Name/Number:</td>
<td>TBD</td>
</tr>
<tr>
<td>County District #:</td>
<td>TBD</td>
</tr>
<tr>
<td>First Year Construction or Inflation on Value</td>
<td>2016</td>
</tr>
<tr>
<td>Existing District - Specify No. Years Remaining</td>
<td>1.00%</td>
</tr>
<tr>
<td>Inflation Rate - Every Year</td>
<td>1.00%</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>5.50%</td>
</tr>
<tr>
<td>Present Value Date:</td>
<td>1-Feb-16</td>
</tr>
<tr>
<td>First Period Ending</td>
<td>1-Aug-16</td>
</tr>
<tr>
<td>Tax Year District was Certified:</td>
<td>Pay 2015</td>
</tr>
<tr>
<td>Cashflow Assumes First Tax Increment For Development:</td>
<td>2018</td>
</tr>
<tr>
<td>Years of Tax Increment</td>
<td>26</td>
</tr>
<tr>
<td>Assumes Last Year of Tax Increment</td>
<td>2043</td>
</tr>
<tr>
<td>Fiscal Disparities Election [Outside (A), Inside (B), or NA]</td>
<td>Inside(B)</td>
</tr>
<tr>
<td>Incremental or Total Fiscal Disparities</td>
<td>35.5280% est. Pay 2015</td>
</tr>
<tr>
<td>Maximum/Frozen Local Tax Rate</td>
<td>124.536% est. Pay 2015</td>
</tr>
<tr>
<td>Current Local Tax Rate. (Use lesser of Current or Max.)</td>
<td>124.536% est. Pay 2015</td>
</tr>
<tr>
<td>State-wide Tax Rate (Comm./ind. only used for total taxes)</td>
<td>51.0000% est. Pay 2015</td>
</tr>
<tr>
<td>Market Value Tax Rate (Used for total taxes)</td>
<td>0.19182% est. Pay 2015</td>
</tr>
</tbody>
</table>

Note:
1. Base values are based upon review of County website on Dec. 10, 2014 for taxes payable 2015. Developer will request 4d classification for 21 units.
### Project Information (Project Tax Capacity)

<table>
<thead>
<tr>
<th>Area/Phase</th>
<th>New Use</th>
<th>Estimated Market Value Per Sq. Ft./Unit</th>
<th>Taxable Market Value Per Sq. Ft./Unit</th>
<th>Total Sq. Ft./Units</th>
<th>Total Taxable Market Value</th>
<th>Property Tax Class</th>
<th>Project Tax Capacity</th>
<th>Project Tax Capacity/Unit</th>
<th>Percentage Completed 2016</th>
<th>Percentage Completed 2017</th>
<th>Percentage Completed 2018</th>
<th>Percentage Completed 2019</th>
<th>First Year Full Taxes Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental</td>
<td>160,000</td>
<td>160,000</td>
<td>85</td>
<td>13,600,000</td>
<td>Rental</td>
<td>170,000</td>
<td>2,000</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>2018</td>
</tr>
<tr>
<td>Afford Rental</td>
<td>160,000</td>
<td>160,000</td>
<td>21</td>
<td>3,360,000</td>
<td>Aff. Rental</td>
<td>18,900</td>
<td>900</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>2018</td>
</tr>
<tr>
<td>TOTAL</td>
<td>16,960,000</td>
<td>188,900</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Subtotal Residential</td>
<td>106</td>
<td>16,960,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Subtotal Commercial/Ind.</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Note:**
1. Market values are based upon estimates. Developer will request 4d classification for 21 units.

### Tax Calculations

<table>
<thead>
<tr>
<th>New Use</th>
<th>Local Property Taxes</th>
<th>State-wide Property Taxes</th>
<th>Total Taxes</th>
<th>Taxes Per Sq. Ft./Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental</td>
<td>170,000</td>
<td>211,711</td>
<td>381,711</td>
<td>26.36</td>
</tr>
<tr>
<td>Afford Rental</td>
<td>18,900</td>
<td>23,537</td>
<td>42,437</td>
<td>2.42</td>
</tr>
<tr>
<td>TOTAL</td>
<td>188,900</td>
<td>235,249</td>
<td>423,149</td>
<td>2.42</td>
</tr>
</tbody>
</table>

**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?

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Total Property Taxes</td>
<td>207,861</td>
</tr>
<tr>
<td>less State-wide Taxes</td>
<td>0</td>
</tr>
<tr>
<td>less Fiscal Disp. Adj.</td>
<td>0</td>
</tr>
<tr>
<td>less Market Value Taxes</td>
<td>(32,533)</td>
</tr>
<tr>
<td>less Base Value Taxes</td>
<td>(4,296)</td>
</tr>
<tr>
<td>Annual Gross TIF</td>
<td>233,952</td>
</tr>
</tbody>
</table>
## At Home Apartments - 1% Inflation
City of Minnetonka, MN
106 Units of Rental Housing

### TAX INCREMENT CASH FLOW

<table>
<thead>
<tr>
<th>Project Original Fiscal Capacity</th>
<th>Local Tax Rate</th>
<th>Annual Gross Tax Increment</th>
<th>Semi-Annual Net Tax Increment</th>
<th>Admin. at 0.36%</th>
<th>Semi-Annual Present Value</th>
<th>PERIOD ENDING</th>
<th>Tax Year</th>
<th>Payment Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

### Present Value Calculations

Present Value From: 02/01/2016
Present Value Rate: 5.50%

<table>
<thead>
<tr>
<th>Period</th>
<th>Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>6,834,152</td>
</tr>
<tr>
<td>4</td>
<td>6,287,594</td>
</tr>
</tbody>
</table>

Prepared by Ehlers & Associates, Inc. - Estimates Only

At Home Apartments - 1% Inflation
City of Minnetonka, MN
106 Units of Rental Housing

Present Value from 02/01/2016
Present Value Rate: 5.50%

6,834,152 (24,603) (680,955) 6,287,594

At Home Apartments
5709 Rowland Rd
Minnetonka, MN 55343

Prepared by Ehlers & Associates, Inc. - Estimates Only

N:\Minnetonka\Minnetonka\Housing - Economic Redevelopment\TIF Districts\Rowland Housing Apartments TIF District\TIF Runs\2015\TIF cashflow - TIF Plan.xls
Appendix E

Housing Qualifications for the District

<table>
<thead>
<tr>
<th>No. of Persons</th>
<th>50% of Median Income</th>
<th>60% of Median Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-person</td>
<td>$29,400</td>
<td>$35,280</td>
</tr>
<tr>
<td>2-person</td>
<td>$33,600</td>
<td>$40,320</td>
</tr>
<tr>
<td>3-person</td>
<td>$37,800</td>
<td>$45,360</td>
</tr>
<tr>
<td>4-person</td>
<td>$42,000</td>
<td>$50,400</td>
</tr>
</tbody>
</table>

Source: Department of Housing and Urban Development and Minnesota Housing Finance Agency

The two options for income limits on a standard housing district are 20% of the units at 50% of median income or 40% of the units at 60% of median income. There are no rent restrictions for a housing district.

***PLEASE NOTE: THESE NUMBERS ARE ADJUSTED ANNUALLY. ALL INCOME FIGURES REPORTED ON THIS PAGE ARE FOR 2014. UPDATED NUMBERS FOR THE YEAR 2015 ARE NOT YET AVAILABLE.
Appendix F

Findings for the District

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for the Rowland Housing Tax Increment Financing District, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. Finding that the Rowland Housing Tax Increment Financing District is a housing district as defined in M.S., Section 469.174, Subd. 11.

The Rowland Housing TIF District consists of one parcel. The development will consist of 106 units of rental housing. All or a portion of which will receive tax increment assistance and will meet income restrictions described in M.S. 469.1761. At least 40 percent of the units/homes receiving assistance will have incomes at or below 60 percent of statewide median income. Appendix E of the TIF Plan contains background for the above finding.

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.

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 development proposed in this plan is a housing district that meets the City's objectives for development and redevelopment. Other developers have attempted to finance a project on the site over past years and have failed. The current development meets the City objective of higher density development with affordable housing. Due to the high cost of building affordable housing in the City, this project is feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a proforma as justification that the developer would not have gone forward without tax increment assistance. The City and its financial consultant, Ehlers, have analyzed the proforma submitted by the developer. The tax increment assistance will be utilized to keep rents within the 50% of median income limit, which is a 30 year commitment.

3. Finding that the TIF Plan for the Rowland Housing Tax Increment Financing District conforms to the general plan for the development or redevelopment of the municipality as a whole.

The Planning Commission 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 the Rowland Housing 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 the Rowland Housing Redevelopment Project by private enterprise.

Through the implementation of the TIF Plan, the EDA or City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.
CONTRACT

FOR

PRIVATE DEVELOPMENT

By and Between

THE ECONOMIC DEVELOPMENT AUTHORITY
IN AND FOR THE
CITY OF MINNETONKA, MINNESOTA

and

ROWLAND INVESTMENTS, LLC

Dated: ______________, 2015

This document was drafted by:
KENNEDY & GRAVEN, CHARTERED (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, Minnesota  55402
Telephone: 612-337-9300
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CONTRACT FOR PRIVATE DEVELOPMENT

THIS CONTRACT FOR PRIVATE DEVELOPMENT, made as of the ___ day of ____________, 2015 (the “Agreement”), by and between the ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”) and ROWLAND INVESTMENTS, LLC, a Minnesota limited liability company (the “Developer”) and an affiliate of At Home Apartments, L.L.C.

WITNESSETH:

WHEREAS, the Authority was created pursuant to Minnesota Statutes, Sections 469.090 to 469.1081 (the “EDA Act”) and was authorized to transact business and exercise its powers by a resolution of the City Council of the City of Minnetonka (the “City”); and

WHEREAS, the Authority and the City have undertaken a program to promote economic development and job opportunities, promote the development and redevelopment of land which is underutilized within the City, and facilitate the development of affordable housing, and in this connection created a redevelopment project known as the Rowland Housing Development Project (hereinafter referred to as the “Redevelopment Project”) in the City, pursuant to Minnesota Statutes, Sections 469.001 to 469.047; and

WHEREAS, the City and the Authority have established within the Project the Rowland Housing Tax Increment Financing District (“TIF District”) and adopted a financing plan (“TIF Plan”) for the TIF District in order to facilitate development of certain property in the Redevelopment Project and promote the development of affordable housing within the City, all pursuant to Minnesota Statutes, Sections 469.174 to 469.1794; and

WHEREAS, the Developer is an affiliate of At Home Apartments, L.L.C., a Minnesota limited liability company, which is involved in the development, ownership, and management of more than 4,500 apartment units in the Minneapolis-St. Paul metropolitan area, St. Cloud, Minnesota, and Kansas City, Missouri; and

WHEREAS, the Developer proposes to acquire certain property described in SCHEDULE A attached hereto (the “Development Property”) within the TIF District and construct an apartment complex with approximately 106 units, with 20% of the apartment units made affordable to families at or below 50% of the area median income (the “Minimum Improvements”); and

WHEREAS, in order to make the Minimum Improvements economically feasible for the Developer to construct, the Authority is prepared to reimburse the Developer for a portion of the costs of the Minimum Improvements which are eligible to be reimbursed with tax increment; and

WHEREAS, the Authority believes that the development of the TIF District pursuant to this Agreement, and fulfillment generally of this Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public
purposes and provisions of the applicable State and local laws and requirements under which the Redevelopment Project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

(The remainder of this page is intentionally left blank.)
ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

“Administrative Costs” means the costs described in Section 3.6 hereof.

“Agreement” means this Contract for Private Development, as the same may be from time to time modified, amended, or supplemented.

“Authority” means the Economic Development Authority in and for the City of Minnetonka, Minnesota.

“Authority Representative” means the Executive Director of the Authority.

“Authorizing Resolution” means the resolution of the Authority, substantially in the form of the attached SCHEDULE B to be adopted by the Board to authorize the issuance of the Note.

“Available Tax Increment,” means, on each Payment Date, 90 percent of the Tax Increment attributable to the Development Property and paid to the Authority by Hennepin County in the six months preceding the Payment Date. Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under this Agreement.

“Board” means the Board of Commissioners of the Authority.

“Certificate of Completion” means the certification provided to the Developer pursuant to Section 4.4 of this Agreement.

“City” means the City of Minnetonka, Minnesota.

“Closing” means the date the Developer purchases the Development Property.

“Construction Plans” means the plans, specifications, drawings and related documents on the construction work to be performed by the Developer on the Development Property, including the Minimum Improvements, which (a) must be as detailed as the plans, specifications, drawings and related documents which are submitted to the appropriate building officials of the City, and (b) must include at least the following: (1) site plan; (2) foundation plan; (3) floor plan for each floor; (4) cross sections of each floor plan (length and width); (5) elevations (all sides, including a building materials schedule); (6) landscape and grading plan; and (7) other plans or supplements to the foregoing plans as the City may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.
“County” means Hennepin County, Minnesota.

“Declaration” means the Declaration of Restrictive Covenants attached as SCHEDULE C hereto.

“Developer” means Rowland Investments, LLC, a Minnesota limited liability company, or its permitted successors and assigns.

“Development Property” means the real property described in SCHEDULE A of this Agreement.

“EDA Act” means Minnesota Statutes, Sections 469.090 to 469.1081, as amended.

“Event of Default” means an action by the Developer listed in Article IX of this Agreement.

“Holder” means the owner of a Mortgage.

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

“Material Change” means a change in construction plans that adversely affects generation of tax increment or changes the number of units of rental housing.

“Maturity Date” means the date that the Note has been paid in full or terminated, whichever is earlier.

“Minimum Improvements” means the development on the Development Property, which will include a four-story, approximately 106-unit apartment building subject to the affordability requirements and bedroom configurations described in Section 4.5 hereof, and 170 parking spaces.

“Mortgage” means any mortgage made by the Developer which is secured, in whole or in part, with the Development Property and which is a permitted encumbrance pursuant to the provisions of Article VII of this Agreement.

“Note” means a Tax Increment Revenue Note, substantially in the form contained in the Authorizing Resolution, to be delivered by the Authority to the Developer pursuant to Section 3.4 hereof, and any obligation issued to refund the Note.

“Redevelopment Plan” means the Redevelopment Plan for the Redevelopment Project approved and adopted by the Authority and the City Council of the City.

“Redevelopment Project” means the Rowland Housing Redevelopment Project.

“Redevelopment Project Area” means the real property located within the boundaries of the Redevelopment Project.
“Rental Housing Units” means the rental housing units constructed as part of the Minimum Improvements.

“State” means the State of Minnesota.

“Tax Credit Law” means Section 42 of the Internal Revenue Code of 1986, as amended.

“Tax Increment” means that portion of the real property taxes which is paid with respect to the TIF District and which is remitted to the Authority as tax increment pursuant to the Tax Increment Act.

“Tax Increment Act” or “TIF Act” means the Tax Increment Financing Act, Minnesota Statutes, Sections 469.174 to 469.1794, as amended.

“Tax Increment District” or “TIF District” means the Rowland Housing Tax Increment Financing District.

“Tax Increment Plan” or “TIF Plan” means the Rowland Housing Tax Increment Financing Plan for Tax Increment Financing District, as approved ________, 2015, and as it may be amended from time to time.

“Tax Official” means any County assessor; County auditor; County or State board of equalization, the commissioner of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of strikes, lockouts or other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the Authority in properly exercising its rights under this Agreement) which directly result in delays.

(The remainder of this page is intentionally left blank.)
ARTICLE II

Representations and Warranties

Section 2.1. Representations by the Authority. The Authority makes the following representations:

(a) The Authority is an economic development authority organized and existing under the laws of the State. Under the provisions of the EDA Act and HRA Act, the Authority has the power to enter into this Agreement and carry out its obligations hereunder, and execution of this Agreement has been duly, properly and validly authorized by the Authority.

(b) The Authority proposes to assist in financing certain land acquisition costs and site improvement costs necessary to facilitate the construction of the Minimum Improvements in accordance with the terms of this Agreement to further the objectives of the Redevelopment Plan.

(c) The Authority finds that the Minimum Improvements are necessary to alleviate a shortage of, and maintain existing supplies of, decent, safe, and sanitary housing for persons of low or moderate income and their families.

(d) The execution, delivery and performance of this Agreement and of any other documents or instruments required pursuant to this Agreement by the Authority, and consummation of the transactions contemplated therein and the fulfillment of the terms thereof, do not and will not conflict with or constitute a breach of or default under any existing (i) indenture, mortgage, deed of trust or other agreement or instrument to which the Authority is a party or by which the Authority or any of its property is or may be bound; or (ii) legislative act, constitution or other proceedings establishing or relating to the establishment of the Authority or its officers or its resolutions.

(e) There is not pending, nor to the best of the Authority’s knowledge is there threatened, any suit, action or proceeding against the Authority before any court, arbitrator, administrative agency or other governmental authority that materially and adversely affects the validity of any of the transactions contemplated hereby, the ability of the Authority to perform its obligations hereunder, or the validity or enforcement of this Agreement.

Section 2.2. Representations and Warranties by the Developer. The Developer represents and warrants that:

(a) The Developer is a limited liability company duly organized and in good standing under the laws of the State, is duly authorized to transact business within the State, and has the power to enter into this Agreement. The Developer is an affiliate of At Home Apartments, L.L.C.

(b) The Developer will construct, operate and maintain the Minimum Improvements in accordance with the terms of this Agreement, the Redevelopment Plan and all local, state and
federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(c) The Developer has received no notice or communication from any local, state or federal official that the activities of the Developer on the Development Property may be or will be in violation of any environmental law or regulation. The Developer is aware of no facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(d) The Developer will construct the Minimum Improvements in accordance with all local, state or federal laws or regulations.

(e) The Developer will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed. The Developer did not obtain a building permit for any portion of the Minimum Improvements before [March 23, 2015], the date of approval of the TIF Plan for the TIF District.

(f) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any corporate restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(g) The proposed development by the Developer hereunder would not occur but for the tax increment financing assistance and other assistance being provided by the Authority hereunder.

(h) The Developer must promptly advise the Authority in writing of all litigation or claims affecting any part of the Minimum Improvements and all written complaints and charges made by any governmental authority materially affecting the Minimum Improvements or materially affecting Developer or its business which may delay or require changes in construction of the Minimum Improvements.

(i) The Developer represents that no more than 20% of the square footage of the Minimum Improvements will consist of commercial, retail or other nonresidential use. For purposes of this covenant, the underground parking constructed for use by the tenants of the Minimum Improvements constitutes a residential use.
ARTICLE III

Property Acquisition; Financing

Section 3.1. Status of Development Property. As of the date of this Agreement, the Developer has entered into a purchase agreement to acquire the Development Property. The Developer shall acquire the Development Property pursuant to the terms of the purchase agreement. The Authority has no obligation to acquire any portion of the Development Property.

Section 3.2. Environmental Conditions.

(a) The Developer acknowledges that the Authority makes no representations or warranties as to the condition of the soils on the Development Property or the fitness of the Development Property for construction of the Minimum Improvements or any other purpose for which the Developer may make use of such property, and that the assistance provided to the Developer under this Agreement neither implies any responsibility by the Authority for any contamination of the Development Property or poor soil conditions, nor imposes any obligation on such parties to participate in any cleanup of the Development Property or correction of any soil problems.

(b) Without limiting its obligations under Section 8.3 of this Agreement, the Developer further agrees that it will indemnify, defend, and hold harmless the Authority and its governing body members, officers, and employees (the “Indemnitees”), from any claims or actions arising out of the presence, if any, of hazardous wastes or pollutants on the Development Property as a result of the actions or omissions of the Developer, unless and to the extent that such hazardous wastes or pollutants are present as a result of the actions or omissions of the Indemnitees. Nothing in this section will be construed to limit or affect any limitations on liability of the Authority under State or federal law, including without limitation Minnesota Statutes Sections 466.04 and 604.02.

Section 3.3. Reimbursement of Certain Developer Costs. The Authority is authorized to acquire real property and convey real property to private entities at a price determined by the Authority in order to facilitate development of the property. The Authority has determined that, in order to make development of the Minimum Improvements financially feasible, it is necessary to reduce the costs of acquisition of the Development Property and certain costs related to the construction of the Minimum Improvements. The Authority has also determined that, in light of potential liability that could be incurred by the Authority if the Authority takes title to the Development Property, it is in the best interest of the Authority for the Developer to acquire the Development Property directly. The Authority will reimburse the Developer for a portion of the actual cost of acquiring the Development Property in accordance with the terms of this Agreement.

Section 3.4. Issuance of Pay-As-You-Go Note.

(a) In consideration of the Developer constructing the Minimum Improvements and to finance the reimbursement of the land acquisition, site preparation costs, and any other
expenditures eligible to be reimbursed with Tax Increment incurred by the Developer, the Authority will issue and the Developer will purchase the Note in the principal amount of $2,500,000 in substantially the form set forth in the Authorizing Resolution attached as SCHEDULE B. The Authority and the Developer agree that the consideration from the Developer for the purchase of the Note will consist of the Developer’s payment of the costs of land acquisition, site preparation, remediation, and any improvements that are constructed within the TIF District and are eligible for reimbursement with tax increment, which are incurred by the Developer in at least the principal amount of the Note.

The Authority will deliver the Note upon delivery by the Developer of an Investment Letter, together with evidence reasonably satisfactory to the Authority that Developer has paid the costs associated with land acquisition, site preparation and any other costs related to the Minimum Improvements that are eligible to be reimbursed with tax increment in at least the amount of the principal amount of the Note. The evidence must include a signed closing statement and certificate of real estate value, as well as invoices for all site preparation costs.

(b) The Developer understands and acknowledges that the Authority makes no representations or warranties regarding the amount of Available Tax Increment, or that revenues pledged to the Note will be sufficient to pay the principal of and interest on the Note. Any estimates of Tax Increment prepared by the Authority or its financial advisors in connection with the TIF District or this Agreement are for the benefit of the Authority, and are not intended as representations on which the Developer may rely.

(c) The Authority acknowledges that the Developer may assign the Note to a lender that provides the financing for the acquisition of the Development Property or the construction of the Minimum Improvements. The Authority consents to this type of assignment, conditioned upon receipt of an Investment Letter from the lender.

Section 3.5. Payment of Administrative Costs.

(a) The Developer is responsible to pay “Administrative Costs,” which term means out-of-pocket-costs incurred by the Authority from and after January 1, 2015: (i) the Authority’s financial advisor in connection with the Authority’s financial participation in development of the Development Property, and (ii) the Authority’s legal counsel in connection with negotiation and drafting of this Agreement.

(b) On and after the date of execution of this Agreement, but not more often than monthly, the Authority may request payment of Administrative Costs, and the Developer agrees to pay all Administrative Costs within ten days of the Authority’s written request, supported by suitable billings, receipts or other evidence of the amount and nature of Administrative Costs incurred. At the Developer’s request, but no more often than monthly, the Authority will provide the Developer with a written report on current and anticipated expenditures for Administrative Costs, including invoices or other comparable evidence.

Section 3.6. Records. The Authority and its representatives will have the right at all reasonable times after reasonable notice to inspect, examine and copy all books and records of
Developer relating to the Minimum Improvements and the costs for which the Developer has been reimbursed with Tax Increment.

Section 3.7. **Exemption from Business Subsidy Act.** The parties agree and understand that the purpose of the Authority’s financial assistance to the Developer is to facilitate development of affordable residential rental housing for persons of low and moderate income, and is not a “business subsidy” within the meaning of Minnesota Statutes, Sections 116J.993 to 116J.995.

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ARTICLE IV

Construction and Maintenance of Minimum Improvements

Section 4.1. Construction of Improvements. The Developer agrees that it will construct the Minimum Improvements on the Development Property substantially in accordance with the approved Construction Plans and at all times prior to the Maturity Date, will operate and maintain, preserve and keep the Minimum Improvements or cause the improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition. The Authority will have no obligation to operate or maintain the Minimum Improvements.

Section 4.2. Construction Plans.

(a) Before commencement of construction of the Minimum Improvements, the Developer will submit to the Authority the Construction Plans. The Construction Plans must provide for the construction of the Minimum Improvements and must be in substantial conformity with the Redevelopment Plan, this Agreement, and all applicable State and local laws and regulations. The Authority Representative will approve the Construction Plans in writing if: (i) the Construction Plans conform to the terms and conditions of this Agreement; (ii) the Construction Plans conform to the goals and objectives of the Redevelopment Plan; (iii) the Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (iv) the Construction Plans are adequate to provide for construction of the Minimum Improvements; (v) the Construction Plans do not provide for expenditures in excess of the funds available to the Developer from all sources (including Developer’s equity) for construction of the Minimum Improvements; and (vi) no Event of Default has occurred. Approval may be based upon a review by the City’s Building Official of the Construction Plans. No approval by the Authority Representative will relieve the Developer of the obligation to comply with the terms of this Agreement or of the Redevelopment Plan, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the Authority Representative will constitute a waiver of an Event of Default. If approval of the Construction Plans is requested by the Developer in writing at the time of submission, the Construction Plans will be deemed approved unless rejected in writing by the Authority Representative, in whole or in part. The rejections must set forth in detail the reasons therefore, and must be made within 20 days after the date of their receipt by the Authority. If the Authority Representative rejects any Construction Plans in whole or in part, the Developer must submit new or corrected Construction Plans within 20 days after written notification to the Developer of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans will continue to apply until the Construction Plans have been approved by the Authority. The Authority Representative’s approval will not be unreasonably withheld, delayed or conditioned. Said approval will constitute a conclusive determination that the Construction Plans (and the Minimum Improvements constructed in accordance with said plans) comply to the Authority’s satisfaction with the provisions of this Agreement relating thereto.
(b) If the Developer desires to make any Material Change in the Construction Plans after their approval by the Authority, the Developer must submit the proposed change to the Authority for its approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section 4.2 of this Agreement with respect to the previously approved Construction Plans, the Authority will approve the proposed change and notify the Developer in writing of its approval. Any change in the Construction Plans will, in any event, be deemed approved by the Authority unless rejected, in whole or in part, by written notice by the Authority to the Developer, setting forth in detail the reasons therefor. Any rejection must be made within twenty (20) days after receipt of the notice of such change. The Authority’s approval of any change in the Construction Plans will not be unreasonably withheld.

Section 4.3. Commencement and Completion of Construction.

(a) Subject to Unavoidable Delays, the Developer must commence construction of the Project on or before September 1, 2015 and will substantially complete construction of the Minimum Improvements on or before December 31, 2016. Construction is considered to be commenced upon the beginning of physical improvements on the site.

(b) All work with respect to the Minimum Improvements to be constructed or provided by the Developer on the Development Property must be in substantial conformity with the Construction Plans as submitted by the Developer and approved by the Authority. The Developer agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that the Developer, and its successors and assigns, will promptly begin and diligently prosecute to completion the development of the Development Property through the construction of the Minimum Improvements thereon, and that the construction will in any event be commenced and completed within the period specified in Section 4.3(a) of this Agreement. Until construction of the Minimum Improvements has been completed, the Developer will make reports, in the detail and at the times as may reasonably be requested by the Authority, as to the actual progress of the Developer with respect to the construction.

Section 4.4. Certificate of Completion.

(a) Promptly after substantial completion of the Minimum Improvements in accordance with those provisions of the Agreement, the Authority will furnish the Developer with a Certificate of Completion in substantially the form attached as SCHEDULE E. The certification by the Authority will be a conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement and in any deed with respect to the obligations of the Developer, and its successors and assigns, to construct the Minimum Improvements and the dates for the completion thereof. The certification and the determination will not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any Holder of a Mortgage, or any insurer of a Mortgage, securing money loaned to finance the Minimum Improvements, or any part thereof.

(b) The Certificate of Completion provided for in this Section 4.4 of this Agreement will be in the form as will enable it to be recorded in the proper office for the recordation of
deeds and other instruments pertaining to the Development Property. If the Authority refuses or fails to provide any certification in accordance with the provisions of this Section 4.4 of this Agreement, the Authority will, within thirty (30) days after written request by the Developer, provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Authority, for the Developer to take or perform in order to obtain the certification.

(c) The construction of the Minimum Improvements will be considered substantially complete when the Developer has received a certificate of occupancy from the City for all Residential Housing Units.

Section 4.5. Affordability Covenants; Qualification of the TIF District. Developer agrees that the Minimum Improvements are subject to the following affordability covenants:

(a) As of the date hereof, the Developer expects that the Minimum Improvements will include the mix of Rental Housing Units found in SCHEDULE F. The Developer will cause at least 20% of the Rental Housing Units in the Minimum Improvements to be affordable to families at or below 50% of the area median income and to be rent-restricted in accordance with the Tax Credit Law, all as further described in the Declaration attached as SCHEDULE C. Notwithstanding anything to the contrary in the Tax Credit Law, the restrictions will remain in effect for the 30-year period described in the Declaration. On or before the Closing, the Developer will deliver the executed Declaration to the Authority in recordable form.

(b) The Developer agrees to distribute the affordable Rental Housing Units among the different Rental Housing Unit types by setting aside 20% of each unit type or a larger unit as affordable units. For example, based on the mix of Rental Housing Units found in SCHEDULE F, of the 20% of the Rental Housing Units that are income and rent-restricted, at least 17 Rental Housing Units must be one-bedroom units or a larger unit; and at least 4 Rental Housing Units must be two-bedroom units.

(c) The Developer will provide 170 parking spaces for the Minimum Improvements, including 116 spaces at or below grade underneath the apartment building and 54 surface parking spaces. Each of the 106 apartment units will be provided a covered parking space. The remaining 10 covered parking spaces will be available for lease by tenants for a monthly fee (initially $75.00).

(d) The Authority and its representatives will have the right at all reasonable times while the covenants in this Section are in effect, after reasonable notice to inspect, examine and copy all books and records of the Developer and its successors and assigns relating to the covenants described in this Section and in the Declaration.

(e) On or before January 31 of each year during the term of the Declaration, commencing on the first January 31 after issuance of the Certificate of Completion, the Developer must submit evidence of Project tenant incomes and rents, showing that the Minimum
Improvements meet the income and rent requirements set forth in the Declaration. The Authority will review the submitted evidence related to the income restrictions required by Section 469.1761 of the TIF Act to determine that the TIF District remains a housing district under the TIF Act.

(f) If the Authority determines, based on the reports submitted by the Developer or if the Authority receives notice from the State Department of Revenue, the State Auditor, any Tax Official or any court of competent jurisdiction that the TIF District does not qualify as a “housing district” due to action or inaction of the Developer, this type of event will be deemed an Event of Default of the Developer under this Agreement; provided, however, that the Authority may not exercise any remedy under this Agreement so long as the determination is being contested and has not been finally adjudicated. In addition to any remedies available to the Authority under Article IX hereof, the Developer will indemnify, defend and hold harmless the Authority for any damages or costs resulting therefrom.

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ARTICLE V

Insurance

Section 5.1. Insurance.

(a) The Developer or General Contractor will provide and maintain at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the Authority, furnish the Authority with proof of payment of premiums on policies covering the following:

   (i) Builder’s risk insurance, written on the so-called “Builder’s Risk – Completed Value Basis,” in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in nonreporting form on the so-called “all risk” form of policy. The interest of the Authority must be protected in accordance with a clause in form and content satisfactory to the Authority;

   (ii) Commercial general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with a Protective Liability Policy with limits against bodily injury and property damage of not less than $2,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used). The Authority must be listed as an additional insured on the policy; and

   (iii) Workers’ compensation insurance, with statutory coverage.

(b) Upon completion of construction of the Minimum Improvements and prior to the Maturity Date, the Developer must maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the Authority will furnish proof of the payment of premiums on, insurance as follows:

   (i) Insurance against loss and/or damage to the Minimum Improvements under a policy or policies covering the risks as are ordinarily insured against by similar businesses.

   (ii) Comprehensive general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of $2,000,000, and must be endorsed to show the Authority as an additional insured.

   (iii) Other insurance, including workers’ compensation insurance respecting all employees, if any, of the Developer, in an amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Developer may be self-insured with respect to all or any part of its liability for workers’ compensation.
(c) All insurance required in this Article V of this Agreement must be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the Authority policies evidencing all the insurance, or a certificate or certificates or binders of the respective insurers stating that the insurance is in force and effect. Unless otherwise provided in this Article V of this Agreement each policy must contain a provision that the insurer will not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Developer and the Authority at least thirty (30) days before the cancellation or modification becomes effective. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer will deposit with the Authority a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) The Developer agrees to notify the Authority immediately in the case of damage exceeding $100,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In the event this type of damage or destruction occurs, the Developer will forthwith repair, reconstruct and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing the damage and, to the extent necessary to accomplish the repair, reconstruction and restoration, the Developer will apply the net proceeds of any insurance relating to the damage received by the Developer to the payment or reimbursement of the costs thereof.

The Developer will complete the repair, reconstruction and restoration of the Minimum Improvements, whether or not the net proceeds of insurance received by the Developer is sufficient to pay for the same. Any net proceeds remaining after completion of the repairs, construction and restoration will be the property of the Developer.

(e) Notwithstanding anything to the contrary contained in this Agreement, in the event of damage to the Minimum Improvements in excess of $100,000 and the Developer fails to complete any repair, reconstruction or restoration of the Minimum Improvements within eighteen (18) months from the date of damage, the Authority may, at its option, terminate the Note as provided in Section 9.3(b) hereof. If the Authority terminates the Note, the termination will constitute the Authority’s sole remedy under this Agreement as a result of the Developer’s failure to repair, reconstruct or restore the Minimum Improvements. Thereafter, the Authority will have no further obligations to make any payments under the Note.

(f) The Developer and the Authority agree that all of the insurance provisions set forth in this Article V will terminate upon the termination of this Agreement.

Section 5.2. Subordination. Notwithstanding anything to the contrary contained in this Article V, the rights of the Authority with respect to the receipt and application of any proceeds of insurance will, in all respects, be subject and subordinate to the rights of any lender under a Mortgage approved pursuant to Article VII of this Agreement.
ARTICLE VI

Tax Increment; Taxes

Section 6.1. Right to Collect Delinquent Taxes. The Developer acknowledges that the Authority is providing substantial aid and assistance in furtherance of the redevelopment through issuance of the Note. The Developer understands that the Tax Increments pledged to payment of the Note are derived from real estate taxes on the Development Property, which taxes must be promptly and timely paid. To that end, the Developer agrees for itself, its successors and assigns, in addition to the obligation pursuant to statute to pay real estate taxes, that it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes assessed against the Development Property and the Minimum Improvements. The Developer acknowledges that this obligation creates a contractual right on behalf of the Authority to sue the Developer or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In this type of suit, the Authority will also be entitled to recover its costs, expenses and reasonable attorney fees. Nothing in this Agreement in any way limits or prevents the Developer from contesting the assessor’s proposed market values for the Development Property or the Minimum Improvements, but the Developer recognizes that the action may affect the amount of Available Tax Increment.

Section 6.2. Reduction of Taxes. The Developer agrees that prior to completion of the Minimum Improvements, it will not cause a reduction in the real property taxes paid in respect of the Development Property through: (A) willful destruction of the Development Property or any part thereof; or (B) willful refusal to reconstruct damaged or destroyed property pursuant to Section 5.1 of this Agreement.

The Developer also agrees that it will not, prior to the Maturity Date, apply for a deferral of property tax on the Development Property pursuant to any law, or transfer or permit transfer of the Development Property to any entity whose ownership or operation of the Development Property would result in the Development Property being exempt from real estate taxes under State law (other than any portion thereof dedicated or conveyed to the Authority in accordance with this Agreement).

The Developer may, at any time following the issuance of the Certificate of Completion, seek through petition or other means to have the estimated market value for the Development Property reduced. Prior to seeking a reduction in the estimated market value, the Developer must provide the Authority with written notice indicating its intention to do so. The Developer acknowledges and understands that this type of action will result in less Tax Increment being disbursed by the Authority for payment of the principal of and interest on the Note.

Upon receiving notice from the Developer of its intention to cause the reduction of the estimated market value of the Development Property, or otherwise learning of the Developer’s intentions, the Authority may suspend or reduce payments due under the Note, until the actual amount of the reduction in market value is determined, whereupon the Authority will make the
suspended payments less any amount that the Authority is required to repay the County as a result any retroactive reduction in market value of the Development Property. During the period that the payments are subject to suspension, the Authority may make partial payments on the Notes, from the amounts subject to suspension, if it determines, in its reasonable discretion, that the amount retained will be sufficient to cover any repayment which the County may require.

The Authority’s suspension of payments on the Notes pursuant to this Section will not be considered a default under Section 9.1 hereof.

Section 6.3. Property Tax Classification. The amount of Tax Increment to be derived from the TIF District during the term of the TIF District was estimated by the Authority’s financial advisor based on a “class 4a” property classification rate for rental properties under Minnesota Statutes, Section 273.13, subd. 25(a). The Developer acknowledges and understands that if it changes the property tax classification of all or any portion of the Project to a “class 4d” property classification rate for affordable rental properties under Minnesota Statutes, Section 273.13, the amount of Available Tax Increment derived from the TIF District and used to pay the principal of and interest on the Note will decrease.

Section 6.4. Qualifications. Notwithstanding anything herein to the contrary, the parties acknowledge and agree that upon Transfer of the Development Property to another person or entity, the Developer will no longer be obligated under Sections 6.1 and 6.2 hereof, unless the transfer is made in violation of the provisions of Section 8.2.

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ARTICLE VII

Financing

Section 7.1. Mortgage Financing.

(a) Before commencement of construction of the Minimum Improvements, the Developer must submit to the Authority evidence of one or more commitments for financing which, together with committed equity for the construction, is sufficient for payment of the Minimum Improvements. The commitments may be submitted as short term financing, long term mortgage financing, a bridge loan with a long term take-out financing commitment, or any combination of the foregoing.

(b) If the Authority finds that the financing is sufficiently committed and adequate in amount to pay the costs specified in paragraph (a) then the Authority will notify the Developer in writing of its approval. The approval will not be unreasonably withheld and either approval or rejection will be given within twenty (20) days from the date when the Authority is provided the evidence of financing. A failure by the Authority to respond to the evidence of financing will be deemed to constitute an approval hereunder. If the Authority rejects the evidence of financing as inadequate, it will do so in writing specifying the basis for the rejection. In any event the Developer will submit adequate evidence of financing within ten (10) days after any rejection.

Section 7.2. Authority’s Option to Cure Default on Mortgage. In the event that any portion of the Developer’s funds is provided through mortgage financing, and there occurs a default under any Mortgage authorized pursuant to Article VII of this Agreement, the Developer will cause the Authority to receive copies of any notice of default received by the Developer from the holder of the Mortgage. Thereafter, the Authority will have the right, but not the obligation, to cure any Mortgage default on behalf of the Developer within the cure periods as are available to the Developer under the Mortgage documents.

Section 7.3. Modification; Subordination. In order to facilitate the Developer obtaining financing for the development of the Minimum Improvements, the Authority agree to subordinate their rights under this Agreement to the Holder of any Mortgage securing construction or permanent financing, under terms and conditions reasonably acceptable to the Authority. Any subordination agreement must be approved by the Board of the Authority.

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ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Development. The Developer represents and agrees that its purchase of the Development Property, and its other undertakings pursuant to the Agreement, are, and will be used, for the purpose of development of the Development Property and not for speculation in land holding.

Section 8.2. Prohibition Against Developer’s Transfer of Property and Assignment of Agreement. The Developer represents and agrees that prior to issuance of the Certificate of Completion for the Minimum Improvements:

(a) Except only by way of security for, and only for, the purpose of obtaining financing necessary to enable the Developer or any successor in interest to the Development Property, or any part thereof, to perform its obligations with respect to making the Minimum Improvements under this Agreement, and any other purpose authorized by this Agreement, the Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to the Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same (except a lease to a residential occupant), without the prior written approval of the Authority unless the Developer remains liable and bound by this Agreement in which event the Authority’s approval is not required. Any transfer of this type will be subject to the provisions of this Agreement.

(b) In the event the Developer, upon transfer or assignment of the Development Property seeks to be released from its obligations under this Agreement, the Authority will be entitled to require, except as otherwise provided in this Agreement, as conditions to any release that:

(i) Any proposed transferee will have the qualifications and financial responsibility, in the reasonable judgment of the Authority, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer.

(ii) Any proposed transferee, by instrument in writing satisfactory to the Authority and in form recordable among the land records, will, for itself and its successors and assigns, expressly for the benefit of the Authority, have expressly assumed all of the obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Development Property, or any part thereof, will not, for whatever reason, have assumed these obligations or so agreed, and will not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the Authority) deprive the Authority of any rights or remedies or controls with respect to the Development Property or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no
transfer of, or change with respect to, ownership in the Development Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, will operate, legally or practically, to deprive or limit the Authority of or with respect to any rights or remedies on controls provided in or resulting from this Agreement with respect to the Minimum Improvements that the Authority would have had, had there been no transfer or change. In the absence of specific written agreement by the Authority to the contrary, no transfer or approval by the Authority thereof will be deemed to relieve the Developer, or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Minimum Improvements, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property governed by this Article VIII, must be in a form reasonably satisfactory to the Authority.

In the event the foregoing conditions are satisfied then the Developer will be released from its obligation under this Agreement.

After issuance of the Certificate of Completion for the Minimum Improvements, the Developer may transfer or assign the Development Property or the Developer’s interest in this Agreement if it obtains the prior written consent of the Authority (which consent will not be unreasonably withheld) and the transferee or assignee is bound by all the Developer’s obligations hereunder. The Developer must submit to the Authority written evidence of any transfer or assignment, including the transferee or assignee’s express assumption of the Developer’s obligations under this Agreement. If the Developer fails to provide evidence of transfer and assumption, the Developer will remain bound by all its obligations under this Agreement.

Section 8.3. Release and Indemnification Covenants.

(a) The Developer releases from and covenants and agrees that the Authority and its respective governing body members, officers, agents, servants and employees thereof will not be liable for and agrees to indemnify and hold harmless the Authority and its respective governing body members, officers, agents, servants and employees thereof against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements.

(b) Except for any willful misrepresentation or any willful or wanton misconduct of the following named parties, the Developer agrees to protect and defend the Authority and its respective governing body members, officers, agents, servants and employees thereof, now or forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, maintenance and operation of the Minimum Improvements.

(c) The Authority and its respective governing body members, officers, agents, servants and employees thereof will not be liable for any damage or injury to the persons or
property of the Developer or its officers, agents, servants or employees or any other person who may be about the Development Property or Minimum Improvements due to any act of negligence of any person, except if such damage or injury to persons or property is due to any act of negligence by the Authority and its respective governing body members, officers, agents, servants and employees.

(d) All covenants, stipulations, promises, agreements and obligations of the Authority contained herein will be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any governing body member, officer, agent, servant or employee of the Authority in the individual capacity thereof.

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ARTICLE IX

Events of Default

Section 9.1. Events of Default Defined. The following will be “Events of Default” under this Agreement and the term “Event of Default” means, whenever it is used in this Agreement, any one or more of the following events, after the non-defaulting party provides 30 days written notice to the defaulting party of the event, but only if the event has not been cured within said 30 days or, if the event is by its nature incurable within 30 days, the defaulting party does not, within the 30-day period, provide assurances reasonably satisfactory to the party providing notice of default that the event will be cured and will be cured as soon as reasonably possible:

(a) Failure by the Developer or the Authority to observe or perform any covenant, condition, obligation, or agreement on its part to be observed or performed under this Agreement;

(b) The Developer:

(i) files any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law;

(ii) makes an assignment for benefit of its creditors;

(iii) admits in writing its inability to pay its debts generally as they become due; or

(iv) is adjudicated as bankrupt or insolvent.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 of this Agreement occurs, the non-defaulting party may exercise its rights under this Section 9.2 after providing thirty days written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said thirty days or, if the Event of Default is by its nature incurable within thirty days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend its performance under the Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under the Agreement.

(b) Cancel and rescind or terminate the Agreement.

(c) Upon a default by the Developer, the Authority may suspend payments under the Note or terminate the Note and the TIF District, subject to the provisions of Section 9.3 hereof.
(d) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

Section 9.3. Termination or Suspension of Note. After the Authority has issued its Certificate of Completion for the Minimum Improvements, the Authority may exercise its rights under Section 9.2(c) only for the following Events of Default:

(a) the Developer fails to pay real estate taxes or assessments on the Development Property or any part thereof when due, and the taxes or assessments have not been paid, or provision satisfactory to the Authority made for their payment, within thirty (30) days after written demand by the Authority to do so; or

(b) the Developer fails to comply with Developer’s obligation to operate and maintain, preserve and keep the Minimum Improvements or cause the improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition, pursuant to Sections 4.1 and 5.1(c); provided that, upon Developer’s failure to comply with Developer’s obligations under Sections 4.1 or 5.1(c), if uncured after thirty days’ written notice to the Developer of the failure, the Authority may only suspend payments under the Note until the Developer complies with said obligations. If the Developer fails to comply with said obligations for a period of eighteen (18) months, the Authority may terminate the Note and the TIF District; or

(c) the Developer fails to comply with the rent and income restrictions or to deliver annual rent and income reports as provided in Section 4.5 and the Declaration; provided that, upon the Developer’s failure to provide annual reports, if uncured after thirty days’ written notice to the Developer of the failure, the Authority may only suspend payments under the Note until the Developer delivers said reports. If the Developer fails to deliver rent and income reports for a period of six (6) months following the date the reports are due after written notice to the Developer of the failure, the Authority may terminate the Note and the TIF District.

Section 9.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or the Developer is intended to be exclusive of any other available remedy or remedies, but each and every remedy will be cumulative and will be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default will impair any right or power or will be construed to be a waiver thereof, but any right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it, it will not be necessary to give notice, other than the notices already required in Sections 9.2 and 9.3 hereof.

Section 9.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, the waiver will be limited to the particular breach so waived and will not be deemed to waive any other concurrent, previous or subsequent breach hereunder.
Section 9.6. Attorneys’ Fees. Whenever any Event of Default occurs and if the Authority employs attorneys or incurs other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, and the Authority prevails in the action, the Developer agrees that it will, within ten days of written demand by the Authority, pay to the Authority the reasonable fees of the attorneys and the other expenses so incurred by the Authority.

(The remainder of this page is intentionally left blank.)
ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; Authority Representatives Not Individually Liable. The Authority and the Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the Authority has any personal interest, direct or indirect, in the Agreement, nor has any member, official, or employee participated in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested. No member, official, or employee of the Authority will be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Authority or County or for any amount which may become due to the Developer or successor or on any obligations under the terms of the Agreement.

Section 10.2. Equal Employment Opportunity. The Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in the Agreement it will comply with all applicable federal, state and local equal employment and non-discrimination laws and regulations.

Section 10.3. Restrictions on Use. The Developer agrees that, prior to the Maturity Date, the Developer, and its successors and assigns, will use the Development Property solely for the development of residential rental housing in accordance with the terms of this Agreement, and will not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

Section 10.4. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or will be merged by reason of any deed transferring any interest in the Development Property and any deed will not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 10.5. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and will be disregarded in construing or interpreting any of its provisions.

Section 10.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other will be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of the Developer, is addressed to or delivered personally to the Developer at 616 Lincoln Avenue, St. Paul, MN 55102, Attn: Alan J. Spaulding, with a copy to At Home Apartments, L.L.C. at 616 Lincoln Avenue, St. Paul, MN 55102, Attn: Leanna M. Stefaniak, Esq.
(b) in the case of the Authority, is addressed to or delivered personally to the Authority at 14600 Minnetonka Blvd, Minnetonka, Minnesota 55345-1502, Attn: Executive Director.

or at any other address with respect to any party as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

Section 10.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which will constitute one and the same instrument.

Section 10.8. Recording. The Authority may record this Agreement and any amendments thereto with the Hennepin County recorder or registrar of titles. The Developer must pay all costs for recording.

Section 10.9. Amendment. This Agreement may be amended only by written agreement approved by the Authority and the Developer.

Section 10.10. Authority Approvals. Unless otherwise specified, any approval required by the Authority under this Agreement may be given by the Authority Representative.

Section 10.11. Termination. This Agreement terminates on the Termination Date, except that termination of the Agreement does not terminate, limit or affect the rights of any party that arise before the Termination Date.

Section 10.12. Tax Deferred Exchange. Notwithstanding Section 8.2 hereof, if the Developer desires to purchase the Development Property in connection with a tax-deferred exchange under Section 1031 of the Internal Revenue Code of 1986, as amended (the “Code”), Developer shall have the right to temporarily assign its rights under this Agreement to a “qualified exchange intermediary” (a “1031 Agent”) within the meaning of Section 1031 of the Code. During any period when this Agreement is temporarily assigned to a 1031 Agent, the Developer shall remain fully responsible and liable for its obligations under this Agreement. It is expressly understood by the parties that the Authority assumes no liability or responsibility in connection with the Developer’s tax-deferred exchange and the Developer shall hold the Authority harmless from any claims, actions or liabilities that may result from the agreements, transactions or assignments necessary to complete said tax deferred exchange.

In the case of a Tax Deferred Exchange as described in this Section 10.12, the parties agree that the Developer will be Spaulding Cashill, LLP and Optimistic, LLC, as Tenants in Common. This Agreement and all ancillary agreements required by this Agreement shall be amended to provide for the new name of the Developer. The parties understand and agree that the principals of the Developer and the principals of Spaulding Cashill, LLP and Optimistic, LLC are the same and will be the same at the time of any Tax Deferred Exchange.

(The remainder of this page is intentionally left blank.)
IN WITNESS WHEREOF, the Authority has caused this Agreement to be duly executed in its name and behalf and the Developer has caused this Agreement to be duly executed in its name and behalf, all as of the date first above written.

ECONOMIC DEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MINNETONKA,
MINNESOTA

By ________________________________
   Its President

By ________________________________
   Its Executive Director

STATE OF MINNESOTA       )
) SS.
COUNTY OF HENNEPIN        )

The foregoing instrument was acknowledged before me this ___________ , 2015, by ___________________ and ________________, the President and Executive Director, respectively, of the Economic Development Authority in and for the City of Minnetonka, Minnesota, on behalf of the Authority.

__________________________________
Notary Public
ROWLAND INVESTMENTS, LLC

By ________________________________
   Its ______________________________

STATE OF MINNESOTA    )
   ) SS.
COUNTY OF ____________ )

   The foregoing instrument was acknowledged before me this ____________, 2015, by
   ________________, the ________________ of Rowland Investments, LLC, a Minnesota limited
   liability company, on behalf of the Developer.

______________________________
Notary Public

(Signature Page of Developer to the Contract for Private Development)
SCHEDULE A
DESCRIPTION OF DEVELOPMENT PROPERTY

Parcel 1:

All that part of the West Half of the Southwest Quarter of the Northwest Quarter of Section 35, Township 117, Range 22 lying south of the Chicago, Milwaukee and St. Paul Railway right-of-way and lying northerly of Rowland Road as established in Document No. 3806560, according to the United States Government Survey thereof and situate in Hennepin County, Minnesota.

Parcel 2:

That part of the Chicago, Milwaukee and Pacific Railroad right of way in the West Half of the Southwest Quarter of the Northwest Quarter of Section 35, Township 117, Range 22, Hennepin County, Minnesota, which lies southeasterly of a line parallel with and distant 75.00 feet southeasterly from the centerline of said railroad right of way and which lies northeasterly of the northeasterly right of way of Rowland Road, on file and of record in the Office of the Hennepin County Recorder.

(Abstract Property)
RESOLUTION NO. _____

RESOLUTION APPROVING THE ISSUANCE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS TAX INCREMENT REVENUE NOTE, SERIES 2015 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $________

BE IT RESOLVED BY the Board of Commissioners (“Board”) of the Economic Development Authority in and for the City of Minnetonka, Minnesota (the “Authority”), as follows:

Section 1. Authorization; Award of Sale.

1.01. Authorization. The Authority has heretofore approved the establishment of the Tax Increment Financing District (the “TIF District”) within [Redevelopment Project No. 3] (“Redevelopment Project”), and has adopted a tax increment financing plan for the purpose of financing certain improvements within the Redevelopment Project.

Pursuant to Minnesota Statutes, Section 469.178, the Authority is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Redevelopment Project. The bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The Authority hereby finds and determines that it is in the best interests of the Authority that it issue and sell its Tax Increment Revenue Note, Series 2015 (the “Note”), in the aggregate principal amount of $________, for the purpose of financing certain public costs of the Redevelopment Project.

1.02. Agreement Approved; Issuance, Sale and Terms of the Note. The Authority hereby approves the Contract for Private Development (the “Agreement”) between the Authority and Rowland Investments, LLC, a Minnesota limited liability company (the “Owner”) and affiliate of At Home Apartments, L.L.C., and authorizes the President and the Executive Director to execute the Agreement in substantially the form on file with Authority, subject to modifications that do not alter the substance of the transaction and are approved by the officials, provided that execution of the Agreement by the officials is conclusive evidence of their approval. Pursuant to the Agreement, the Note will be sold to the Owner. The Note will be dated as of the date of delivery and will bear interest at the rate of ___% per annum to the earlier
of maturity or prepayment. In exchange for the Authority’s issuance of the Note to the Owner, the Owner will pay certain land acquisition costs and site improvement costs related to the Minimum Improvements (as defined in the Agreement) pursuant to Section 3.4 of the Agreement. The Note will be delivered in the principal amount of $________ for reimbursement of costs related to the Minimum Improvements (as defined in the Agreement) that are eligible to be reimbursed with tax increment in accordance with the terms of Section 3.4 of the Agreement.

Section 2. Form of Note. The Note will be in substantially the form set forth in EXHIBIT A, with the blanks to be properly filled in and the principal amount and payment schedule adjusted as of the date of issue.

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The Note will be issued as a single typewritten note numbered R-1.

The Note will be issuable only in fully registered form. Principal of and interest on the Note will be payable by check or draft issued by the Registrar described herein.

3.02. Dates; Interest Payment Dates. Principal of and interest on the Note will be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date, whether or not the day is a business day.

3.03. Registration. The Authority hereby appoints the Authority’s Executive Director to perform the functions of registrar, transfer agent and paying agent (the “Registrar”). The effect of registration and the rights and duties of the Authority and the Registrar with respect thereto will be as follows:

(a) Register. The Registrar will keep at its office a bond register in which the Registrar will provide for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

(b) Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the Note will not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the Authority has been provided with an investment letter in a form substantially similar to the investment letter attached to the Agreement as Schedule D, that the transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until the Payment Date.
(c) **Cancellation.** The Note surrendered upon any transfer will be promptly cancelled by the Registrar and thereafter disposed of as directed by the Authority.

(d) **Improper or Unauthorized Transfer.** When the Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on the Note or separate instrument of transfer is legally authorized. The Registrar will incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(e) **Persons Deemed Owners.** The Authority and the Registrar may treat the person in whose name the Note is at any time registered in the bond register as the absolute owner of the Note, whether the Note is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Note and for all other purposes, and all the payments so made to any registered owner or upon the owner’s order will be valid and effectual to satisfy and discharge the liability of the Authority upon the Note to the extent of the sum or sums so paid.

(f) **Taxes, Fees and Charges.** For every transfer or exchange of the Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to the transfer or exchange.

(g) **Mutilated, Lost, Stolen or Destroyed Note.** In case any Note becomes mutilated or be lost, stolen, or destroyed, the Registrar will deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of the mutilated Note or in lieu of and in substitution for the Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that the Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the Authority and the Registrar will be named as obligees. The Note so surrendered to the Registrar will be cancelled by it and evidence of the cancellation will be given to the Authority. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it will not be necessary to issue a new Note prior to payment.

3.04. **Preparation and Delivery.** The Note will be prepared under the direction of the Executive Director of the Authority and will be executed on behalf of the Authority by the signatures of its President and its Executive Director. In case any officer whose signature appears on the Note ceases to be the officer before the delivery of the Note, the signature will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. When the Note has been so executed, it will be delivered by the Authority to the Owner following the delivery of the necessary items delineated in Section 3.4 of the Agreement.
Section 4. **Security Provisions.**

4.01. **Pledge.** The Authority hereby pledges to the payment of the principal of and interest on the Note all Available Tax Increment as defined in the Note. Available Tax Increment will be applied to payment of the principal of and interest on the Note in accordance with the terms of the form of Note set forth in Section 2 of this resolution.

4.02. **Bond Fund.** Until the date the Note is no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the Authority will maintain a separate and special “Bond Fund” to be used for no purpose other than the payment of the principal of and interest on the Note. The Authority irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment. Any Available Tax Increment remaining in the Bond Fund will be transferred to the Authority’s account for the TIF District upon the payment of all principal and interest to be paid with respect to the Note.

Section 5. **Certification of Proceedings.**

5.01. **Certification of Proceedings.** The officers of the Authority are hereby authorized and directed to prepare and furnish to the Owner of the Note certified copies of all proceedings and records of the Authority, and the other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all the certified copies, certificates, and affidavits, including any heretofore furnished, will be deemed representations of the Authority as to the facts recited therein.

Section 6. **Effective Date.** This resolution will be effective upon full execution of the Agreement.

Adopted by the Board of Commissioner the Economic Development Authority in and for the City of Minnetonka, Minnesota, this ____ day of ________, 2015.

__________________________________________
President

__________________________________________
Executive Director
EXHIBIT A OF SCHEDULE B

FORM OF NOTE

UNITED STATE OF AMERICA
STATE OF MINNESOTA
HENNEPIN COUNTY
ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE
CITY OF MINNETONKA

No. R-1 $_____

TAX INCREMENT REVENUE NOTE
SERIES 2015

Rate Accrual Date

_____% (to be determined)

The Economic Development Authority in and for the City of Minnetonka, Minnesota (the “Authority”), for value received, certifies that it is indebted and hereby promises to pay to Rowland Investments, LLC, or registered assigns (the “Owner”), the principal sum of $_______ and to pay interest thereon at the rate of _____________ percent per annum, as and to the extent set forth herein.

1. Payments. Principal and interest (“Payments”) will be paid on August 1, 2018, and each February 1 and August 1 thereafter to and including February 1, 2044 (“Payment Dates”), in the amounts and from the sources set forth in Section 3 herein. Payments will be applied first to accrued interest, and then to unpaid principal.

Payments are payable by mail to the address of the Owner or any other address as the Owner may designate upon 30 days written notice to the Authority. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. Interest at the rate stated herein will accrue on the unpaid principal, commencing on the date the Authority receives and approves written evidence of the Owner’s expenditures related to land acquisition and site preparation, and other costs eligible to be reimbursed with tax increment related to the Minimum Improvements in an amount at least equal to $___________ (the “Accrual Date”). Interest accruing from and after the Accrual Date shall accrue on a simple basis and will not be added to principal. Interest will be computed on the basis of a year of 360 days comprised of twelve months of thirty days.
3. **Available Tax Increment.** Payments on this Note are payable on each Payment Date in the amount of and solely payable from “Available Tax Increment,” which will mean, on each Payment Date, 90 percent of the Tax Increment attributable to the Development Property (defined in the Agreement) and paid to the Authority by Hennepin County in the six months preceding the Payment Date, all as the terms are defined in the Contract for Private Development between the Authority and Owner dated as of ______________, 2015 (the “Agreement”). Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under the Agreement.

The Authority will have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Available Tax Increment, and the failure of the Authority to pay the entire amount of principal or interest on this Note on any Payment Date will not constitute a default hereunder as long as the Authority pays principal and interest hereon to the extent of Available Tax Increment. The Authority will have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final Payment on February 1, 2044.

4. **Optional Prepayment.** The principal sum and all accrued interest payable under this Note is prepayable in whole or in part at any time by the Authority without premium or penalty. No partial prepayment will affect the amount or timing of any other regular payment otherwise required to be made under this Note.

5. **Termination.** At the Authority’s option, this Note will terminate and the Authority’s obligation to make any payments under this Note will be discharged upon the occurrence of an Event of Default on the part of the Developer as defined in Section 9.1 of the Agreement, but only if the Event of Default has not been cured in accordance with Section 9.2 of the Agreement.

6. **Nature of Obligation.** This Note is one of an issue in the total principal amount of $____ all issued to aid in financing certain public development costs and administrative costs of a Redevelopment Project undertaken by the Authority pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and is issued pursuant to an authorizing resolution (the “Resolution”) duly adopted by the Authority on March 23, 2015, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.1794, as amended. This Note is a limited obligation of the Authority which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution. This Note and the interest hereon will 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 will be obligated to pay the principal of or interest on this Note 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 Note or other costs incident hereto.

7. **Estimated Tax Increment Payments.** Any estimates of Tax Increment prepared by the Authority or its financial advisors in connection with the TIF District or the Agreement are
for the benefit of the Authority, and are not intended as representations on which the Developer may rely.

THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY THAT THE AVAILABLE TAX INCREMENT WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THIS NOTE.

8. Registration and Transfer. This Note is issuable only as a fully registered note without coupons. As provided in the Resolution, and subject to certain limitations set forth therein, this Note is transferable upon the books of the Authority kept for that purpose at the principal office of the Finance Director/Treasurer of the City of Minnetonka, by the Owner hereof in person or by the Owner’s attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the Authority, duly executed by the Owner. Upon the transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the Authority with respect to the transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

This Note will not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the Authority has been provided with an investment letter in a form substantially similar to the investment letter attached to the Agreement as Schedule D, in a form satisfactory to the Authority, that the transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the Authority according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, has caused this Note to be executed with the manual signatures of its President and Executive Director, all as of the Date of Original Issue specified above.

ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, MINNESOTA

__________________________________________  ______________________________________
Executive Director                  President

At Home Apartments
5709 Rowland Rd
07023.14b
REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the Authority’s Executive Director, in the name of the person last listed below.

<table>
<thead>
<tr>
<th>Date of Registration</th>
<th>Registered Owner</th>
<th>Signature of Executive Director</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rowland Investments, LLC</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[Address]</td>
<td></td>
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<tr>
<td></td>
<td>Federal ID #____________________</td>
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</table>
SCHEDULE C

INVESTMENT LETTER

To: Economic Development Authority in and for the City of Minnetonka, Minnesota (the “Authority”)
Attention: Executive Director

Re: Tax Increment Revenue Note, Series 2015, in the original aggregate principal amount of $________

The undersigned, as Owner of $__________ in principal amount of the above-captioned Note (the “Note”) pursuant to a resolution of the Authority adopted on ________________ (the “Resolution”), hereby represents to you and to Kennedy & Graven, Chartered, Minneapolis, Minnesota, development counsel, as follows:

1. We understand and acknowledge that the Note is delivered to the Owner as of this date pursuant to the Resolution and the Contract for Private Development between the Authority and the Owner, dated ____________ (the “Contract”).

2. We understand that the Note is payable as to principal and interest solely from Available Tax Increment as defined in the Note and the provisions of the Contract.

3. We understand that the Note does not accrue interest until the “Accrual Date,” as defined in the Note.

4. We further understand that any estimates of Tax Increment (as defined in the Contract) prepared by the Authority or its financial advisors in connection with the TIF District (as defined in the Contract), the Contract or the Note are for the benefit of the Authority, and are not intended as representations on which the Owner may rely.

5. We acknowledge and understand that, if at any time, the Owner fails to meet the housing income restrictions required for a housing tax increment district as set forth in Minnesota Statutes, Section 469.174, subdivision 11 and Section 469.1761, and therefore, the tax increment district will no longer qualify as a housing tax increment district, no further payments will be made under the Note.

6. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the above stated principal amount of the Note.

7. We acknowledge that no offering statement, prospectus, offering circular or other comprehensive offering statement containing material information with respect to the Authority and the Note has been issued or prepared by the Authority, and that, in due diligence, we have
made our own inquiry and analysis with respect to the Authority, the Note and the security therefor, and other material factors affecting the security and payment of the Note.

8. We acknowledge that we have either been supplied with or have access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, the Note and the security therefor, and that as a reasonable investor we have been able to make our decision to purchase the above stated principal amount of the Note.

9. We have been informed that the Note (i) is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, or under federal securities laws or regulations, (ii) will not be listed on any stock or other securities exchange, and (iii) will carry no rating from any rating service.

10. We acknowledge that neither the Authority nor Kennedy & Graven, Chartered have made any representations as to the status of interest on the Note for state or federal income tax purposes.

11. We represent to you that we are purchasing the Note for our own accounts and not for resale or other distribution thereof, except to the extent otherwise provided in the Note, the Resolution, or any other resolution adopted by the Authority.

12. All capitalized terms used herein have the meaning provided in the Contract unless the context clearly requires otherwise.

13. The Owner’s federal tax identification number is ____________.

14. We acknowledge receipt of the Note as of the date hereof.

(Remainder of this page intentionally left blank)
ROWLAND INVESTMENTS, LLC

By ____________________________________________
Its ____________________________________________

Dated: ________________________________
SCHEDULE D

FORM OF DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS (this “Declaration”) dated as of ____________, 2015, by ROWLAND INVESTMENTS, LLC, a Minnesota limited liability company (the “Developer”) and affiliate of At Home Apartments, L.L.C., is given to the ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA (the “Authority”)

RECITALS

WHEREAS, the Authority entered into that certain Contract for Private Development, dated ____________, 2015, filed ____________, 20___ in the Office of the [Recorder] [Registrar of Titles] for Hennepin County as Document No. _________ (the “Contract”), between the Authority and the Developer; and

WHEREAS, pursuant to the Contract, the Developer is obligated to cause construction of 106 housing units of rental housing on the property described in Exhibit A hereto (the “Property”), and to cause compliance with certain affordability covenants described in Section 4.5 of the Contract; and

WHEREAS, Section 4.5 of the Contract requires that the Developer cause to be executed an instrument in recordable form substantially reflecting the covenants set forth in Section 4.5 of the Contract; and

WHEREAS, the Developer intends, declares, and covenants that the restrictive covenants set forth herein will be and are covenants running with the Property for the term described herein and binding upon all subsequent owners of the Property for the term described herein, and are not merely personal covenants of the Developer; and

WHEREAS, capitalized terms in this Declaration have the meaning provided in the Contract unless otherwise defined herein.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Developer agrees as follows:

1. Term of Restrictions.

   (a) Occupancy and Rental Restrictions. The term of the Occupancy Restrictions set forth in Section 3 and the Rental Restriction set forth in Section 4 of this Declaration will commence on the date a certificate of occupancy is received from the City of Minnetonka, Minnesota for all rental units on the Property. The period from commencement to termination is the “Qualified Project Period.”
(b) Termination of Declaration. This Declaration will terminate upon the date that is 30 years after the commencement of the Qualified Project Period.

(c) Removal from Real Estate Records. Upon termination of this Declaration, the Authority will, upon request by the Developer or its assigns, file any document appropriate to remove this Declaration from the real estate records of Hennepin County, Minnesota.

2. Project Restrictions.

(a) the Developer represents, warrants, and covenants that:

(i) All leases of units to Qualifying Tenants (as defined in Section 3(a)(i) hereof) will contain clauses, among others, wherein each individual lessee:

(1) Certifies the accuracy of the statements made in its application and Eligibility Certification (as defined in Section 3(a)(ii) hereof); and

(2) Agrees that the family income at the time the lease is executed will be deemed substantial and material obligation of the lessee’s tenancy; that the lessee will comply promptly with all requests for income and other information relevant to determining low or moderate income status from the Developer or the Authority, and that the lessee’s failure or refusal to comply with a request for information with respect thereto will be deemed a violation of a substantial obligation of the lessee’s tenancy.

(ii) the Developer will permit any duly authorized representative of the Authority to inspect the books and records of the Developer pertaining to the income of Qualifying Tenants residing in the Project.

3. Occupancy Restrictions.

(a) Tenant Income Provisions. The Developer represents, warrants, and covenants that:

(i) Qualifying Tenants. From the commencement of the Qualified Project Period, at least 21 Rental Housing Units will be occupied (or treated as occupied as provided herein) or held vacant and available for occupancy by Qualifying Tenants. Qualifying Tenants means those persons and families who are determined from time to time by the Developer to have combined adjusted income that does not exceed fifty percent (50%) of the Minneapolis-St. Paul metropolitan statistical area (the “Metro Area”) median income for the applicable calendar year. For purposes of this definition, the occupants of a residential unit will not be deemed to be Qualifying Tenants if all the occupants of such residential unit at any time are “students,” as defined in Section 151(c)(4) of the Internal Revenue Code of 1986, as amended (the “Code”), not entitled to an exemption under the Code. The determination of whether an individual or family is of
low or moderate income will be made at the time the tenancy commences and on an ongoing basis thereafter, determined at least annually. If during their tenancy a Qualifying Tenant's income exceeds 140 percent of the maximum income qualifying as low or moderate income for a family of its size, the next available unit (determined in accordance with the Code and applicable regulations) (the “Next Available Unit Rule”) must be leased to a Qualifying Tenant or held vacant and available for occupancy by a Qualifying Tenant. If the Next Available Unit Rule is violated, the Unit will not continue to be treated as a Qualifying Unit.

(ii) Certification of Tenant Eligibility. As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant will be required annually to sign and deliver to the Developer a Certification of Tenant Eligibility substantially in the form attached as Exhibit B hereto, or in any other form as may be approved by the Authority (the “Eligibility Certification”), in which the prospective Qualifying Tenant certifies as to qualifying as low or moderate income. In addition, the person will be required to provide whatever other information, documents, or certifications are deemed necessary by the Authority to substantiate the Eligibility Certification, on an ongoing annual basis, and to verify that the tenant continues to be a Qualifying Tenant within the meaning of Section 3(a) hereof. Eligibility Certifications will be maintained on file by the Developer with respect to each Qualifying Tenant who resides in a Project unit or resided therein during the immediately preceding calendar year.

(iii) Lease. The form of lease to be utilized by the Developer in renting any units in the Project to any person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by the person to immediate eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by the person with respect to the Eligibility Certification.

(iv) Annual Report. The Developer covenants and agrees that during the term of this Declaration, it will prepare and submit to the Authority on or before January 31 of each year, a certificate substantially in the form of Exhibit C hereto, executed by the Developer, (a) identifying the tenancies and the dates of occupancy (or vacancy) for all Qualifying Tenants in the Project, including the percentage of the dwelling units of the Project which were occupied by Qualifying Tenants (or held vacant and available for occupancy by Qualifying Tenants) at all times during the year preceding the date of the certificate; (b) describing all transfers or other changes in ownership of the Project or any interest therein; and (c) stating, that to the best knowledge of the person executing the certificate after due inquiry, all the units were rented or available for rental on a continuous basis during the year to members of the general public and that the Developer was not otherwise in default under this Declaration during the year.

(v) Notice of Non-Compliance. The Developer will immediately notify the Authority if at any time during the term of this Declaration the dwelling units in the Project are not occupied or available for occupancy as required by the terms of this Declaration.
4. **Rental Restrictions.** The Developer represents, warrants and covenants that the maximum gross rent for all units occupied by Qualifying Tenants must not exceed 30 percent of the imputed income limitation applicable to the unit, all in accordance with the Tax Credit Law.

5. **Transfer Restrictions.** The Developer covenants and agrees that the Developer will cause or require as a condition precedent to any conveyance, transfer, assignment, or any other disposition of the Project prior to the termination of the Rental Restrictions and Occupancy Restrictions provided herein (the “Transfer”) that the transferee of the Project pursuant to the Transfer assume in writing, in a form acceptable to the Authority, all duties and obligations of the Developer under this Declaration, including this Section 5, in the event of a subsequent Transfer by the transferee prior to expiration of the Rental Restrictions and Occupancy Restrictions provided herein (the “Assumption Agreement”). The Developer will deliver the Assumption Agreement to the Authority prior to the Transfer.

6. [Intentionally omitted.]

7. **Enforcement.**

   (a) The Developer will permit, during normal business hours and upon reasonable notice, any duly authorized representative of the Authority to inspect any books and records of the Developer regarding the Project with respect to the incomes of Qualifying Tenants.

   (b) The Developer will submit any other information, documents or certifications requested by the Authority which the Authority deems reasonably necessary to substantial the Developer’s continuing compliance with the provisions specified in this Declaration.

   (c) The Developer acknowledges that the primary purpose for requiring compliance by the Developer with the restrictions provided in this Declaration is to ensure compliance of the property with the housing affordability covenants set forth in Section 4.5 of the Contract, and by reason thereof, the Developer, in consideration for assistance provided by the Authority under the Contract that makes possible the construction of the Minimum Improvements (as defined in the Contract) on the Property, hereby agrees and consents that the Authority will be entitled, for any breach of the provisions of this Declaration, and in addition to all other remedies provided by law or in equity, to enforce specific performance by the Developer of its obligations under this Declaration in a state court of competent jurisdiction. The Developer hereby further specifically acknowledges that the Authority cannot be adequately compensated by monetary damages in the event of any default hereunder.

   (d) The Developer understands and acknowledges that, in addition to any remedy set forth herein for failure to comply with the restrictions set forth in this Declaration, the Authority may exercise any remedy available to it under Article IX of the Contract.

8. **Indemnification.** The Developer hereby indemnifies, and agrees to defend and hold harmless, the Authority from and against all liabilities, losses, damages, costs, expenses (including attorneys’ fees and expenses), causes of action, suits, allegations, claims, demands,
and judgments of any nature arising from the consequences of a legal or administrative proceeding or action brought against them, or any of them, on account of any failure by the Developer to comply with the terms of this Declaration, or on account of any representation or warranty of the Developer contained herein being untrue.

9. **Agent of the Authority.** The Authority will have the right to appoint an agent to carry out any of its duties and obligations hereunder, and will inform the Developer of any agency appointment by written notice.

10. **Severability.** The invalidity of any clause, part or provision of this Declaration will not affect the validity of the remaining portions thereof.

11. **Notices.** All notices to be given pursuant to this Declaration must be in writing and will be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to any other place as a party may from time to time designate in writing. The Developer and the Authority may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications are sent. The initial addresses for notices and other communications are as follows:

- **To the Authority:** Economic Development Authority in and for the City of Minnetonka  
  14600 Minnetonka Blvd.  
  Minnetonka, MN 55345  
  Attention: Community Development Director

- **To the Developer:** Rowland Investments, LLC  
  616 Lincoln Avenue  
  St. Paul, MN 55102  
  Attention: Alan J. Spaulding

- **With a Copy to:** At Home Apartments, L.L.C.  
  616 Lincoln Avenue  
  St. Paul, MN 55102  
  Attention: Leanna M. Stefaniak

12. **Governing Law.** This Declaration is governed by the laws of the State of Minnesota and, where applicable, the laws of the United States of America.

13. **Attorneys’ Fees.** In case any action at law or in equity, including an action for declaratory relief, is brought against the Developer to enforce the provisions of this Declaration, the Developer agrees to pay the reasonable attorneys’ fees and other reasonable expenses paid or incurred by the Authority in connection with the action.

14. **Declaration Binding.** This Declaration and the covenants contained herein will run with the real property comprising the Project and will bind the Developer and its successors.
and assigns and all subsequent owners of the Project or any interest therein, and the benefits will inure to the Authority and its successors and assigns for the term of this Declaration as provided in Section 1(b).

15. **Relationship to Tax Credit Law Requirements.** Notwithstanding anything to the contrary, during any period while at least 21 units in the Property are subject to income and rent limitations under the Tax Credit Law, evidence of compliance with the Tax Credit Law requirements filed with the Authority at least annually will satisfy any requirements otherwise imposed under this Declaration. During any portion of the Qualified Project Period as defined herein when the Tax Credit Law income and rent restrictions do not apply to the Property, this Declaration controls.

Drafted by:

Kennedy & Graven Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402
IN WITNESS WHEREOF, the Developer has caused this Declaration of Restrictive Covenants to be signed by its respective duly authorized representatives, as of the day and year first written above.

ROWLAND INVESTMENTS, LLC,
a Minnesota limited liability company

By ____________________________________
Its ____________________________________

STATE OF MINNESOTA    
) ss.
COUNTY OF ____________    

The foregoing instrument was acknowledged before me this ____ day of ______, 2015, by ______________, the _______________ of Rowland Investments, LLC, a Minnesota limited liability company, on behalf of the company.

______________________________
Notary Public

(The remainder of this page is intentionally left blank.)
This Declaration is acknowledged and consented to by:

ECONOMIC DEVELOPMENT AUTHORITY IN
AND FOR THE CITY OF MINNETONKA,
MINNESOTA

By ________________________________
Its President

By ________________________________
Its Executive Director

STATE OF MINNESOTA )
) SS.
COUNTY OF HENNEPIN )

The foregoing instrument was acknowledged before me this _____________, 2015, by
_________________ and _________________, the President and Executive Director,
respectively, of the Economic Development Authority in and for the City of Minnetonka,
Minnesota, on behalf of the authority.

______________________________
Notary Public
EXHIBIT A

Legal Description

The land referred to is situated in the State of Minnesota, County of Hennepin, and is described as follows:

[Insert legal description]
EXHIBIT B

Certification of Tenant Eligibility

(INCOME COMPUTATION AND CERTIFICATION)

Project: [Address]

Owner:

Unit Type: _____ 1 BR _____ 1 BR + Den _____ 2 BR

1. I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons (including minors) who are to occupy the unit in the above apartment development for which application is made, all of whom are listed below:

<table>
<thead>
<tr>
<th>Name of Members of Household</th>
<th>Relationship To Head of Household</th>
<th>Age</th>
<th>Place of Employment</th>
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Income Computation

2. The anticipated income of all the above persons during the 12-month period beginning this date,

   (a) including all wages and salaries, overtime pay, commissions, fees, tips and bonuses before payroll deductions; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness); interest and dividends; the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts; payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay; the maximum amount of public assistance available to the above persons; periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling; and all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; but
(b) excluding casual, sporadic or irregular gifts; amounts which are specifically for or in reimbursement of medical expenses; lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen’s compensation), capital gains and settlement for personal or property losses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for these types of purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged for the allotments; and payments received pursuant to participation in ACTION volunteer programs, is as follows: $______________.

3. If any of the persons described above (or whose income or contributions was included in item 2) has any savings, bonds, equity in real property or other form of capital investment, provide:

   (a) the total value of all such assets owned by all such persons: $____________;

   (b) the amount of income expected to be derived from such assets in the 12 month period commencing this date: $____________; and

   (c) the amount of such income which is included in income listed in item 2: $__________.

4. (a) Will all of the persons listed in item 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

   Yes _________________   No ________________

   (b) Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

   Yes _________________   No ________________
THE UNDERSIGNED HEREBY CERTIFY THAT THE INFORMATION SET FORTH ABOVE IS TRUE AND CORRECT. THE UNDERSIGNED ACKNOWLEDGE THAT THE LEASE FOR THE UNIT TO BE OCCUPIED BY THE UNDERSIGNED WILL BE CANCELLED UPON 10 DAYS WRITTEN NOTICE IF ANY OF THE INFORMATION ABOVE IS NOT TRUE AND CORRECT.

_________________________________
Head of Household

_________________________________
Spouse
FOR COMPLETION BY OWNER
(OR ITS MANAGER) ONLY

1. Calculation of Eligible Tenant Income:

   (a) Enter amount entered for entire household in 2 above: $__________

   (b) If the amount entered in 3(a) above is greater than $5,000, enter the
greater of (i) the amount entered in 3(b) less the amount entered in 3(c) or (ii) 10% of the
amount entered in 3(a): $__________

   (c) TOTAL ELIGIBLE INCOME (Line 1(a) plus Line 1(b)): $__________

2. The amount entered in 1(c) is less than or equal to _______ 50% of median
income for the area in which the Project is located, as defined in the Declaration. 50% is
necessary for status as a “Qualifying Tenant” under Section 3(a) of the Declaration.

3. Rent:

   (a) The rent for the unit is $________________.

   (b) The amount entered in 3(a) is less than or equal to the maximum rent
permitted under the Declaration.

4. Number of apartment unit assigned: ___________.

5. This apartment unit was ____ was not ____ last occupied for a period of at least
31 consecutive days by persons whose aggregate anticipated annual income as certified in the
above manner upon their initial occupancy of the apartment unit was less than or equal to 50% of
Median Income in the area.

6. Check as applicable: ______ Applicant qualifies as a Qualifying Tenant (tenants
of at least 21 units must meet), or ____ Applicant otherwise qualifies to rent a unit.

THE UNDERSIGNED HEREBY CERTIFIES THAT HE/SHE HAS NO KNOWLEDGE OF
ANY FACTS WHICH WOULD CAUSE HIM/HER TO BELIEVE THAT ANY OF THE
INFORMATION PROVIDED BY THE TENANT MAY BE UNTRUE OR INCORRECT.

AT HOME APARTMENTS, L.L.C.,
a Minnesota limited liability company, as Managing
Agent for ROWLAND INVESTMENTS, LLC, a
Minnesota limited liability company

By ______________________________
Its ______________________________

D-13
A181
EXHIBIT C
Certificate of
Continuing Program Compliance

Date: ___________________

The following information with respect to the Project located at __________________, Minnetonka, Minnesota (the “Project”), is being provided by Rowland Investments, LLC (the “Owner”) to the Economic Development Authority in and for the City of Minnetonka, Minnesota (the “Authority”), pursuant to that certain Declaration of Restrictive Covenants dated as of ______, 2015 (the “Declaration”), with respect to the Project:

(A) The total number of residential units which are available for occupancy is 106. The total number of these units occupied is ___________________.

(B) The following residential units (identified by unit number) are currently occupied by “Qualifying Tenants,” as the term is defined in the Declaration (for a total of _____ units):

1 BR Units:

1 BR + Den Units:

2 BR Units:

(C) The following residential units which are included in (B) above, have been re-designated as units for Qualifying Tenants since _____________, 20___, the date on which the last “Certificate of Continuing Program Compliance” was filed with the Authority by the Owner:

<table>
<thead>
<tr>
<th>Unit Number</th>
<th>Previous Designation of Unit (if any)</th>
<th>Replacing Unit Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>
(D) The following residential units are considered to be occupied by Qualifying Tenants based on the information set forth below:

<table>
<thead>
<tr>
<th>Unit Number</th>
<th>Name of Tenant</th>
<th>Number of Persons Residing in the Unit</th>
<th>Number of Bedrooms</th>
<th>Total Adjusted Gross Income</th>
<th>Date of Initial Occupancy</th>
<th>Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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</tbody>
</table>

(E) The Owner has obtained a “Certification of Tenant Eligibility,” in the form provided as EXHIBIT B to the Declaration, from each Tenant named in (D) above, and each such Certificate is being maintained by the Owner in its records with respect to the Project. Attached hereto is the most recent “Certification of Tenant Eligibility” for each Tenant named in (D) above who signed such a Certification since ______________.
Mentor: the date on which the last “Certificate of Continuing Program Compliance” was filed with the Authority by the Owner.

(F) In renting the residential units in the Project, the Owner has not given preference to any particular group or class of persons (except for persons who qualify as Qualifying Tenants); and none of the units listed in (D) above have been rented for occupancy entirely by students, no one of which is entitled to file a joint return for federal income tax purposes. All of the residential units in the Project have been rented pursuant to a written lease, and the term of each lease is at least twelve (12) months.

(G) The information provided in this “Certificate of Continuing Program Compliance” is accurate and complete, and no matters have come to the attention of the Owner which would indicate that any of the information provided herein, or in any “Certification of Tenant Eligibility” obtained from the Tenants named herein, is inaccurate or incomplete in any respect.

(H) The Project is in continuing compliance with the Declaration.

(I) The Owner certifies that as of the date hereof at least 21 of the residential dwelling units in the Project are occupied or held open for occupancy by Qualifying Tenants, as defined and provided in the Declaration.

(J) The rental levels for each Qualifying Tenant comply with the maximum permitted under the Declaration.
IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of the Owner,
on ____________________, 2015.

ROWLAND INVESTMENTS, LLC,
a Minnesota limited liability company

By______________________________

Its ______________________________
SCHEDULE E
CERTIFICATE OF COMPLETION

The undersigned hereby certifies that Rowland Investments, LLC (the “Developer”), has fully complied with its obligations under Articles III and IV of that document titled “Contract for Private Development,” dated ____________, 2015, between the Economic Development Authority in and for the City of Minnetonka, Minnesota and the Developer (the “Agreement”), with respect to construction of the Minimum Improvements in accordance with Article IV of the Agreement, and that the Developer is released and forever discharged from its obligations with respect to construction of the Minimum Improvements under Articles III and IV of the Agreement.

Dated: ________________, 20___.

ECONOMIC DEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MINNETONKA,
MINNESOTA

By ________________________________
Executive Director

STATE OF MINNESOTA )
) SS.
COUNTY OF HENNEPIN )

The foregoing instrument was acknowledged before me this ______________, 2015, by ______________________________, the Executive Director of the Economic Development Authority in and for the City of Minnetonka, Minnesota, on behalf of the Authority.

____________________________________
Notary Public
SCHEDULE F

RENTAL HOUSING UNITS BY UNIT TYPE

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Number of Units in Minimum Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>80 units</td>
</tr>
<tr>
<td>One Bedroom with Den</td>
<td>7 units</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>19 units</td>
</tr>
</tbody>
</table>
EDAC Agenda Item #4  
Meeting of February 26, 2015

**Brief Description**  
At Home Apartments

**Recommendation**  
Recommend the EDA approve the Contract for Private Development

**Background**

In 2007, the city approved construction of a four-story, 61-unit Applewood Pointe senior cooperative building at 5709 Rowland Road (page A1). There was no request for city assistance with the proposal; however, the approvals included a comprehensive guide plan amendment from low density residential to high density residential and rezoning. Because of the guide plan amendment and rezoning, six units (10 percent) were priced as affordable, and another 28 units were mid-priced.

Due to several circumstances, the Applewood Pointe residence was never constructed. Although, the project is going to be constructed on Minnetonka Boulevard. Many of the 2007 approvals remain in place on this property and serve as the guiding development plan for the property—including the guide plan amendment and the rezoning. After going through a planning commission review, any owner of the property would have the right to develop the site as approved in 2007, which includes the provision of affordable housing. Conversely, any development that differs from the 2007 approval could occur only with an amendment to the existing plan.

**Concept Plan**

In 2014, At Home Apartments, LLC presented a concept plan to the planning commission and city council for a 114-unit market rate apartment building on this site. The feedback given during the concept plan review included comments related to density, parking, and that there should be at least 10% affordable housing included. After reviewing the feedback, At Home approached the city requesting Tax Increment Financing (TIF) to assist in meeting their affordable housing efforts. An EDAC subcommittee reviewed the request, then at the December EDAC meeting, commissioners provided feedback that they felt that the use of TIF for this project was appropriate.

**Current Proposal**

At Home Apartments is proposing to construct a four-story, 106-unit apartment building (pages A2-A5). They are also requesting city financial assistance in the form of TIF. In exchange for the TIF, they are proposing to provide 20 percent of the units affordable at 50 percent area median income (AMI). The proposed unit mix is as follows:
<table>
<thead>
<tr>
<th></th>
<th>Total Units</th>
<th>Affordable Units</th>
<th>Market Rate Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Bedroom</td>
<td>85</td>
<td>17 (20%)</td>
<td>68</td>
</tr>
<tr>
<td>2-Bedroom</td>
<td>21</td>
<td>4 (20%)</td>
<td>17</td>
</tr>
<tr>
<td>TOTAL</td>
<td>106</td>
<td>21 (20%)</td>
<td>85</td>
</tr>
</tbody>
</table>

**Contract for Private Development**

Working with the city’s legal counsel at Kennedy & Graven and the city’s financial consultant at Ehlers & Associates, Inc., a Contract for Private Development (pages A6 to A69) between the city and the developer has been drafted. The contract outlines the major points associated with the TIF request as well as other expectations for the development. Highlights of the contract include:

- The TIF District would be a Housing TIF District and would be for a duration of 26 years.
- Total present value of TIF would be $2.5 million.
- Increment would be secured by a “pay as you go” note, which means the increment is only disbursed as it is received.
- A total of 21 units will be both income and rent restricted to those at 50% AMI. Each unit size will have 20% of the units as affordable (as outlined above).
- Future transfers of the affordable units will be restricted for 30 years to maintain the affordability.
- The time frame for construction is that it should begin by September 1, 2015 and be completed no later than December 31, 2016.
- TIF would be used for acquisition, construction costs, lease/rental rates, developer fee or other eligible costs. Before reimbursement is made, the developer must provide evidence of the costs.

To assist the city, Ehlers & Associates has prepared a memo outlining the TIF request, including their review of the development and financing request, as well as options for the EDAC and EDA to consider (pages A70-A73).

**Recommendation**

Staff recommends the EDAC recommend the EDA approve the Contract for Private Development. This item is tentatively scheduled for review on March 23.

Submitted through:
  Julie Wischnack, AICP, Community Development Director

Originated by:
  Elise Durbin, AICP, Community Development Supervisor
Memo

To: Julie Wischnack and Elise Durbin, City of Minnetonka
From: Rebecca Kurtz and Mark Ruff, Ehlers
Date: February 16, 2015
Subject: Financial and “But For” Analysis for At Home Apartments

The City has received a request for tax increment assistance for the At Home Apartments project, a proposed 106 unit rental housing development located at 5709 Rowland Road.

This memo is intended to discuss the following:

- Amount of TIF available
- Our review of the underlying economics of the development and its “need” for assistance
- Options for the Council to consider if it moves forward

Developer Request
The City assistance for this development is directed solely to the gap caused by the inclusion of 20% of the units at rent levels affordable to lose making 50% or less of median income. The developer indicates that the lower rents causes a gap of $3.623 million dollars and is requesting 26 years of tax increment financing (TIF) assistance. The request is for pay-as-you-go assistance, so the developer is responsible for paying all of the costs up-front. No City general obligation bonds or direct loans would be involved in the transaction. The developer will finance the costs and receive a semi-annual payment from the TIF received by the City. If the TIF decreases, the developer takes the loss. If the TIF increases, the City is not obligated to pay more than the original amount approved. The TIF district is expected to be a housing district, which qualifies solely on the basis of the affordability. The City plans to hold a public hearing and consider the establishment of the TIF District for the project on March 23, 2015.

TIF Available to Fund Developer Request
The development is expected to generate approximately $230,952 per year in tax increment (“TIF”), as shown in the chart below.

<table>
<thead>
<tr>
<th>WHAT IS EXCLUDED FROM TIF?</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Property Taxes</td>
<td>267,781</td>
</tr>
<tr>
<td>less State-wide Taxes</td>
<td>0</td>
</tr>
<tr>
<td>less Fiscal Disp. Adj.</td>
<td>0</td>
</tr>
<tr>
<td>less Market Value Taxes</td>
<td>(32,533)</td>
</tr>
<tr>
<td>less Base Value Taxes</td>
<td>(4,296)</td>
</tr>
<tr>
<td>Annual Gross TIF</td>
<td>230,952</td>
</tr>
</tbody>
</table>
The City is expected to retain 10% of the annual TIF for administrative costs which leaves an annual payment to the developer of $207,000. Under current estimates, the principal payments over 26 years are expected to be $2,554,138 plus an additional $2,830,684 of interest payments at a 5.5% rate.

Because the proposed multi-family project is in a housing district, the TIF must be used to benefit persons with low to moderate incomes. The City has chosen to also require the developer to restrict rents in order to meet the affordability goals and extend the affordability to 30 years.

**Economics of the Request**
The developer has indicated that it plans to construct a 4-story building using approximately the sources listed below.

### SOURCES

<table>
<thead>
<tr>
<th></th>
<th>% OF TOTAL</th>
<th>$/UNIT</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Mortagage</td>
<td>63.92%</td>
<td>122,789</td>
<td>13,015,659</td>
</tr>
<tr>
<td>Equity</td>
<td>16.68%</td>
<td>32,049</td>
<td>3,397,178</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>3.90%</td>
<td>7,500</td>
<td>795,000</td>
</tr>
<tr>
<td>Closing Owner Equity to fill gap</td>
<td>0.12%</td>
<td>227</td>
<td>24,048</td>
</tr>
<tr>
<td><strong>PRIVATE FINANCING</strong></td>
<td><strong>84.63%</strong></td>
<td><strong>162,565</strong></td>
<td><strong>17,231,885</strong></td>
</tr>
<tr>
<td>Tax Increment (in first mortgage)</td>
<td>12.54%</td>
<td>24,094</td>
<td>2,554,000</td>
</tr>
<tr>
<td>Low Income Housing Tax Credit</td>
<td>2.82%</td>
<td>5,425</td>
<td>575,000</td>
</tr>
<tr>
<td><strong>PUBLIC PORTION OF FINANCING</strong></td>
<td>15.37%</td>
<td>29,519</td>
<td>3,129,000</td>
</tr>
<tr>
<td><strong>TOTAL SOURCES</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>192,084</strong></td>
<td><strong>20,360,885</strong></td>
</tr>
</tbody>
</table>

While the developer has continued to refine the numbers, they are still estimates at this time. They have not yet received construction bids or finalized their financing. The developer has indicated that the project will only be financially viable, and they will only proceed, if the City provides tax increment assistance to the project. Below are estimates of the uses of funds.

### USES

<table>
<thead>
<tr>
<th></th>
<th>% OF TOTAL</th>
<th>$/UNIT</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition and Certain Fees</td>
<td>7.06%</td>
<td>13,566.04</td>
<td>1,438,000</td>
</tr>
<tr>
<td>Design</td>
<td>1.55%</td>
<td>2,971.70</td>
<td>315,000</td>
</tr>
<tr>
<td>Environmental</td>
<td>0.07%</td>
<td>136.79</td>
<td>14,500</td>
</tr>
<tr>
<td>Construction and Contingency</td>
<td>80.43%</td>
<td>154,500.00</td>
<td>16,377,000</td>
</tr>
<tr>
<td>Permits and Park Dedication</td>
<td>3.28%</td>
<td>6,306.72</td>
<td>668,512</td>
</tr>
<tr>
<td>Financial Fees</td>
<td>1.78%</td>
<td>3,428.05</td>
<td>363,373</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>0.98%</td>
<td>1,886.79</td>
<td>200,000</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>0.93%</td>
<td>1,787.74</td>
<td>189,500</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>3.90%</td>
<td>7,500.00</td>
<td>795,000</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>192,084</strong></td>
<td><strong>20,360,885</strong></td>
</tr>
</tbody>
</table>

**Analysis of Economics**
The first step in this type of analysis is to determine if the following are within industry standards:

1. Land price
2. Lease/rental rates
3. Construction costs
4. Developer fee
5. Financing assumptions and affordability
6. Return on equity/cost

The land price is reasonable and is actually on the low end of the similar projects for the area. The purchase price is $875,000 or $8,255 per unit. Market rate for the area is between $8,000 and $15,000 per unit.

The market rate unit rents appear to be slightly above the industry standard for the community at $1.90/SF per month. The rents for the affordable units range from $1.12 per month for the smaller units to $0.91 per month for the larger units. The rents are expected to increase 2% annually. Vacancy assumptions are aggressive with only a 3% vacancy projected.

The hard construction costs (excluding design fees) of $150,000 per unit for the building are within industry standards.

The developer has included a deferred development fee of $795,000 or 5% of the construction costs. The deferred development fee is being treated like equity.

The assumption for a permanent first mortgage loan is approximately $13 million, at a 5.8% interest rate with an amortization of 40 years.

None of the factors above are conservative and do not artificially increase the need for TIF assistance. If anything, the assumptions for rents, vacancy and amortization of debt are aggressive.

Without assistance, Ehlers estimates that the annual rate of return on equity in the first five years would be less than 3%. These returns, projected without TIF assistance, are not high enough to attract equity investors to the project.

With the full $2.5 million in TIF assistance, the annual cash on cash return would increase to an average of 7% the first five years, which is reasonable in today’s market. Return on cost, which ignores the financing assumptions, increases from 5% to 6% with TIF assistance of the full $207,000 per year.

We were not able to replicate the developer’s $3.6 million gap caused by the affordability. The main factor that the City may wish to consider in finalizing the assistance to the project is the annual shortfall caused by reduced rents. We calculate the difference in income to the project prior to tax increment in year one of the project to be $161,772. It takes approximately 12 years assuming a 2% rent increase to reach the annual differential of $207,000, the same annual amount as the TIF. The City may wish to consider reducing the payments of TIF in the early years of the project and increase the payments of TIF in later years rather than a set amount to more closely match the rent differential.
It is important to note that we have not factored in the benefit two other factors for affordable units. First, the project’s taxes are approximately $30,000 less per year due to the “4d” lower class rate for rent restricted units. Second, there is $575,000 in cash derived from the low income housing tax credit equity available to this project assuming it utilizes tax exempt bonds. Obviously, the TIF does not last the full 30 years of affordability and the tax credit equity may help to offset the last five years, but the City may also want to take that consideration into account.
Resolution No. 2015-

Resolution adopting a Redevelopment Plan for Rowland Housing Redevelopment Project and establishing Rowland Housing Tax Increment Financing District therein and adopting a Tax Increment Financing Plan therefor

Be it resolved by the City Council of the City of Minnetonka, Minnesota as follows:

Section 1. Recitals.

1.01 It has been proposed by the Economic Development Authority in and for the City of Minnetonka (the "EDA") and the City that the EDA and the City establish the Rowland Housing Redevelopment Project and adopt a Redevelopment Plan (the "Redevelopment Plan") therefor and establish the Rowland Housing Tax Increment Financing District (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Redevelopment Plan Modification and the TIF Plan are referred to collectively herein as the "Plans"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.090 to 469.1082 and Sections 469.174 to 469.1794, all inclusive, as amended, (the "Act") all as reflected in the Plans, and presented for the Council's consideration.

1.02 The EDA and City have investigated the facts relating to the Plans and have caused the Plans to be prepared.

1.03 The EDA and City have performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Plans, including, but not limited to, notification of Hennepin County and Independent School District No. 270 (having taxing jurisdiction over the property to be included in the District), a review of and written comment on the Plans by the City Planning Commission, approval of the Plans by the EDA, and the holding of a public hearing upon published notice as required by law.

1.04 Certain written reports (the "Reports") relating to the Plans and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Plans. The Reports include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

Section 2. Findings for the Establishment of the Rowland Housing Redevelopment Project

2.01. The Council approves the Redevelopment Plan, and specifically finds that: (a) the land within the Project area would not be available for redevelopment
without the financial aid to be sought under this Redevelopment Plan; (b) the Redevelopment Plan will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project by private enterprise; and (c) that the Redevelopment Plan conforms to the general plan for the development of the City as a whole.

2.02. The Council further specifically finds that the proposed redevelopment described in the Redevelopment Plan would not occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary, that the Redevelopment Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the Redevelopment Project by private enterprise.

Section 3. Findings for the Establishment of Rowland Housing Tax Increment Financing District

3.01. The Council hereby finds that the Rowland Housing Tax Increment Financing District is in the public interest and is a "housing district" under Minnesota Statutes, Section 469.174, Subd. 11 of the Act.

3.02. The Council further specifically finds that the proposed redevelopment described in the Redevelopment Plan would not occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary, that the Redevelopment Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the Redevelopment Project by private enterprise.

3.03. The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A and as described in the Plans.

Section 4. Public Purpose.

4.01. The adoption of the Plans conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up, to provide housing opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose. For the reasons described in Exhibit A, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.
Section 5. Approval and Adoption of the Plans.

5.01. The Plans, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the Community Development Director.

5.02. The staff of the City, the City’s advisors and legal counsel are authorized and directed to proceed with the implementation of the Plans and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

5.03 The Auditor of Hennepin County is requested to certify the original net tax capacity of the District, as described in the Plans, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the City of Minnetonka is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

5.04. The Community Development Director is further authorized and directed to file a copy of the Plans with the Commissioner of the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

Adopted by the City Council of the City of Minnetonka, Minnesota, on March 23, 2015.

Tim Bergstedt, Acting Mayor

Attest:

David E. Maeda, City Clerk
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 City Council of the City of Minnetonka, Minnesota, at a meeting held on March 23, 2015.

__________________________________________
David E. Maeda, City Clerk
Exhibit A

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for the Rowland Housing Tax Increment Financing District, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. **Finding that the Rowland Housing Tax Increment Financing District is a housing district as defined in M.S., Section 469.174, Subd. 11.**

   The Rowland Housing TIF District consists of one parcel. The development will consist of 106 units of rental housing. All or a portion of which will receive tax increment assistance and will meet income restrictions described in M.S. 469.1761. At least 40 percent of the units/homes receiving assistance will have incomes at or below 60 percent of statewide median income. Appendix E of the TIF Plan contains background for the above finding.

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.**

   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 development proposed in this plan is a housing district that meets the City's objectives for development and redevelopment. Other developers have attempted to finance a project on the site over past years and have failed. The current development meets the City objective of higher density development with affordable housing. Due to the high cost of building affordable housing in the City, this project is feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a pro forma as justification that the developer would not have gone forward without tax increment assistance. The City and its financial consultant, Ehlers, have analyzed the pro forma submitted by the developer. The tax increment assistance will be utilized to keep rents within the 50% of median income limit, which is a 30 year commitment.

3. **Finding that the TIF Plan for the Rowland Housing Tax Increment Financing District conforms to the general plan for the development or redevelopment of the municipality as a whole.**
The Planning Commission 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 the Rowland Housing 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 the Rowland Housing Redevelopment Project by private enterprise.

Through the implementation of the TIF Plan, the EDA or City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.
City Council Agenda Item #14A  
Meeting of March 23, 2015

**Brief Description**  
Concept plan review for Kraemer’s Hardware redevelopment at 14730 Excelsior Boulevard, 5431, and 5439 Williston Road

**Recommendation**  
Discuss concept plan with the applicant. No formal action required.

**Proposal**

Lakewest Development Co. LLC has submitted concept plans for redevelopment of the previous Kraemer’s Hardware site, and the two single-family residential properties to the north. The concept plans include a market-rate apartment building on the south side towards Excelsior Boulevard, and four to eight townhomes on the north side of the site. The apartment building would be four stories in height with 78 units. The proposal would require an amendment to the comprehensive plan, rezoning, and site and building plan review. (See pages A1-A17.)

**Site Information**

The site is located on the northeast corner of Excelsior Boulevard and Williston Road, and is located within the Glen Lake village center. The site is currently improved with a vacant commercial building which was previously occupied by Kraemer’s Hardware. The development site also includes two single-family residential properties to the north. The Kraemer’s site is currently zoned B-2/Limited Business and guided for commercial use in the comprehensive plan. The northerly properties are zoned and guided for low density residential uses. (See pages A18-A22.)

**Background Information**

- **Previous Concept Plan Review:** In 2014, Lakewest Development submitted a concept plan for redevelopment of the site, which was reviewed by the planning commission and city council. The concept plans consisted of a four-story, mixed use building with residential apartments and ground floor commercial retail. The previous concept plans did not include the northerly single-family residential property. (See pages A23-A38.) The planning commission and city council had the following general comments:
  
  - Something needs to be done with the property, but the proposed building would be too large for the site.
  
  - Development of just this corner would result in an abrupt transition; a master plan should be put together for the existing properties on the north side of Excelsior Boulevard.
Given the past development in Glen Lake and the location of the site, it would be beneficial to have a larger community engagement process to look at the northwestern part of Glen Lake, and how the redevelopment of the Kraemer’s site could integrate into other potential development on surrounding properties.

- **North Western Glen Lake Study**: As a result of the planning commission and city council discussion of the concept plans, the city undertook a small village center study of the northwestern area of Glen Lake. The process involved four community workshops to engage area residents and build consensus on how to shape a future redevelopment. The summary report and final recommendations are provided on pages A39-A85.

**Review Process**

Staff has outlined the following review process for the proposal. At this time, a formal application has not been submitted.

- **Neighborhood Meeting**: The applicant held a neighborhood meeting on February 2, 2015. Generally, the project was well received by those in attendance. Discussion items and questions included:
  - What will happen during construction to address potential drainage and erosion control north of twinhomes?
  - How to address stormwater? Underground tank? Rainwater garden?
  - What type of residential - rentals? condos? families?
  - How does height compare to previous?
  - Driveway access on Excelsior Blvd is busy already.
  - How much closer is proposed building to street than the existing?
  - Amenities for patios and balconies?
  - Sidewalks along streets? Extend to the twinhomes.
  - Lighting?
  - No commercial space in the building?
  - What is the phasing?
  - Like some cross sections of buildings along Excelsior.
  - Project is better than the previous concept.
  - Public space could be more natural.

- **Planning Commission Concept Plan Review**: The planning commission concept plan review is intended as a follow-up to the neighborhood meeting. The objective of this meeting is to identify major issues and challenges in order to inform the subsequent review and discussion. The planning commission reviewed the concept plans on March 5th (see minutes on pages A86-A91), and had the following comments:
The planning commission clarified that the applicant is proposing a total of four units on the north side of the development, not eight units as referenced in the applicant’s narrative.

The planning commission had positive comments on the transition from apartments to twin homes towards the existing single-family residential properties. They discussed the roof options for the north wing of the apartment building. Several commissioners preferred the gabled-roof to match the townhouse units, but noted that the building would have more visual mass from the west.

The commissioners expressed concerns about the proximity of the two access drives from Williston Road, and asked the applicant to look at combining the accesses.

Several commissioners liked the preservation and enhancement of the green spaces within the development.

Commissioners commented on the quality of the building design and materials.

**City Council Concept Plan Review.** The city council concept plan review is intended as a follow-up to the planning commission meeting and would follow the same format as the planning commission concept Plan Review. No staff recommendations are provided, the public is invited to offer comments, and council members are afforded the opportunity to ask questions and provide feedback without any formal motions or votes.

**Staff Recommendation**

Staff recommends the council provide comment and feedback to assist the applicant with future direction that may lead to the preparation of more detailed development plans. It would be useful if the council would provide their reaction and general comments on the land use, building size and density, architecture and general site design.

Through:  Geralyn Barone, City Manager
Julie Wischnack, AICP, Community Development Director
Loren Gordon, AICP, City Planner

Originator:  Jeff Thomson, Associate Planner
ADDITIONAL INFORMATION

Next Steps

- **Formal Application.** If the developer chooses to file a formal application, notification of the application would be mailed to area property owners. Property owners are encouraged to view plans and provide feedback via the city’s website. Through recent website updates: (1) staff can provide residents with ongoing project updates, (2) residents can “follow” projects they are particularly interested in by signing up for automatic notification of project updates; (3) residents may provide project feedback on project; and (4) and staff can review resident comments.

- **Neighborhood Meeting.** Prior to the planning commission meeting and official public hearing, an additional public meeting would be held with neighbors to discuss specific engineering, architectural and other details of the project, and to solicit feedback. This extends the timing that has historically been provided in advance of the planning commission review to allow more public consideration of the project specifics.

- **Council Introduction.** The proposal would be introduced at a city council meeting. At that time, the council would be provided another opportunity to review the issues identified during the initial Concept Plan Review meeting, and to provide direction about any refinements or additional issues they wish to be researched, and for which staff recommendations should be prepared.

- **Planning Commission Review.** The planning commission would hold an official public hearing for the development review and would subsequently recommend action to the city council.

- **City Council Action.** Based on input from the planning commission, professional staff and general public, the city council would take final action.

Roles and Responsibilities

- **Applicants.** Applicants are responsible for providing clear, complete and timely information throughout the review process. They are expected to be accessible to both the city and to the public, and to respect the integrity of the public process.

- **Public.** Neighbors and the general public will be encouraged and enabled to participate in the review process to the extent they are interested. However, effective public participation involves shared responsibilities. While the city has an obligation to provide information and feedback opportunities, interested residents are expected to accept the responsibility to educate themselves about the project
and review process, to provide constructive, timely and germane feedback, and to stay informed and involved throughout the entire process.

- **Planning Commission.** The planning commission hosts the primary forum for public input and provides clear and definitive recommendations to the city council. To serve in that role, the commission identifies and attempts to resolve development issues and concerns prior to the council’s consideration by carefully balancing the interests of applicants, neighbors, and the general public.

- **City Council.** As the ultimate decision maker, the city council must be in a position to equitably and consistently weigh all input from their staff, the general public, planning commissioners, applicants and other advisors. Accordingly, council members traditionally keep an open mind until all the facts are received. The council ensures that residents have an opportunity to effectively participate in the process.

- **City Staff.** City staff is neither an advocate for the public nor the applicant. Rather, staff provides professional advice and recommendations to all interested parties, including the city council, planning commission, applicant and residents. Staff advocates for its professional position, not a project. Staff recommendations consider neighborhood concerns, but necessarily reflect professional standards, legal requirements and broader community interests.
Members of the Planning Commission & Council  
C/O Mr. Loren Gordon  
Planner  
City of Minnetonka  
14600 Minnetonka Blvd.  
Minnetonka, MN 55345  

Re: Sketch Plan Narrative Kraemer’s Williston Road Redevelopment

Dear Staff, Council and Commission Members,

Lake West Development, LLC is pleased to submit a sketch plan set prepared by Collage Architects for comment and your questions at the next available Planning Commission and City Council meetings. With City comments being favorable, we would be able to move forward into the active and binding submittal process to gain City approvals, final funding and construction permits to make the drawings a real development. 78 apartments and 4 to 8 detached townhome units are represented on the submittal in a unique layout that responds to the site and the neighborhood. We have looked at many physical site issues and verbal issues over the last year. Several are commented on with this narrative. Some will have more detail at the final submittal for project approvals.

Upon a looks good at sketch plan review, the necessary guide plan amendments, rezoning and site plan approvals would be started.

**ISSUES FROM NORTHWEST GLEN LAKE STUDY(s)**
The sketch plan evolved by listening to the Glen Lake Study LISC Visioning process and study of the summer and fall 2014. Direct responses to items of significant group conversations for predominantly residential uses that diversify the community and build more of a multi-generational neighborhood are:

1. Build on Neighborhood walkability by minimizing curb cuts onto Williston Rd. and orienting to the Village on Excelsior Boulevard; The plan allows pedestrians to be the focus on Williston, while the auto is still featured on Excelsior Boulevard.
2. Be residential. Panelists at session 3 highlighted the need to limit commercial space to where practical and not to seek to add more as mixed uses. The proposal is only multi-generational residential. The residents will be able to support the existing businesses. By setting up this building with variable floor plan sizes, the current market can be reached at a variety of projected rents. The architectural plans can also be arranged to be in a position to combine units in the future for different floor plans should the building management recommend such a plan.
3. Don’t be too dense and minimize a plan targeted exclusively to seniors. The plan is market rate with apartment sizes that accommodate a variety of age groups; The height is limited to functional limitations due to building practices for the market, and to best blend into the ground as the site moves “up” Williston from Excelsior Blvd.
4. Be complimentary to other uses; The Building façade includes colors and other materials begun by other buildings in the area in order to complement the color pattern and build on the theme;
design picks up roof lines that enhance and repeat some of the building features already a permanent part of the area.

5. Explore combined sites; The plan transitions the land uses from a small cluster of townhomes to the north as either rental or owner occupied to the apartment building. The dance studio structure was examined in a sketch plan alternative, but ownership was not interested in a plan that blended the two properties with a single structure. The ability to incorporate the adjacent dance studio beyond joint access did not meet with success. Graphics were shared with staff. A repaired retaining wall and improved parking may be the best interim improvement. The joint access alignment may be the best site element to maintain for future redevelopment opportunities for the properties east of this corner site.

6. Include Elements that enhance the area as a unique and special place. The corner at Williston and Excelsior is set aside for place making, to engage pedestrians on a friendly basis in a green gathering space, at least in the summer. Should transit continue through this corridor, a stop can be added here. Urban design elements begun in the 4-block area can be replicated here to the extent visibility is maintained and the design responds to apartment and neighborhood users.

7. Limit surface parking by incorporating underground or structured parking. The building limits the surface lot to only Excelsior Boulevard and deliberately placed parking interior to the structure. A unique part of the design is how the parking on two floors is not connected in order to limit access onto Williston.

The plans in front of the Commission and Council for comment include the following land plan solutions. A presentation by the design architects, Collage will accompany this narrative.

**LAND USES & TRAFFIC – Reject mixed used in favor of Residential Only for less traffic**
The plan is 100% Residential although the incidental uses of rental office, community room, decks, storage, work out space are part of the apartment building space plan. Sketch schematics on Sheet 1 show the present land uses and the residential pattern that was recognized along Williston. The green open space spine of today is preserved in the proposal.

The parking access points were studied to minimize their impacts to Williston and recognize the current trends of a 1:1 ratio of underground stall per dwelling unit, plus adequate guest stalls. We removed the current commercial access location to Williston Rd. intentionally from the lot on Excelsior Blvd. to minimize traffic concerns. Only 23 stalls from the building access Williston Road as well as the 4 detached TH units north of the apartments;

A traffic memo as needed for final approvals can confirm that the net new trips of this proposal are less than what the prior retail uses created.

**NATURAL RESOURCES- reject density on northerly parcels to preserve pines and slopes**
The largest grouping of trees and natural pines is preserved at the SE corner of the wider residential parcels to the NE of the apartment corner. Proposed as a passive picnic and pet walking area, views and benefits of being in this wooded area are preserved. By being incorporated into the apartments grounds maintenance obligations, long-term management is gained. The south edge of this tree stand and its retaining walls will be explored for any weak spots and their probable rebuilding with this development.
Many more plantings are added at the streetscape and foundation level, along Williston and Excelsior Blvd and to create a corner entrance to the area at Williston and Excelsior Blvd. They are conceptually shown. A great feature for the building is the large 50’ x 80’ courtyard that faces Williston. It creates the second of four green spaces to the master plan.

ARCHITECTURE: reject too big a structure and blend into topography

The architectural elevations are sensitive to the height conversations of previous meetings and step up the hill, with two floors buried into the hill. The façade steps back using the courtyard for the impression of 4 primary structures at the Williston setbacks.

The density is at +/- 35 units an acre for the main structure. See sheet 3 for additional calculations to be confirmed by staff regarding various measurement metrics.

Balconies, different façade materials and use of retaining wall extensions create a series of private courtyard spaces of the Williston Streetscape.

A building elevation option is included on sheet 6 to see the difference a gable end makes to the portion of the structure where Williston is beginning the transition from commercial land use depths to residential.

SITE ORGANIZATION & TREES

Storm drainage needs to meet today’s criteria. Concept plans place rate control and water quality in 4 locations on the plan. Drainage patterns are preserved to the extent possible throughout the plan and the use of the well draining soils in storm ponding rate control structures is being explored in the next design phase. Holding ponds are:

1. Under the new parking lot along Excelsior Boulevard, using some of the space created by the former basement of the existing hardware store;
2. An infiltration Basin is envisioned in the NW at existing low spots where the natural ground grades preserve trees and current rate control in a non engineered design currently;
3. Flat roof design creates rate control storage prior to entering other site storage tanks, some for irrigation use on landscape areas;
4. Courtyard at the second floor level as Williston climbs houses the largest containment zone that could function for irrigation and other green technology features.

Respectfully,

Curt Fretham
Owner
INDEX

78 UNITS
60 1-BEDROOMS
18 2-BEDROOMS
96 BEDROOMS
78 INTERIOR STALLS
41 EXTERIOR STALLS
119 TOTAL STALLS
= 1.52/UNIT
= 1.3/BEDROOM

2.2 ACRES:
35.0 DU/ACRE
67,948 GROSS AREA (FIN)
= 0.71 F.A.R.
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FUTURE REDEVELOPMENT TO BLEND ACCESS 
AND GRADE

EXISTING BLDG 
REPLACED 
BY OTHERS

WALLS REPLACED

ACCESS ENTRANCE (65 UNITS)

10' JOINT ACCESS EASEMENT 
(FUTURE REDEVELOPMENT)

WALL ALONG SIDEWALK 
REMAINS AS IS

10' JOINT ACCESS EASEMENT 
(FUTURE REDEVELOPMENT)

MAXIMIZE USE OF CORNER AS 
COMMUNITY AMENITY

- SINGLE FAMILY & MED DENSITY 
SETBACK LINE.
- PRIVATE COURTYARD OVER 
STORM WATER HOLDING AREA, 
POTENTIAL IRRIGATION RECYCLING.
- ACCESS TO BEST LINE UP WITH 
PROPERTY ACROSS STREET

WQ/RATE

WQ OPT.

35'

- SITTING AREA FOR VIEWS
- EXISTING TREES SAVED FOR 
PASSIVE PICNIC, DOG WALK 
SPACE FOR APARTMENTS.
TOWNHOMES DETACHED FROM APARTMENTS
GABLE ROOF ON APT HERE TO PROVIDE DIVERSE TRANSITION
FLAT ROOF ELSEWHERE FOR RESIDENTIAL STORM RATE CONTROL
ROOF DECK
CORNER VISIBILITY TO BE MAINTAINED

CORNER VIEW
RESIDENTIAL / COMMERCIAL "FEEL" FOR LAND USE TRANSITION

ROOFTOP DECK, 4TH FLOOR

STREET VIEW
GABLE END 50' TO STREETSCAPE AS TRANSITION
BUILDING HT= 45'

ROOF DECK
BUILDING HT= 45'

BUILDING HT= 45'
BUILDING HT= 35'
BUILDING HT= 35'
BUILDING HT= 35'
BUILDING HT= 45'

WILLISTON ROAD ELEVATION
EXISTING CROSS ACCESS TO REMAIN

GUEST PARKING DAYTIME CROSS ACCESS
POTENTIAL. OPTIONAL CROSS ACCESS TO BE EVALUATED AT 80% OCCUPANCY

EXCELSIOR ROAD ELEVATION
EXISTING BUILDING
INDEX

20 UNITS
23 STALLS
16,827 FSF FIN. AREA

SECOND LEVEL PLAN 1" = 25'

- Second floor elevation at 965'
- Views south over Excelsior
- Semi-private open space
- Views east & towards wooded area over retail
- Courtyard area (semi-private)
- Units hardly visible from Williston area
- Open porch
- Walls for privacy and grade change, storm chamber behind
- Drive access to Williston
- Area of building below grade
- Grade at +/- 973'
- 23 stalls 964

KRAEMER SITE
Minnetonka, MN
FEB.2015
Section C  Village Areas

The concept of a village signifies a tightly organized, multi-purpose center of activities. Aesthetics and physical lay-out of the village area contribute to the overall function and identity of the area. The impression gained from streetscape, signage, roadway network configuration, building design and layout notifies visitors that they are entering an area that has a coherent image and identity, and is convenient to access.

The following attributes define and distinguish each of the community and neighborhood village areas in the city:

* The geographic area is centered around or near a major intersection or community resource, and may cover a broader area.
* The area is organized, accessible and well connected to other areas of the city.
* Villages will incorporate both internal pedestrian connections, such as sidewalks and trails, and also accessibility to various transportation alternatives.
* The existing and planned uses within villages are organized to form a cohesive pattern.
* The villages include retail and service uses, and may accommodate a mix of medium and high density residential uses.

Areas designated as villages are expected to evolve over time as redevelopment and other changes occur. Redevelopment projects, public investments and other changes within the area should contribute to more intentional organization, land use character, intensity of uses, and functionality.

The city’s villages, identified in the Minnetonka 2030 Vision in Chapter III, are organized into three types of function, as defined by uses, intensity and residential density. The three types—community, neighborhood, and special purpose villages—are described below. Specific land use direction criteria are provided for those villages considered most likely to attract additional development and redevelopment in the coming years.

Community Village Centers

Community villages are the largest of the three village centers. Market demand for continued commercial activity in these areas is expected to remain strong in the future. These areas should support additional high density residential redevelopment in appropriate locations. The community village centers include Glen Lake Station, the Highway 7 and County Road 101 area, and the Minnetonka Boulevard and County Road 101 area.

1. Glen Lake Station

The Glen Lake Station area has undergone numerous redevelopments since it was established as an early commercial center in the city. Redevelopment efforts have been aided by public investments and the development of a variety of land uses to encourage the evolution of the
area as an attractive, interesting and pedestrian-friendly community center. These efforts have been guided by several previous plans, including the Glen Lake Study (completed in the late 1970s) and the 2003 Glen Lake Neighborhood Concept Plan (not adopted by the city).

In concert with these plans, commercial development and redevelopment has occurred on the north and south sides of Excelsior Boulevard, east of Eden Prairie Road. A variety of commercial uses now anchor the area including a grocery store, drug store, bank, restaurants and numerous small shops and other services.

Additional commercial redevelopment is underway within the Glen Haven shopping center. Additionally, several senior multi-family housing complexes have been built on the north side of Excelsior Boulevard and new multi-family developments have been completed or are undergoing construction south of Excelsior Boulevard, north of the lake.

The Glen Lake Station Park at the corner of Excelsior and Beacon Hill provides a focus for the commercial area and nearby ballfield facilities provide recreational opportunities for residents in the south Minnetonka area. Additionally, existing and planned trails and sidewalks that provide access to greater Minnetonka, Eden Prairie and other surrounding cities, connect the area.

The one aesthetic drawback to the area is the Xcel substation that serves the southwest metropolitan area. The city has worked to lessen the impacts of the substation by providing landscaping and screening of the facility.

The following land use strategies will guide future development and redevelopment in the Glen Lake Station area in accordance with the 2030 land use plan for the area shown on Figure IV-2:
A. Continuation of the approved development pattern and land uses.
B. Provision of internal and eternal connections to neighborhoods and facilities.
C. Limitation of height of new development/redevelopment to the overstory tree canopy (3–5 stories).
D. Incorporation of sidewalk and trail improvements along major pedestrian corridors.
E. Provision of additional and/or improvement to existing transit facilities and programs.

2. Highway 7 and County Road 101 Area

A. Existing Conditions

The Highway 7 and County Road 101 (“7/101”) area is the largest community village area in the city. It is bordered and well buffered on three sides by the floodplain of Purgatory Creek and associated wetlands. Three of the quadrants of the intersection contain shopping centers with “big box” retail uses. The 7/101 Plan, adopted in the late 1970s, guided previous development activities within the area.

The shopping centers on the north side of TH 7 were constructed on portions of “reclaimed” floodplain and wetland areas of Purgatory Creek. The old 7-Hi Shopping Center (now Super Target), located west of CR 101, was constructed in the 1960s prior to the adoption of the city’s wetland and floodplain ordinances. The Super Target shopping center has undergone two substantial upgrades since it was originally developed. Free-standing banks and other businesses also occupy properties within this quadrant.

The Cub/Westwind Shopping center, on the east side of CR 101, was constructed on land made available for development by roadway and stormwater improvements to correct conditions created by agricultural drainage. Corridor improvements currently are underway for CR 101, north of TH 7, to improve traffic safety and improve trail connections, bury power lines and add streetscaping.

The southwest quadrant of the 7/101 area contains a diverse collection of small office, retail and multifamily uses, in a triangle formed by Excelsior Boulevard on the south side. Other retail stores, a restaurant, and a large office occupy the southeast quadrant.

Medium-density housing developments are also located adjacent to the 7/101 area, but are well-buffered by wetland and floodplain areas. The area’s proximity to Minnetonka High School and its connections to the city’s trail and walkway system along Purgatory Creek and CR 101 contribute to the area’s vitality and access from community neighborhoods.

B. Planning Issues

Although a number of services are offered in this area, the four quadrants of the intersection are not well-connected, making it difficult for residents from the surrounding areas to access the services by foot or bicycle or for shoppers to perform multiple shopping trips with just one automobile stop. However, an existing trail underpass, east of the TH 7/CR 101 intersection, provides some connectivity for the eastern portion of the intersection.

Some of the businesses in the area currently are not performing at full capacity. In addition, the area generally does not take full advantage of the surrounding natural amenities—particularly Purgatory Creek and its associated wetlands and wooded areas. Given the potential for more cohesive activity at this intersection, it is likely that some redevelopment will occur in the future.
Previous Concept Plans

**Public Parking**
- 72 stalls

**Retail**
- 9,400 sf

**First Level Plan**

Excelsior Boulevard
Minnetonka, MN

September 11, 2013
Kraemer's Redevelopment
14730 Excelsior Blvd.
Private Parking
104 stalls

RESIDENTIAL PARKING PLAN
Previous Concept Plans
B. Concept plan review to redevelop the Kraemer’s Hardware site at 14730 Excelsior Boulevard and the single family residential property at 5439 Williston Road.

Gordon reported.

O’Connell asked what could be located on the site without rezoning. Gordon explained that B-2 zoning would allow a floor area ratio (FAR) of .8. Uses could be a retail store, restaurant, gas station, commercial offices, and professional offices. A building could be up to 3 stories tall.

In response to Chair Lehman’s question, Gordon stated that the Beacon Hill high-density use existed first. Chair Lehman stated that changing the land use for the property north of the Kraemer’s property from residential had been requested before.

Curt Fretham, of Lakewest Development, applicant, was thankful for the opportunity to speak. He provided a description of the uses surrounding the proposed site. He stated that:

- The current R-1 zoning abuts commercial zoning and would make it difficult to create half-acre, single-family lots.
- Excelsior Boulevard and Williston Road have been graded but nothing has been tied in. Some grading would have to take place, but in a respectful and least-intrusive manner.
- The total site is approximately 2.8 acres. He is proposing a 4.5-story, mixed-use building with surface and underground parking. There would be 98 residential apartment units and 9,400 square feet of retail space.
- Neighbors were concerned with grading, traffic, parking, green space, height, size, unit count, over saturation of apartments, and providing a park area. All of the concerns are legitimate.
- The building would be integrated into the existing topography. Surface parking would be in the rear of the retail use. From Williston Road traveling south, the building would not appear to be 4.5 stories. Traveling from the west to the east on Excelsior Boulevard, it would look like a 4.5-story building. There would be a courtyard to break up the visual. The site is the gateway into the Glen Lake area.
- The building would be pulled forward to the street. He was interested in feedback on that. It would allow some landscaping to break things up.
• Due to neighbors' concerns, four twin homes would be built on the north portion. That would provide a transition to single-family houses on the north. He would appreciate feedback on that concept.
• Including a playground or park is being considered.
• The buildings would have a flat roof to help decrease the scaling and mass.
• The benefit of the proposal is that it would bring new life to the corner and bring active people to the area who would appreciate the walkability of what Glen Lake has to offer. It would provide for diversity of housing which is a city goal. It would help retailers in the area.
• He would appreciate thoughts on whether the proposal would be worthy of a comprehensive guide plan change. It would change a commercial district to high-density residential and a small portion of a low-density residential district to high-density residential zoning.

Chair Lehman asked if the courtyard would be flat or sloped. Mr. Fretham answered that it would be a private, recreational area for the residents on top of the parking garage. It would be flat. The topography would help hide part of the building. Chair Lehman would like to see what that profile would look like. Mr. Fretham answered that profiles and elevations would be done further along in the process. Mr. Fretham explained that the parking ramp on the south side would be exposed to Williston Road. The parking ramp would disappear under the hill when traveling north on Williston Road. The courtyard would be flat and sits on top of the parking ramp. Mr. Fretham noted that the parking ramp would look like a building.

Chair Lehman asked about the transition to the uses east of the site. Mr. Fretham said that is a challenge right now. There would have to be retaining walls or an agreement with the neighbors regarding grading. That part has not been worked out. Chair Lehman noted that large retaining walls have not been well received in the past.

Chair Lehman questioned if a plan that did not move the building forward had been considered. Mr. Fretham answered positively. He was open to shifting the building. He was interested in others’ opinions. The building would appear larger the closer it would be to the street. Moving the building closer to the street would save trees. Chair Lehman and Mr. Fretham noted that other buildings in the area are pulled back.

Kirk stated that there would be three stories of apartments above ground. He asked if retaining walls would allow the first story of apartments to disappear under the north slope of the next lot. Mr. Fretham said there would not be a retaining wall, but the grade would hide the first floor of apartments on the north side. Kirk asked if the bottom floor of apartments would have windows. Mr.
Fretham said that there would be 2.5 stories above grade on the north end. Kirk confirmed with Mr. Fretham that there would be two stories of parking below grade.

Kirk said that elevations would be helpful. Kirk asked if there are retail tenants lined up. Mr. Fretham answered in the negative. He would like to have a restaurant, but, because of the parking requirements, only a restaurant on a small scale may be possible.

Kirk noted that the former Kraemers’ site becomes an overflow parking area often. Kirk and Mr. Fretham discussed parking issues in the area. Odland noted that it is a general safety concern.

Kirk was not sure if pulling the building forward would be wanted. A master plan for the entire area that would include the gun shop, post office, and dance studio would be beneficial. The proposal seems abrupt for the site to have an urban landscape with a tall building pulled to the front. He would like to see the site developed. Putting a fresh coat of paint on the existing building would not be enough. However, he saw this proposal as a lot of building.

Odland stated that the intersection of Williston Road and Excelsior Boulevard becomes one lane traveling west. The area is very congested. The area has The Gold Nugget, empty retail space, senior buildings, and The Glen which put a lot of mass in that neighborhood.

Kirk was worried there would be no buffer on the north, but feels better with the possibility of twin homes. He would want to see a greater buffer on the north side if it would not be known how the lot immediately to the north would be developed. It might make sense to pull that property into development now as part of a planned unit development to provide a buffer for something higher density or if the other two parcels would need to provide a buffer. Between Williston Road and Beacon Hill, it looks like the whole corridor could be developed differently to be more consistent instead of going from single-family to high-density residential. Looking at this one corner, it appeared to be too much.

Odland concurred.

O’Connell could not tell whether the proposal would be too big for the corner without elevations.

Odland asked how many apartments are located above The Gold Nugget. Gordon answered that The Exchange Building has 54 market-rate rental units and 20,000 square feet of commercial space with underground parking and access from Stewart Lane. That site is 3.5 acres. The proposed site is 2.8 acres.

Mr. Fretham stated that his site is bigger than the other site.
Odland stated that The Exchange Building is setback from Excelsior Boulevard and there is ample parking in the front. This site is surrounded by other businesses and a post office that is very congested and difficult to get through. Mr. Fretham agreed. He was fine with locating parking in the front. Odland asked what could be done to reduce the size and mass. She asked for other options for the space. Mr. Fretham stated that is a good, but tough question. He could take a look at reducing the number of units.

O'Connell clarified with Mr. Fretham that the first plan did not include the lot north of the site, but Mr. Fretham now has control of that lot.

The public hearing was opened.

John Goodrich, 14924 Excelsior Boulevard, stated that:

- Commissioners’ questions were excellent.
- The houses are nice with large yards that would abruptly border a large building.
- The proposal would have almost double the number of units as The Exchange Building and be located right next to the street. That needs strong consideration. It would be too abrupt of a change.
- The Kraemer’s property and the two adjacent properties are eyesores. Hopefully something can happen there.
- To put 98 apartments next to a dance studio and a gun shop does not seem to be the best option. It would be disjointed and disconnected. It would not fit.

Richard Urban, 5625 Eden Prairie Road, stated that:

- He complemented the developer for accurately characterizing the results of the first neighborhood meeting. The concerns are with the density and traffic.
- The corner is oddly shaped. Ninety-eight units would cause several hundred trips on Excelsior which already handles as much traffic as it can.
- He was not quite as concerned with the abruptness because the corner is the concentration of commercial uses. Without addressing the gun shop and dance studio, the redevelopment falls apart because of the difference between new and existing buildings. He is more worried about that abruptness. The area could end up with a very large building next to small, cinder-block style buildings with minimal parking. Without doing the entire area, redevelopment cannot work.
- He liked the concept of building it back into the hill. There is too much close-to-the-street parking in that neighborhood. That is part
of the problem with the commercial area. All of the parking is concentrated on the street side. It reduces the attractiveness. Covered parking in the back would be better.

- The density would be too much.

John Shepherd, 14501 Atrium Way, stated that:

- He urged commissioners to take into consideration the ambiance of the proposal. It is an interesting proposal. He gives credit to the developer. It would add new vitality to the Glen Lake area.
- His condominium is on the ground floor and looks on Tree Street. St. Therese is a 5-story building not in keeping with the spirit of Glen Lake. It effectively removed all of his natural lighting. It has negatively impacted the value of his apartment.
- He agreed with the other speakers.
- The ambiance and the size of the building should be taken into consideration.

Ann Flanagan, 15024 Cherry Lane, stated that:

- The proposal has positive things, but she is concerned about the size. Ninety-eight rentals on two acres of land is an awful lot.
- She liked the access on Excelsior Boulevard. There may need to be a stoplight between Williston Road and County Road 4.
- The idea of twin homes on the north piece would be a good transition.
- This is a nice residential area that should remain a nice residential area.
- She agreed with comments regarding the building being oversized.
- A flat roof would be better.
- She would prefer more green space on Excelsior Boulevard.
- Parking in the rear would be better because parking is a nightmare near the post office.

Charles Oslund, 5408 Williston Road, stated that:

- He was speaking also on behalf of residents of 5402, 5406, and 5410 Williston Road.
- He had an expectation that residential zoning would remain. He thinks it is wrong to change zoning. Zoning should stay the same forever. It reduces the monetary and personal value of a property to change it.
- He thinks it is wrong for the city to expect a builder to do affordable housing in Minnetonka. He favored the developer proposing what would work economically.
• He asked if there would be a possibility for the developer to get the gun store and dance studio. A more uniform design for the whole area would be better. Right now, the proposal would ruin the neighborhood.

Bob Trojan, 5653 Glen Avenue, stated that:

• He thanked commissioners and staff for their work.
• He appreciated the effort to redevelop the area, but with double the density than what exists above The Gold Nugget it seems a bit much. It would be too tall.
• He agreed with Kirk’s thoughts regarding the gun shop and dance studio. The proposed building would look obtuse. It would change the character dramatically.

The public hearing was closed.

Chair Lehman encouraged the developer to provide more visuals. There are concerns with the mass. He preferred pushing the building back from the street. He opposed replacing the space between the building and street with parking. Adding twinhomes on the north side is a good idea and enhances the proposal. He is interested in how the proposal would flow with what is east of the site. He conceptually liked the idea of retail, residential, and parking mix. Finding the right balance is yet to be worked out.

Odland asked if there are limits for size and mass for the site. Gordon explained that the comprehensive guide plan outlines a range of redevelopment opportunities for the site including a building with height of 3 to 5 stories. Odland noted that the site is an entry to the Glen Lake village center. The area has steep topography and an abrupt change of use from commercial to single-family housing. Gordon stated that there is not a lot of guidance on how to transition, so that is a good discussion for commissioners.

Odland noted that the area near Ridgedale Center has more apartment buildings. She was not sure the proposed site would be appropriate.

Kirk confirmed with Wischnack that TIF funding has not been requested at this time.

Kirk would not be afraid to rezone a site if it benefited the area. This is a great example when an R-1 district abuts commercial uses. Creating a transition area makes sense. He did not want to see the building pulled back far enough to have parking in the front. Pulling it back would reduce the appearance of the mass. He could not imagine 98 units. He thinks it would be way too big for the site.
Odland noted the number of school buses that travel on Williston Road and the number of children who cross Williston Road. The traffic burden would be a concern.

Kirk is not worried about Williston Road. It would be Excelsior Boulevard handling the trips created by 98 units which each averages 7 a day. He had trouble getting out of the site when Kraemer’s was located there because of traffic.

Odland stated that there are already stoplights at both intersections and the county may not allow a stoplight in the middle of a block. It may make traffic worse.
B. Concept plan review for Kraemer’s Hardware redevelopment at 14730 Excelsior Boulevard and 5439 Williston Road

Gordon and Wischnack gave the staff report. Wischnack suggested using a process similar to the one that was used for the Minnetonka Mills area.

Wagner noted the process used for the Minnetonka Mills area was beneficial. It was good engagement in a less threatening manner. He suggested combining the village center process with the process Wischnack was suggesting for this area.

Acomb said she participated in the Minnetonka Mills area process as the representative for the park board. She said a lot of her neighbors who also participated felt it was a great opportunity to get better insight with a much better back and forth engaging process. She thought a similar process would be beneficial for the Glen Lake area.

Schneider said he attended the Minnetonka Mills area meetings. There was a good facilitator who kept the group on task and there was a good civil engagement. Another component that was helpful was it was not the community debating with the developer but it was an independent development panel indicating that for a development to occur in a quality way there had to be certain levels of density and certain economic expectations. Different scenarios were run to provide comfort level to the residents. The challenge for the Glen Lake area would be figuring out how to include or exclude the gun shop and dance studio. What happens with that property should be compatible with what happens on this corner. He said the corner was large enough to develop on its own without waiting for the other property but the property north of this property needed to be developed concurrently. This would eliminate the concern that another wing to a development would be added later.

Wagner said the exercise should not just look at this site but also look at the broader area and how the properties would interact.

Allendorf said there were competing interests on the corner. An overall planning session that looks at the gun shop and ballet studio properties as well as this property and the two residential properties would run into some constraints unless rules are setup ahead of time. If a planning session would lead to the perfect getting in the way of the good by saying 30 years from now the gun shop would be part of this property therefore not having anything done for 30 years would be a disservice. He didn’t think the residential properties on Williston Road could be connected with
a commercial piece of property on the corner. If some ground rules could be established recognizing the residential properties, recognizing the hardware store property was in play because it was vacant, and recognizing the existing businesses, he would support the process.

Bergstedt noted the property was in his ward and just looking at the plan in front of the council, he would have some of the same comments as the previous item regarding density. The Exchange building has 54 units and adding 100 more units perplexed him. Even though there was agreement something needed to be done on the corner, to try to meld the proposal into something without looking at the adjacent properties troubled him even more. Right now the traffic issues, the egress, ingress, parking made the area dangerous. To put a large development in without looking at the bigger picture seemed to be way premature and doing things backward. He agreed using the Mills process seemed to be a good answer. He acknowledged there were strong feelings about past development in Glen Lake and using the Mills process would add transparency and hopefully facilitate some good discussion. There also hopefully would be more buy in and understanding when a project does move ahead.

Ellingson said he agreed using the Mills process was a wonderful suggestion. He attended one of the Mills’ meetings and thought it was a terrific process for informing the neighbors. The history of the development in Glen Lake was there were two neighborhood meetings after the formal application had been submitted. At the beginning of the second meeting he asked the developer if anything would change in the proposal based on the neighborhood comments and the developer indicated he was not going to change anything because the proposal was his vision for the area. This was unfortunate because the process did not include the neighbors until after the formal application was submitted and then the developer did not listen to neighbors’ comments. What then got build was different from what had been proposed because of the economy.

Wagner said there still was a risk that a developer would not listen to the feedback and still submit an application forward. He said with the Mills process people at least understood the context of how a developer and land owner make decisions.

Schneider said with the Mills process the end proposal was something the neighborhood could live with even though it never got built. Everyone agreed the proposal could work well in a very complex setting.

Wischnack said by using the process she didn’t want it to be viewed as a way to delay a project. It was important that the developer understand that the process would be used to get an end result that could be approved.
Wagner said he was pretty certain no one on the council would support the density in the concept plan.

Don Jensen from Lake West Development said the single family home adjacent to the property was built in 1958. The facility holding the dance studio and gun shop was built in 1965. The post office was built in 1966. The homes to the north would add an acre to a PUD. The entire area was around 2.8 acres. This would mean there would be 37 units per acre not the number that was in the staff report. If the concept plan moved forward there would be patio space further to the north with Williston Road to the left. There would be a catch grade to Williston as the elevation rose. There would be an additional walkway in order to locate a sidewalk at the right elevation. If it was decided a combination of retail and residential was appropriate the feedback being looked for were thoughts about the configuration. The goal was to accomplish something on this site and move adjacent in time. Another issue that needed to be resolved was transitioning from the high hill the remaining homes to the north were the highest in the sub-neighborhood and had a lot of trees that were at the end of their life cycle. Part of a solution to minimize retaining walls could be a PUD agreement that some of the trees could be removed so the next 150 years of growth could happen. This would allow the removal a substantial amount of retaining walls. He said the light rail authority moving forward would affect the market research in terms of what was the best tenant mix for this structure.

Schneider noted if it was decided to go ahead using a process similar to that used for the Minnetonka Mills area, information from the developer involved would not be relied on. Rather a professional development panel that was independent of Minnetonka would be brought in to discuss ideas of what may or may not work. He said for the Minnetonka Mills process the potential developer was behind the scenes observing and not really participating. In this case the developer could choose to participate or not to participate. Acomb said the community would feel as if the process was being directed a certain way if the developer had a large input. Wischnack said the type of participation the developer might be involved with was coming to the meetings and observing.

Curt Fretham from Lake West Development said he heard there was not any support for the project in the concept plan. He asked for direction if there was some support for elements of the plan which would require a guide plan change. Without that he felt he would be spinning his wheels as he went through the process. He was OK going through the process if the council felt there was something that could be worked with.

Allendorf said for past projects Fretham had brought to the council he had asked for direction for different options. Allendorf said that was why staff
was suggesting this other process. He said this project from a traffic standpoint, from a density standpoint, from a planning the entire corner standpoint was not going to get council support. The process being suggested would give Fretham explicit direction from the council and from the neighborhood. He didn’t see anything in the concept plan he could support.

Schneider said the number of units and the magnitude or mass of the building was causing the concern. Having a market rate rental project in the corner as an anchor to the Glen Lake area with a certain appropriate number of units was the right thing to do. He wasn’t sure about mixed use but he was open to a guide plan change for the right use. He thought the property to the north would be better developed as townhouses or twin homes. He said he thought there needed to be some redevelopment and additional density on the corner but the question was to what level and magnitude made sense. The process would engage some independent thought processes to what really made sense economically as well as spatially.

Allendorf said he did not like anything about this project. Schneider asked if he liked the housing. Allendorf said not integrated the way it was with retail. He said he thought there was residential available on Williston Road with the two lots that were appropriate for some level of residential. Schneider asked if Allendorf agreed that housing on the corner might work. Allendorf said he didn’t think it would work together with the one house.

Wagner said the best advice he could give to Fretham was the concept plan was so over the top that the council was adverse to providing feedback. The best course of action if he wanted to develop the corner was to help the staff and neighborhood figure out what could work on the property and what could integrate years down the line with the next two pieces of property. This was an integral part of Glen Lake and he wanted it figured out how everything would fit together.

Bergstedt said he agreed with Wagner. He said he was shocked with the density in the concept plan. The neighbors in the area had concerns. If everyone was excited about following the process where there could be a better idea for the broader area, and how things may redevelop with neighborhood buy in, there would be education on both sides. For the council to give too much direction would circumvent that process.

Wischnack said the process would include two months for the workshops and another month for the report.
Allendorf asked for information about the notice area. Gordon showed the area that encompassed around half a mile in radius from the site and included around 340 properties.

Acomb asked if people who wanted to participate outside the notification area would be allowed to participate. Wischnack said anyone in the city could participate.

Lindi Doherty, 14924 Glen Oak Street, thanked the developer because something was needed on the property. She thanked the council for getting the community involvement. She thought there needed to be a step by step plan. She was concerned there was a timeframe put around the process both in terms of getting something done as well as for the developer. The risk was the developer walking away all together.

Ann Flanagan, 15024 Cherry Lane, was grateful that the council was listening to the neighborhood. She agreed something needed to be done with the corner but the concept plan proposed something that was way too large. Adding 98 apartments and retail really would be intrusive.

Becky Henry, 5425 Spring Lane, thanked the council for the consideration of the project. She was concerned about high density. She was concerned with traffic issues not only for this area but the greater area. Trying to get west on the arteries with the additional PUDs would make Highway 7 a parking lot and would lose the city’s wooded and open space appeal.

Schneider suggested using the process as part of the 2014 village center process whether or not Fretham chose to continue.
Summary
The City of Minnetonka enlisted the Twin Cities LISC’s Corridor Development Initiative (CDI) to facilitate a series of community workshops from June to August 2014 to identify development guidelines for the northwestern site in the Glen Lake neighborhood. The development guidelines will be presented to the Minnetonka City Council and EDA for their consideration.

The Corridor Development Initiative works to provide an opportunity for community members to help guide future development rather than simply react to a specific development proposal. The Corridor Development Initiative is an interactive process that brings diverse interests together to share perspectives and find common ground. The process creates the opportunity for people to discover and strengthen a voice of compromise, and to witness a way for diverse interests to achieve a shared vision.
The Study Area: Glen Lake’s north western site
The Glen Lake district is one of eleven village centers located throughout the City of Minnetonka. Originally a train station, the Glen Lake neighborhood has a small town feel and sense of community, amidst a glorious natural setting, including Glen Lake. The Glen Lake commercial area, located along Minnetonka Boulevard at Eden Prairie and Williston roads, is a mixed use area that includes walkable neighborhood-scale retail, and a range of housing (single family, multi-family, and a variety of senior living options).

The north western site is the last section to be redeveloped along the Glen Lake commercial area, and contains 10 individual parcels. A recent proposal for redevelopment on a portion of the site triggered the interest by the City to gather community input to inform their review and assessment of alternatives. The City determined that the Corridor Development Initiative would be a valued resource for informing what future development options might be considered. By utilizing the CDI series of community workshops to articulate community values for the area, and incorporate financial realities to potential development scenarios, the City of Minnetonka would be better equipped to respond to or guide subsequent development proposals. The CDI process provided an opportunity for community members to help set the stage for potential redevelopment, rather than react to a developer’s proposal.
Overview of the Corridor Development Initiative Process:
The Corridor Development Initiative consisted of four community workshops. Approximately 93 community members attended the workshops, aimed at gathering input on community values and concerns, and assessing likely development scenarios that could meet those values. The process involved a technical team of facilitators, designers, developers, and city staff to inform and support participants as they explored ideas. Resulting from the process was an increased understanding by participants about the site’s challenges and opportunities, and identified ways that redevelopment could enhance the area for future and current residents. The purpose of the CDI process is to identify a range of development options that meet community goals and market viability, rather than landing on one specific development direction or product.

Community Outreach
A variety of methods were used to notify the community about the Minnetonka Glen Lake Corridor Development Initiative workshops. Information about the public workshops was distributed through:

- A direct mailing of “Save the Date” postcards announcing the series of workshops to the neighborhood (notification area)
- 200 flyers distributed to the local businesses, to be posted for their customers.
- Email notification to the City’s list serve.
- The City of Minnetonka web site

Child care and translation services were available upon request to limit obstacles for participation. All participants that signed in for any of the workshops were notified in advance about upcoming sessions by email.

The series of CDI community workshops were held in the Chapel of The Glenn at 5300 Woodhill Road. They included:
Workshop I: Gathering Information
Monday, June 30, 2014
Presentations were provided by City staff, and Todd Rhoades of Cermak Rhoades Architects about the Glen Lake neighborhood, and participants were asked to respond to four questions:

1.) What makes the western Glen Lake area interesting or unique?
   Themes: Small town feel / sense of community, small businesses, safe, natural setting, unique location.

2.) What could be accomplished through development that would improve or enhance the area?
   Themes: Additional services / businesses, housing, attract customers to the area, stronger connections, visual appeal.

3.) What concerns for the area do you have as future development occurs?
   Themes: Traffic / parking, size / scale, housing, environmental concerns, types of commercial uses.

4.) Are there specific needs (housing, retail, office, etc.) for which this site would be a good fit?
   Themes: Housing, retail, community space.

Workshop II: Development Opportunities – Block Exercise
Monday, July 14, 2014
Participants worked at three tables, two that included the larger study area and two that included the subset of properties that are currently being considered for redevelopment (active sites), to explore different development scenarios. The scenarios were presented to the large group, and everyone discussed what they learned through the exercise. A few of the scenarios were within range of being financially viable.
Workshop III: Developer Discussion  
Monday, July 28, 2014  
A panel of developers that represented a variety of development products (mixed use, senior housing, and commercial development) responded to questions from participants and provided information on the challenges and opportunities of redevelopment for the study area, and for the larger Glen Lake commercial area. The community desire for a grocery store or pharmacy for the area will require creative solutions (such as a smaller format grocery store or cooperative), given that the Glen Lake commercial area is not likely to attract “big box” or national retailers. When asked what their recommendations were for the site, all the panelists agreed that residential had the greatest potential for the site, with a small amount of retail and/or office space (mixed-use).

Workshop IV: Framing Recommendations  
Monday, August 11, 2014  
Draft development guidelines were reviewed and edited by participants to reach consensus for the final recommendations (Attachment A). The final recommendations will be presented to the City Council and EDA at their September 15, 2014 meeting.

At the final workshop participants offered some reflections or take-aways from the Glen Lake CDI workshops:
- The process provided a concrete idea of what NW Glen Lake site could be and what it won’t be. It won’t be a big-box destination, which is reassuring. And it will likely be residential with some retail.
- There is a need for higher density to make commercial uses viable.
- The community perspective is important in shaping the core values, but what happens depends on the developer and the nature of the proposed project.
- We need more kids in the Hopkins school district (attract young families).
- Is this a vision for the Kraemer store? Or for the larger area?

  *The study area is broad (from the BP Station to the Kraemer site). The CDI recommendations will help the City react to redevelopment proposals for any of the parcels.*

- Recognition of the need to strengthen the walkability and bikeability of the area - could use more sidewalks and bike-only designated areas.
- Look for ways to strengthen the Glen Lake neighborhood as a special / memorable place.

Community Participation  
Workshop participants were largely residents from the immediate and surrounding area. A few local businesses owners also attended, as well as city officials. 40% of attendees participated in 2 or more of the workshops, and 7 out of 93 participants attended all four. An average of 36 participants attended per workshop.

Evaluation of the CDI Process  
An evaluation form was distributed at each of the four meetings in the project series. The evaluation for the first three sessions sought to assess the degree to which the goals for the evening had been met and asked for specific suggestions for the next meeting. The evaluative question at the fourth meeting was the level of support for the final recommendations.
Demographics of Participants
A couple of demographic questions were asked regarding the length of time living or working in the area and the age group of participants. The large majority of responses came from long-term residents and adults/seniors.

Satisfaction
A question was also asked regarding the level of satisfaction with the meeting and the overall project. The number of people attending and completing evaluations varied for each of the meetings—ranging from a low of 13 at the 3rd meeting to a high of 26 at the first meeting. The vast majority (over 97%) of respondents were very or somewhat satisfied with each of the meetings and the project overall. Out of a total of 68 evaluation forms received throughout the project “somewhat dissatisfied” was indicated on only 2 of them.

Individual Meeting Comments
Below are things that respondents reported worked best during each of the four meetings.

Meeting 1:
• Group session discussions
• Well organized
• Working together
• Good to hear so many ideas/concerns expressed by neighbors
• Briefing
• Overall very effective
• (5) Small group discussions, Small groups it was nice to have the collaborative effort Table talk, Break-out block writing sessions and hearing others responses
• Having questions prepared
• Well ran
• Good introduction
• (2) Multi input from many, Getting input from the community
• Enough seating for everyone
• Like the brainstorming between residents

Meeting 2:
• Good group facilitator
• Got in a good group
• Splitting into group
• Everything
• Good leadership
• The physical demo
Meeting 3:
• The Panel
• Questions and answers
• Very informational
• Panel setting
• The questions facilitated by Barbara
• Good balance and qualified panel
• The moderator was fantastic one of the best moderators I have witnessed
• Good mix of panelist. I appreciate Barbara queuing up audience questions, so no one gets forgotten.

Meeting 4:
• The ability to collectively alter the draft on screen
• Facilitator had control
• Those present were able to participate in formulation of recommendations for presentation to city
• The process to get one document produced
• The ideas and concerns that came
• Good conversation airing of concerns
• Neighbor communication
• I am glad my neighbors have some goals and I do like the “Mayberry” feel of neighborhood
• All of it
• Discussion

Achievement of Goals
The ratings assessing the degree that the goals for each meeting were accomplished were also consistently positive. Each of the first three sessions had specific learning and opportunity goals. Participants were asked to rank the level of achievement for each of them. Below is a combined ranking of meeting goals over the first three meetings. Ninety-two percent indicated that the goals had been at least somewhat met during each meeting.

Support for the Final Recommendations
Fourteen of the 15 respondents indicated they could support the final recommendations from the final session. One person indicated that s/he could “somewhat” support them, but would want more specific information or didn’t get everything they had wanted.

Overall Project Recommendation
Participants were also asked to indicate if they would recommend the project to other cities. All 15 of the respondents indicated that they would do so.
**Conclusion**

The north western portion of the Glen Lake neighborhood is poised for redevelopment. Nestled into a sloped topography, the site is in a prime location for a mix of residential, commercial, and office uses. The site offers the opportunity to enhance the walkability of the area, while incorporating additional neighborhood services to support the vitality of the neighborhood.

The study area includes 10 individual parcels, which presents a challenge for a coordinated redevelopment approach for the area. The City should consider establishing a phased long-term plan for the area to maintain a cohesive vision that would complement and enhance the surrounding neighborhood. To achieve the full potential of the site, the City will need to work proactively with developers (e.g. identify strategies for shared parking, coordinated and complementary uses, attract and retain needed retail and services, safe and effective traffic flow, etc.). However, residents don’t want the City to wait for the perfect development if a good, viable development consistent with these principles becomes an opportunity.

The components of the north western study area should be complementary with the greater Glen Lake neighborhood. For example, the desire for a local grocery store continues. Perhaps a non-traditional solution could be identified for the larger Glen Lake neighborhood, such as a food cooperative (e.g. Lakewinds) and smaller grocery store / pharmacy option. A previous market study conducted by the City revealed that a grocery store would in fact be viable in the area. Given the market constraints of the area, there are opportunities for creative solutions with smaller retail concepts, and agreement not to sacrifice great for good.

The Corridor Development Initiative submits the attached recommendations to the Minnetonka City Council for your consideration regarding the north western Glen Lake site.

**Attachments:**

A. North Western Glen Lake Development Guidelines  
B. Fact Sheet  
C. Map of the North Western Glen Lake Study Area  
D. North Western Glen Lake Development Wish List (Workshop I)  
E. Block Exercise Summary Sheets (Workshop II)  
F. Developer Panel Discussion Meeting Notes (Workshop III)  
G. Evaluation summaries for each CDI workshop  
H. Attendance list for the North Western Glen Lake CDI workshops  
I. Overview of the Corridor Development Initiative  
J. Announcement / publicity flyer for the North Western Glen Lake CDI workshops
A. North Western Glen Lake Development Guidelines

GLEN LAKE
Located in a well-preserved pocket of the City of Minnetonka is historic Glen Lake. The Glen Lake area/neighborhood has a small town feel and sense of community, amidst a glorious natural setting. The neighborhood and commercial area located on Excelsior Boulevard at Eden Prairie and Williston roads is known as Glen Lake, named for the large lake located just southeast of that intersection.

In 1907, on the southwest corner of the intersection, Chris Kraemer set up a general store that sold food, sewing materials, hardware, animal feed and clothing. Electric streetcars and freight trains began traveling between Minneapolis and Lake Minnetonka on train tracks originally installed in 1881. The tracks ran through Glen Lake on the south side of Excelsior Boulevard and under a bridge for Eden Prairie Road, where a station was located. The line was discontinued in 1932 when buses became the primary mode of mass transportation. Traces of the line can still be seen just west of Glen Lake, especially at the entrance to Purgatory Park where a bridge traversed Purgatory Creek.

In 1958, Kraemer’s store moved to the west end of a new shopping center, and by the 1980s, the business, now primarily a hardware store, occupied a new building across Excelsior Boulevard.
Today, the Glen Lake neighborhood is a mixed commercial and residential area, with a hilly landscape, rich tree canopy, and clean local lake. From the unique businesses along Excelsior Boulevard, to the recent residential investments, Glen Lake is a walkable and inviting destination with excellent visual appeal of the natural and surrounding environment.
Summary Report and Final Recommendations
Minnetonka North Western Glen Lake | Corridor Development

ASSETS
The broader city of Minnetonka offers:
- A proud reputation of preserving its natural resources – residents can enjoy 42 community parks, more than 40 miles of trails and more than 1,000 acres of public open space, as well as natural scenery that includes mature trees, wetlands, and prairies.
- Eleven village centers located throughout the city offer a variety of focus points for retail and services.
- A wealth of community resources, including three public school districts and three private schools, two libraries, many churches, a variety of transportation options, utility companies and other community agencies.

Glen Lake neighborhood offers:
- Natural amenities such as Glen Lake and Kinsel Park, nestled in a topography of rolling hills, marshlands, wetlands, and wooded areas that attract wildlife.
- A diversity of small businesses, restaurants, and housing options, including a spectrum of senior housing.
- A walkable community that is small and safe, enhanced by local parks with athletic fields and a skateboard park.
- Schools and daycare services.
- A strong sense of unique history and place, such as Glen Lake Station.
DEVELOPMENT GUIDELINES: NORTH WESTERN GLEN LAKE SITE

The north western portion of the Glen Lake neighborhood is poised for redevelopment. Nestled into a sloped topography, the site is in a prime location for a mix of residential, commercial, and office uses. The site offers the opportunity to enhance the walkability of the area, while incorporating additional neighborhood services to support the vitality of the neighborhood.

The study area includes 10 individual parcels, which presents a challenge for a coordinated redevelopment approach for the area. The City should consider establishing a phased long-term plan for the area to maintain a cohesive vision that would complement and enhance the surrounding neighborhood. To achieve the full potential of the site, the City will need to work proactively with developers (e.g., identify strategies for shared parking, coordinated and complementary uses, attract and retain needed retail and services, safe and effective traffic flow, etc.). However, residents don’t want the City to wait for the perfect development if a good, viable development consistent with these principles becomes an opportunity.

The components of the north western study area should be complementary with the greater Glen Lake neighborhood. For example, the desire for a local grocery store continues. Perhaps a non-traditional solution could be identified for the larger Glen Lake neighborhood, such as a food cooperative (e.g., Lakewinds) and smaller grocery store/pharmacy option. A previous market study conducted by the City revealed that a grocery store would in fact be viable in the area. Given the market constraints of the area, there are opportunities for creative solutions with smaller retail concepts, and agreement not to sacrifice good for great.

Below: Photos illustrating the current land uses on the north western Glen Lake site.
RECOMMENDATIONS FOR REDEVELOPMENT OF THE SITE INCLUDE:

Goal 1: Maintain the small town / community appeal of the Glen Lake neighborhood

A. New development should encourage the continued mix of neighborhood scale retail and services.
B. Any residential, commercial, or mixed use development or redevelopment design will seek to reflect and enhance the unique character of the Glen Lake area as a self-contained village.
C. Create engaging pedestrian and bike-friendly streetscapes that connect the commercial area along Excelsior Boulevard with or to the surrounding area.
D. Enhance the walk-ability and bike-ability of the area, with attention to stronger connections to other existing trails, commercial areas, parks, and Glen Lake.
E. Design and site orientation must be respectful of residential and commercial uses.
F. Consider impact on existing neighborhood character and single-family homes in the immediate vicinity.
G. Use existing setbacks and height restrictions to blend elevation of development into existing topography.
H. Retain a post office in the area.
I. Provide for a diverse range of housing options, promoting a mix of household size and incomes (young and multi-generational appeal).
J. Manage traffic flow and parking needs of the site so that pedestrians (rather than cars) are the dominant focus.
K. Consider design elements and aesthetics that enhance transit and bike uses.
L. Include elements that enhance the area as a unique and special place.
M. Maintain setbacks to buildings to ensure a sense of openness for pedestrians.

Goal 2: Capitalize on the natural setting and environment

N. Create a stronger connection to the lake through pedestrian and bike trails, and way finding (signage).
O. Utilize landscaping and streetscape amenities to improve pedestrian and bike safety.
P. Limit surface parking with new development by considering alternatives such as underground or structured parking.
Q. Ensure an effective transition between the development and the neighboring residential uses that preserves the natural areas as much as possible.
Above: A variety of existing land-uses can be found in the north western Glen Lake area.

**Goal 3: Produce high quality development that enhances the livability of the area**

Support was expressed for:

- Residential development, with the option of small scale commercial / mixed use.
- Residential uses that diversify the community, and would appeal to younger families, producing a multi-generational neighborhood.
- Commercial uses that complement and enhance surrounding businesses.
- The importance of a local grocery store or pharmacy to provide necessary conveniences for the community.
- Maintaining a post office in the area.
- Innovative commercial spaces that bring restaurants, retail, and places for people to gather.
- Medical offices or related services for the seniors and others.

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**FOR MORE INFORMATION, CONTACT:**

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City of Minnetonka  
Community Development Director  
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Jwischnack@eminnetonka.com

Summary Report and Final Recommendations  
Minnetonka North Western Glen Lake | Corridor Development Initiative

Kraemer’s Redevelopment  
14730 Excelsior Blvd.
City Guidance and Property Information

- The Western Glen Lake study area is located in the Glen Lake Station Village Center. The city has long viewed this village center as a vital commercial, residential, and activity center to the surrounding neighborhoods.

- In the 2008 Comprehensive Plan, the city approved commercial and single family residential guidance for the study area.
  - 8 of the 10 parcels are guided for commercial use (shown in red).
  - The northerly two parcels along Willis-ton Road are guided for single family residential (shown in yellow).

- The study area comprised of 10 parcels held by 6 owners. The total size of the study area is 5.37 acres.

- The commercial parcels have a long history of support to the Glen Lake area. Kraemer’s Hardware is the longest standing business in Minnetonka operating in a few locations in Glen Lake since 1904.

Redevelopment Proposals

- Compared to the eastern portion of Glen Lake, the study area has experienced virtually no redevelopment in many decades.

- Within the past few years, a few proposals to redevelop the single family residential parcels as memory care residential have been reviewed by the city. The city denied these proposals.

- In early 2014, a development team (Lake West) suggested that the city entertain a mixed use residential and commercial development for the former Kraemer’s Hardware location. Initial feedback was the project was too intensive for the site and additional study of the site/area was needed.
Attachment C. Map of the North Western Glen Lake Study Area
1. What makes the western Glen Lake area interesting or unique?
   “Small town” feel / sense of community
   - Small town “home” feeling
   - Nature, private, nice lot sizes
   - Appropriate size – not too tall or too large
   - The people
   - Everyone knows each other – see neighbors

Small businesses
- Unique small businesses – no chain retailers
- Diverse businesses and community
- The diversity (business and services) – grocery store, hardware store, different styles of housing
- Small business operators
- Small business
- Guns & dancing & post office
- Recent renovation of the strip mall
- Essential services – walking, easy access to those (grocery, bank, post office)
- Post office
- BP does repair
- Deox Gas at Mobil
- Currently a parking lot and garden market
- I want Butler Square with a rooftop restaurant

Safe
- Glen Lake is still regarded as a “community” – which is small and safe
- Safe area
- Accessible walkways
- Walkable
- Convenience – pedestrian access, proximity – walking
- No highway traffic – a walkable community already exists
- 2 lanes to one lane on Excelsior Blvd

Natural setting
- View off Wing Lake, unusual topography – rolling hills, trees, etc.
  keeps wildlife present within our community
- Landscape
- Hilly road
• Build on key assets such as Kinsel Point, Glen Lake, the history of the area.
• Glen Lake park
• Gardens

Unique location / Other
• Landlocked with limited space available
• Absolute west end
• Near residential
• Need to transition well
• On hill, water in basement of old building
• The Councils good or poor decisions for the use of the area

2. What could be accomplished through development that would improve/enhance the area?
   Additional services / businesses
   • Perhaps some medical services
   • A pharmacy
   • Bring back the grocery store
   • Bakery
   • Better parking for post office
   • Drug store
   • Small businesses (dentist, auto parts, tax accountant, lawyers – office building)
   • Additional stores and services

Housing
• Inviting new families and new home buyers to the area keeping it vibrant
• Housing. Bring in younger families

Attract customers to area
• Make Glen Lake a destination
• Identity
• Something that keeps “players” to stay in community (e.g. Dairy Queen, fountain)
• To bring more people to the area – families to move here, people to spend their money here
• Provide opportunities to see friends

Stronger connections
• Extend walkways
• An actual bus terminal
• Bike path / lanes with connection to other bike paths
• Possible connection with SW LRT rail?
• Create pedestrian access from west of Glen Lake into business area

Visual Appeal
• Eliminate eye-sores
• An increase in green spaces and “artfulness” of area
• Balance (size)
• Beautification
• Green space

3. What concerns for the area do you have as future development occurs?
   Traffic / parking
   • Increased traffic
   • Adequate parking and ingress / egress
   • Parking to accommodate seniors, parents / young children where appropriate
   • Traffic on Williston Road
   • Traffic light / traffic control to allow better access to and from Woodhill & Excelsior Blvd
   • Added traffic
   • Parking for future development
   • Parking needs
   • Traffic
   • Additional traffic leaking to traffic signals creates back-up

Size / scale
• Safety concerns with too large, too big – too many renter changes
• Development too large to sustain (e.g. parking, etc.)
• Avoid “large scale” projects
• Excessive height
• Encroach tall buildings on street
• Height of building
• Scale of building

Housing
• No more senior housing
• Lots of senior housing – no further need
• No more senior housing, no low-income housing
• Not all low cost housing

Environmental concerns
• Loss of trees
• Green trees
• Not pedestrian friendly
Commercial uses
• Two gas stations are excessive; neither is full range of services
• Not all big chain operators
• Keep businesses full
• Current retaining walls, drainage – new problems

Other
• Development does NOT happen
• Need to look at whole site as one entity
• Time frame
• Style

4. Are there specific needs (housing, retail, office, etc.) for which this site would be a good fit?

Housing
• Low-density townhomes
• Housing size and use
• Adds homes
• Homeowners

Retail
• Local bakery
• Local butcher / meat store
• Smaller restaurant
• Make the Kramer's “new” site more visible and viable
• A pharmacy
• CVS drug store
• Drug store
• Rx drug
• Keep post office
• Drug store
• Physical therapy
• Grocery store
• Post office remain
• Grocery / drug / convenience store
• Trader Joes or specialty grocery store
• No Trader Joes! Traffic!

Community space
• Exchange library
• Satellite site for Williston Community Center
• Landscaping should be included regardless of use.

Other
• Frustrations from last Wartman A/Bk development
• Young and multigenerational appeal
• Connection (visually pleasing) from east to west Glen Lake
• Bike lane
• Mixed-use
• Mixed-use building
• More parking with ramp behind building

5. What additional information would you like to have in order to assess the opportunities for housing and commercial development in the western Glen Lake area?

Background information
• What happened / status of Kinsel Point development?
• Why have previous developments failed?
• Continue to be notified by City of Minnetonka about development and substantial changes
• Bigger picture – Minnetonka & Metropolitan Council guide plan
• New bus schedule study
• Light rail connection
• School District capacity
• Walk behind the buildings
• See retaining walls
• Make the 2010 comp plan park of the discussion
• Issues surrounding rental vs. homeownership

Market data
• Survey business owners about their input and needs
• Old Market study (grocery store)
• Density needed to support small businesses

Financial incentives / tools
• What financial incentives are available from City to assist development?
• Will TIF be used?
• What type of city financial support?

Regulatory / fiscal impact
• Tax effect
• What variances will be required?
• Building within the slope restrictions?
## Attachment E. Block Exercise Summary Sheets (Workshop II)

### Western Glen Lake: Table 1 Extended Site

#### Scenario #1

**Details:**
- Affordable Rental Units:
- Market Rate Rental Units:
- Home Ownership Units:
- Total Units: 60
- Average Building Height: 2.5 Stories
- Levels, Below Grade Parking: none
- Total Commercial S.F.: 25,000 sf

**Key Ideas** (notes from discussion plus further thoughts):
- Lots of open space, detached buildings

**Results:**
- Total Development Cost: $26-30 million
- $3-6 million gap
- Plenty of green space

**Conclusion:**
- Huge financial gap (more than 20%); probably not feasible

#### Scenario #2: Excelsior on Excelsior

**Details:**
- Affordable Rental Units: 12
- Market Rate Rental Units: 112
- Home Ownership Units: 0
- Total Units: 124
- Average Building Height: 4
- Levels, Below Grade Parking: 1
- Total Commercial S.F.: 20,000 sf

**Key Ideas** (notes from discussion plus further thoughts):
- Maxi it out. Recruit existing businesses to new retail.
- Trees and green space along Excelsior.

**Results:**
- Total Development Cost: $42 million
- $8 million gap
- Plenty of green space

**Conclusion:**
- 20% gap, worth looking at more closely but getting a little far away.
## WESTERN GLEN LAKE: TABLE 1 EXTENDED SITE

### SCENARIO #3: OFFICE & OWNERSHIP

**DETAILS:**
- Affordable Rental Units: 7
- Market Rate Rental Units: 47
- Home Ownership Units: 24
- Total Units: 78
- Average Building Height: 4 Stories
- Levels, Below Grade Parking: 1
- Total Commercial S.F.: 20,000 sf

**Key Ideas (notes from discussion plus further thoughts):**
- Gas station stays. Four story office building, owner occupied townhomes, some open space. Restaurants.

**RESULTS:**
- Total Development Cost: $32 million
- $5 million gap
- Plenty of green space

**CONCLUSION:**
- 15% financial gap, not bad
Western Glen Lake: Table 2  Extended Site

Scenario #1: Glen Hills

Details:
- Affordable Rental Units: 12
- Market Rate Rental Units: 48
- Home Ownership Units: 0
- Total Units: 60
- Average Building Height: 3.5 Stories
- Levels, Below Grade Parking: 1 (surface parking)
- Total Commercial S.F.: 35,000

Key Ideas (notes from discussion plus further thoughts):
- Drug store on corner and a new post office plus new office space.
- Housing built into the hill with access of Excelsior.
- Surface parking for businesses.

Results:
- Total Development Cost: $28 million
- $5.5 million gap
- Plenty of green space

Conclusion:
- Too large of a gap to be feasible. 1/2 of the financial gap was due to the commercial.

Scenario #2: Glen Station

Details:
- Affordable Rental Units: 16
- Market Rate Rental Units: 8
- Home Ownership Units: 24
- Total Units: 48
- Average Building Height: 2.5 stories
- Levels, Below Grade Parking: 1
- Total Commercial S.F.: 30,000

Key Ideas (notes from discussion plus further thoughts):
- Drug store & restaurant on corner. First floor retail with housing along Excelsior. Owned condos on back portion of the site.

Results:
- Total Development Cost: $26 million
- $5 million gap
- Plenty of green space

Conclusion:
- Too large of a gap to be feasible.
SCENARIO #3: COMMUNITY CORNER

DETAILS:
Affordable Rental Units: 12
Market Rate Rental Units: 48
Home Ownership Units: 12
Total Units: 72
Average Building Height: 3.5
Levels, Below Grade Parking: 1
Total Commercial S.F. 10,000 sf

Key Ideas (notes from discussion plus further thoughts):
Small town feeling along Excelsior, 1-2 story buildings;
Housing concentrated on back of site.

RESULTS:
Total Development Cost: $30 million
$4.5 million gap
Plenty of green space

CONCLUSION:
15% financial gap, worth looking into further.
SCENARIO #1: KRAMER’S POINT

DETAILS:
Affordable Rental Units: 7
Market Rate Rental Units: 13
Home Ownership Units: 24
Total Units: 44
Average Building Height: 3 Stories
Levels, Below Grade Parking: 1
Total Commercial S.F.: 5,000

Key Ideas (notes from discussion plus further thoughts):
Where is the best location for access into the property from Williston Road? Transition of density, higher towards Excelsior. Presence of green space.

RESULTS:
Total Development Cost: $19 million
$2.2 million gap ($500K gap from commercial)
Plenty of green space

CONCLUSION:
Less than 20% financial gap; may be worth playing with a little more.
WESTERN GLEN LAKE: TABLE 3  ACTIVE SITE

SCENARIO #2: 1904--VERSION 1
DETAILS:
Affordable Rental Units: 0
Market Rate Rental Units: 0
Home Ownership Units: 64
Total Units: 64
Average Building Height: 3 stories
Levels, Below Grade Parking: 1
Total Commercial S.F. 10,000

RESULTS:
Total Development Cost: $26 million
No gap
Plenty of green space

CONCLUSION:
The estimated home price was $400,000

SCENARIO #2: 1904--VERSION 2
DETAILS:
Affordable Rental Units: 0
Market Rate Rental Units: 32
Home Ownership Units: 32
Total Units: 64
Average Building Height: 3 stories
Levels, Below Grade Parking: 1
Total Commercial S.F. 10,000

RESULTS:
Total Development Cost: $24 million
$2 million gap
Plenty of green space

CONCLUSION:
Could be financially feasible

SCENARIO #2: 1904--VERSION 3
DETAILS:
Affordable Rental Units: 0
Market Rate Rental Units: 48
Home Ownership Units: 16
Total Units: 64
Average Building Height: 2.5 stories
Levels, Below Grade Parking: 1
Total Commercial S.F. none listed

RESULTS:
Total Development Cost: $24 million
$3.5 million gap
Plenty of green space

CONCLUSION:
Worth looking into more

KEY IDEAS FROM ALL THREE OPTIONS:
-Respect the adjacent neighborhood
-Transition of residential
-Green on Excelsior and Williston
-Neighborhood scale commercial
-A mix of apartment sizes
Attachment F. Developer Panel Meeting Notes (Workshop III)

Minnetonka: Western Glen Lake
Corridor Development Initiative

Workshop 3: Developer Panel
July 28, 2014
The Glenn, Chapel, 5300 Woodhill Rd, Minnetonka

Meeting Notes

Developer Panel Discussion
Facilitated by Barbara Raye, Center for Policy Planning and Performance

Panel Members:
- Bill Beard, The Beard Group
- John Mehrkens, Senior Housing Group / Presbyterian Homes
- Pat Mascia, Briggs and Morgan
- Keith Ulstad, United Properties
- Tom Ryan, Oppidan Investment Fund

Opening Questions:
1. What is your development expertise?
2. How would you redevelop the western Glen Lake area?

Bill Beard, The Beard Group
- Bill’s development background includes mixed use projects with residential, commercial, and office components. Recent projects are located in Hopkins’ Mainstreet, and Osseo.
- Recommendations for the site: Residential with possible small amount of retail.
  o It’s a terrific site. There is a “there” here – a synergism and community feel that can be built on.
  o Learn from a recent mixed-use project I did in Hopkins:
    ▪ Residential / rental units – 100% full
    ▪ Commercial space – 100% vacant
  o Limit the commercial space.
  o The scenarios that were proposed in the block exercise weren’t nearly as dense as other projects in the area.
  o Greater density can drive stronger amenities, and make the area more walkable. Many uses are already here.
  o You are on the right track with how you are looking at the opportunity of the site.

John Mehrkens, Senior Housing Group / Presbyterian Homes
- John specializes in senior housing of all types, and oversees project development and consulting services for Presbyterian Homes.
- **Recommendation for the site**: Housing has good potential for the area. Neighborhood-based senior community (limited size) might work – not a larger compound.
  - Already a significant amount of senior housing in the area. There is a value in multiple components that compliment each other.
  - Over time more seniors will be going to need housing products.
  - Making Glen Lake a destination that doesn’t attract more traffic present conflicting goals.
  - The area won’t attract national retail tenants. More likely to be smaller (Mom & Pop) / local retail options.
  - All-age housing products may also be saturated.

**Pat Mascia, Briggs and Morgan**
- Pat’s primary areas of expertise are in commercial real estate development and leasing, commercial real estate acquisitions, zoning and land use law, structured and project finance, and commercial and corporate finance. Recent projects include the West End in St. Louis Park, the Wilder Center in St. Paul (LEED Gold Certified), and almost 1.5 million square feet of industrial and office space.
- **Recommendation for the site**: Primarily housing, but also cries for some sort of mixed-use.
  - Limited possibility of some smaller office space.
  - The cost of redevelopment is high, and will push the need for density up.
  - Need to address the tension of parking and traffic.
  - Good area for neighborhood retail and local shops, but it will be hard for them to pay the higher rents of a new building.
  - As a residential site it looks fantastic.
  - For a mixed-use project, each element needs to stand on its own. The housing needs to be viable with or without the retail / commercial space. And the success of the retail / commercial space should not depend on the housing.

**Keith Ulstad, United Properties**
- Keith's expertise is in retail investment and development. While focusing primarily on grocery-anchored neighborhood shopping centers, he also has a strong market knowledge, and relationships with many tenants in the retail sector. He has been responsible for the development or redevelopment of more than 25 shopping centers.
- **Recommendation for the site**: Probably predominately a housing site. If retail / commercial mix it has to be done carefully, with primarily convenience services (of which there are already a fair amount in the area).
  - 10 – 15,000 square feet of commercial space, maybe 20,000, could be viable. Which presumes 1,200 – 1,500 sf shops. (The meeting room space is about the same size.)
  - It’s important to think about what the site is, and what it is not. There is a very hard boundary from a retailer’s perspective. The area will not be attractive to national retailers.
  - I don’t see it as an office site. Typically office begets office. Maybe small medical offices would work.
  - The site will most likely be led by housing, with well thought out commercial included. (Not primarily commercial, with housing included.)

**Tom Ryan, Oppidan Investment Fund**
- Tom works with commercial clients to find sites, and supports them through city processes and lease negotiations or land purchases.
Recommendation for the site: Mixed-use.
- The site is unique.
- Good location for a pharmacy.

What is the “right mix” of housing for the area?

JM No matter how many housing units are added on the site, it won’t be enough to tip the market to bring retailers here (presuming 30 – 130 new units built). It’s not a dramatic enough increase to the market. There is a diversity (or continuum) of the senior housing market, from independent to skilled nursing. The most well received type is Independent Living – which is also the most challenging to do as free standing element. People are moving into this type of housing at later stages of life (more frail). An interim step is a townhome / condominium / cooperative. The trend will continue with new home services, allowing people to stay in their homes longer. Cooperatives are a good ownership model, predominately independent, few parking needs, lower density might lend well to the site.

What’s the right size of commercial space?

PM Depends on the type of use. Larger restaurants, such as CRAVE, need 10,000 square feet. Smaller restaurants, like a sushi place, might use only 2,000 square feet. The size of the space needed depends on the neighborhood / customer base. Outdoor seating helps to expand the seating area. A yogurt shop is typically 1,200 square feet. For a 10,000 square foot area, you would probably need 10 tenants / stores.

KU The challenge is in designing the retail space. A shallow commercial space is 60 feet deep. 30,000 square feet requires a lot of customers to fill it up. Mixed use needs to be carefully done, and designed so that all uses can succeed.

PM The depth of the retail presents a challenge for what you build above (configuring vertically). Also, be thinking about how open space is integrated in the site. The more you add commercial space, the more parking you will need.

TR We used to think that people would live, shop, all in one place (vertical uses). That didn’t turn out to be true. All elements need to support themselves independently from each other.

KU The big challenge of mixed use is that the developer needs to build to what is hot. Waves that go through the economy don’t support doing different things at the same time. I have a project working now that was originally going to be condo / office. We ended up shifting through six different uses, and are finally landing on three. Mixed use projects are a matter of market timing – you need to wait for the stars to align.
How can we make the area more walkable?

People will walk around Glen Lake, but they won’t walk to Glen Lake. There’s no grid, and the area converges around the site. The lack of a street system will hurt walkability. To make it more walkable, put structured / surface parking near Glen Lake. Get to the site, make it convenient so that people will become pedestrians.

How can we attract people to the area?

JM Creating a destination is a lofty goal. Something that would get people to drive in from other places might be a series of specialty shops. More people usually means more parking. Housing will be underground parking, and will require fewer spots than commercial uses. Structured parking will be financially challenging: $27,000 per stall vs. $3,500 – $4,000 per stall for surface parking.

BB Rule of thumb – the purpose of place-making is to make an area special or cool for those who live in the area, greater good for the community. Making it a great spot, means it will be a great place to live. Concentrate on making one space special, which makes the neighborhood special. When you have a lot of retail, it requires a higher parking requirement, which may detract from the place-making elements.

JM There are many tension points to be managed.

What does a developer look at to select a site? What would draw you to a particular site?

TR The price of the site and its access for retail. Access is less important for housing. The Gold Nugget is a draw for the area.

Explain more about “the box / boundary” that limits the retail market of the area?

KU The area is bounded by Hwy 494, 7, Crosstown, and 101. Major roads are a psychological barrier for people. This is a neighborhood retail setting – and a cool one (e.g. Gold Nugget, Kramer Hardware). A grocery store needs a market area of 42,000 households to be viable.

What happens to the existing businesses on the site? Will they need to move? Or could they stay?

PM The hard part is the transition for existing businesses, and the need for temporary relocation during construction. The other challenge is higher rents in the new space (necessitated by the cost of the new construction). Often the local retailers are not able to stay, even if they can deal with temporary relocation.
What’s the likelihood that the entire site gets developed together, given the multiple property owners?

PM  Depends on how the City wants to stage it. What will the plan be long term? It may be that no one can purchase all the sites, but a plan could be in place that is staged over time. The fact that a developer would need to aggregate multiple sites makes a larger project much more challenging to do.

JM  An economic package will appeal to an investor. The big challenge is in trying to assemble multiple sites, and keeping everyone on the same page (usually there is at least one hold out). A phased approach allows for transition, but adds to the cost.

BB  No developer will want to come in to do the whole site all at once. There are no tools to accomplish (site acquisition) easily. A land use plan could help.

Wouldn’t office space as a component of a mixed use project offer more foot traffic which would create a destination?

Attempts at grocery stores keep failing. Would a smaller Mom / Pop drug store or grocery store be viable?

BB  Developers don’t create a market, we respond to it. No matter how much a community want it, it won’t happen unless the market is there. Office space is very compatible with mixed use residential.

TR  Not sure if this is an office market. Not easy to access. A grocery store could potentially work as a smaller foot print. The previous grocery store that recently closed did so because of other problems.

Glen Lake is bordered by two schools / daycare, which are great for bringing people into the area for goods and services. Wouldn’t that factor in to strengthen the market for a grocery store?

Can we work with a corporate partner to acquire and hold sites for a long term vision and strategy? Example: DesMoines IA

KU  The school and daycare are great for bringing people in, but not enough traffic to impact retail. There’s not enough daytime population to attract restaurants.

The simple answer to the second question is no – Land ownership is a cost on a balance sheet. Businesses are putting more work into longer term growth plans. United Health Group purchased a site at Shady Oakes, driven by what they need for their business rather than what the community needs.

PM  As Cargill put together their new campus they considered how to recruit and keep talent. They assessed where their employees lived, and looked for a location that would
be easily accessible. Be-the-Match (a bone marrow business) wanted to be near light rail.

Office growth is hard to count on today. There hasn’t been much employment growth, and there are a lot of vacant office buildings to fill before building new.

JM The DesMoines example was about social accountability, and the need for the city to remain competitive. In a larger region its harder to do.

The likelihood of finding a small grocer is difficult. The margins for grocery stores are very small (no room for error). A different kind of grocer may work. Pharmacies have a strong system to assess viable sites. The likelihood is more remote.

BB Smaller format grocery stores are happening (e.g. Aldi’s, Trader Joes, Kowalski). The sector needs clarity to figure out if the smaller stores are a viable option. It’s really about the viability of the location (not as much about the rents).

What’s hot in development right now?

JM Senior housing – just look at the demographics. Actually, the baby boom won’t access senior housing for another ten years. Today’s seniors are active and independent longer. Pockets of housing types will have certain success due to pent up demand.

PM Industrial. Apartments continue to hang on. Rumors that the condo market is starting to come back. Office is not (it’s stable but not hot).

KU Fast, casual dining / fresh fast food (e.g. Chipotle). Smaller grocery stores (28 – 30,000 square feet) are being tested. Industry standard is 50 – 60,000 square feet. Lakewoods Co-op is an example of a smaller grocery store. Fresh Time farmers market (30,000 sf) has an emphasis on fresh produce.

TR Discount stores (e.g. Goodwill). Note the recent acquisition of Family Dollar by Dollar Tree to compete with Walmart.

BB The Osseo residential project we are doing has 71 units, designed for a mix of age levels (Millenials, Baby Boomers, Gen X). They want the same things on the exterior, but different interior spaces. Baby boomers want larger units with storage. Millenials need less space – smaller units.

What makes a site attractive to a developer?

PM A lot of what is discussed in the block exercise scenarios are viable – it depends on the right mix. Attracting national retailers is not a viable option. Multi-story office building is not a viable option. What makes a great site? The surrounding context, what’s
missing that might be added? Figure out the pieces of the puzzle. A developer takes on a lot of risk, and when it doesn’t work out, they absorb the losses. Ultimately, having the right location at the right price is what works.

Is there an unmet demand?

KU It feels like a great residential site, with retail as an amenity. It’s a well connected part of town.

Are we already filled out with neighborhood retail?

KU The post office is a great draw – important amenity. Keeping it will make the development better.

BB You can do residential without retail. In our Osseo project on Main Street the community wanted retail. We showed them the cost of putting retail in the project, and they decided not to. There is a “there” in Glen Lake. The cost to do retail will require subsidy in the 15% to 20% range.

JM There are economics to making a project work. You need to look at the value of the site, not the price of the site. This site can be developed as a housing only site (or housing as the dominant component). Other retailers would probably like more retail in the area.

What about Target Express? Or Walmart, who is looking at a smaller option?

KU Possibility, but too soon to tell. Target has one Target Express at 16,000 square feet (a pilot project), but the jury is still out as to whether it will be successful. Walmart is talking about doing a smaller store, but they haven’t figured out how to bring the scale down. It’s a ways off, but I’m not saying it won’t come.

Your risk is our risk. Members of the community are exhausted by previous development. A high-rise condo project is still sitting idle. How would that inform this site? And what would you advise the City Officials if you were a resident?

TR The idle project wouldn’t have a huge impact on future development – not enough housing units (rooftops) to affect the market.

PM Absolutely, the community shares in the risk. No developer comes in wanting a project to fail. The developer is putting the money in. There are so many moving parts, the assumptions can’t be controlled. The best the community can do is to be knowledgeable about what the developer is about (background), do a market study, and this process is a great step to be informed. Educate yourself and you will have more success than failure.
BB  In our Osseo project, 80% of the residents came from the local community. People don’t want to leave their community, but also don’t want the responsibility of home upkeep.

It’s good that we are getting an understanding of what density will be needed. The previous proposal for the site wasn’t necessarily bad, but concerns about traffic pushed the developer off. What is it going to take give a proposal the green light?

(Closing Comments)

BB  Redevelopment is scary because people don’t know how it will end up. When proposals are submitted, they don’t know how to react. Minnetonka is a great place, and that won’t change. Think about how to add another piece to make it more special. One redevelopment project won’t change who you are as a community.

JM  I commend you for the work you are doing, and I understand why you are tired. This process is a good way to educate each other about how to make a project successful. The good news is that it’s a viable site, and will attract people who are willing to go through the brain damage to make it work.

PM  West End was grueling. It took three years to plan, had a lot of conflict, was a painful process, AND we ended up with a better project. You need to build trust on both sides.

KU  It’s good to have constructive criticism. A clear vision is better for everyone. I’m impressed by the process and the strong turn-out on such a nice summer night.

TR  This is a special community. I encourage you to keep working together.
Attachment G. Evaluation summaries for each CDI Workshop

Corridor Development Initiative
Western Glen Lake

Evaluation – June 30, 2014
Tonight’s session was the first in a series that will engage residents in planning for the Western Glen Lake area. We would like to know how well the session met its goals. Please complete this form and leave it on the registration table. Your feedback will be used to make improvements throughout the project.

1. What worked well or were good parts of the session for you?
   - Group session discussions
   - Well organized
   - Working together
   - Good to hear so many ideas/concerns expressed by neighbors
   - Briefing
   - Overall very effective
   - (5) Small group discussions, Small groups it was nice to have the collaborative effort
     Table talk, Break-out block writing sessions and hearing others responses
   - Having questions prepared
   - Well ran
   - Good introduction
   - (2) Multi input from many, Getting input from the community
   - Enough seating for everyone
   - Like the brainstorming between residents

2. What could have been improved?
   - Acoustics
   - History of the area, the culture that is current
   - Better sound
   - Larger projection of slides.
   - A better description (up front) on why we are starting this discussion/purpose of this planning project
   - Light snacks and beverages
   - Can’t read the slides. Blue print doesn’t show. Too small print.
   - First slide (Loren) hard to read small letters, light color
   - The facilitator should get familiar with the site. She seemed unaware that the hardware store is still in Glen Lake or that there is still a post office on the site
   - Define West Glen Lake
   - Greater context of the community, Metro Council, Minnetonka, DOT roads, what the state has in mind for us long term.
   - More detail on current status of properties/projects
   - Nothing
   - Meet the people at table before start
   - Intro was important but a little long

3. Please rate the following items by putting an “x” or “✓” in the appropriate column.
Corridor Development Initiative
Western Glen Lake

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>Somewhat</th>
<th>No</th>
<th>No Opinion</th>
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<tbody>
<tr>
<td>Do you have a good understanding of the characteristics of the area and</td>
<td>19</td>
<td>8</td>
<td>0</td>
<td>1</td>
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<tr>
<td>things that could be considered when evaluating development options?</td>
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<tr>
<td>Did you get good information about the history of the area and other</td>
<td>9</td>
<td>12</td>
<td>7</td>
<td>0</td>
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<td>projects that have occurred here?</td>
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<tr>
<td>Do you have a good list of the benefits and opportunities that the</td>
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<td>14</td>
<td>4</td>
<td>0</td>
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<tr>
<td>right development could bring to the area?</td>
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<tr>
<td>Do you have a greater understanding of the concerns your neighbors have</td>
<td>22</td>
<td>7</td>
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<td>regarding future development on the site?</td>
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<tr>
<td>Did you have the opportunity to speak and to be heard?</td>
<td>26</td>
<td>2</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

4. Would you recommend the next session to your neighbors/colleagues?

Answer: 27 - Yes, 1 - No, 1 - No Opinion

Comments: Publicize more.

5. What additional information would you like to have included in the next meeting?

- Success story examples and examples of what the city is trying to do
- Hard to work a splinter without a big picture overview. Should do community level at least before the small area of interest
- Construction choices
- Future traffic considerations, city planning's idea on what are the future needs for the area
- What the city thinks is sustainable in the area. And if there are plans or ideas that have been put forth
- What are the advantages and disadvantages of this development?
- I heard a lot of conflicting comments. It will be very interesting to see how it resolves
- You did just about everything you could within the time frame
- Old market study
- What current business owners think would be helpful
Corridor Development Initiative
Western Glen Lake

- Like to see what progresses with next meetings

6. How long have you lived or worked in the area?

<table>
<thead>
<tr>
<th></th>
<th>1 = 1-3 Years</th>
<th>2 = 4-9 Years</th>
<th>3 = 10-19 Yrs</th>
<th>4 = 20+ Years</th>
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<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
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7. What age bracket do you represent?

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<thead>
<tr>
<th></th>
<th>0 = Teen</th>
<th>1 = Young Adult</th>
<th>2 = Adult</th>
<th>3 = Senior/Retired</th>
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</table>

8. What cultural/ethnic heritage do you represent?

- 14 Caucasian
- 4 Germans
- 3 Scandinavians
- 1 Basque
- Life long Minnesotan
- Middle income, master’s degree

Comment:
Too many of us and not enough ethnic diversity
Scandinavian and German - but in MN since 1855

9. How did learn about tonight’s session?

- Friend on Glen Oak received mailing x
- Flier at Glen Lake Café
- Post card/car in mail (11)
- Neighbors are involved
- Word of mouth/friend (3)
- E-Minnetonka.com.mailing
- Postings (2)
- Mailing (4)

10. What had you hoped to get from tonight’s session?

- Community views
- Information on what may be developed
- Information (2)
- Trying to figure out the purpose of this discussion. What is driving this?
- Ideas and problems
Corridor Development Initiative  
Western Glen Lake

- Meeting what just what I expected
- Concerns/desires of the community
- Receive additional information, learn more about the project.
- See what others in the community thought
- Understanding on what our neighbors want in this area
- Energy for change
- Information about the possibilities for proposed sites
- Share ideas-good
- My voice heard
- If view things as "no" (no development) This encouraged me - there might be things I do want
- A better understanding

11. How satisfied are you overall with tonight's session?

| 15 = Very Satisfied | 10 = Somewhat Satisfied | 1 = Somewhat Dissatisfied | 0 = Very Dissatisfied |

Optional: Any other comments you would like to share?

- I'm concerned about this discussion. It is not my intention to be driving the small businesses out of Glen Lake by participating. I understand the need for planning but this is not my endorsement to bring out the bulldozers and flatten the NW corner.
- Please not another 50th & France! Traffic lights are not a viable (good) decision for the area. Parking is key, connection (access) to the rest of the world is key, hwy 7 & 62 signage for "Glen Lake"
- Good idea for community meeting/discussion
- Keep up the good work
- Good to get input
- I don't feel a real sense of urgency with the planning process. Participation (full) is a large time commitment when the "outcome" is just "planning". What is the council's commitment to action?
- Very informative
- Good introduction
- Hope citizens are heard this time, unlike the bundled ABC of Wartman's project that was accepted over community's objections.
Corridor Development Initiative
Western Glen Lake

Evaluation – July 14, 2014

Please tell us how effective tonight’s Block Exercise was in meeting its goals.

1. What worked well?
   - Good group facilitator
   - Got in a good group
   - Splitting into group
   - Everything
   - Good leadership
   - The physical demo
   - Lego block idea and financial feedback almost immediately
   - Most people had a better idea of the challenge. Very few at this table understood the affect of typography
   - Working in groups to construct plans
   - Having table leaders that were brought in different approach was fun
   - Groups discussion laying out block on table

2. What could have been improved?
   - More significant data draft ownership
   - Some not open to others opinions felt their ideas were always better
   - Less air conditioning warmer temperature
   - Make the groups smaller. The facilitator was a little to forceful with his ideas rather than asking leading questions for us to solve problems
   - Better instructions re: not moving from your table and doing 3 versions at one table
   - We didn’t have time to discuss how our plans fit our goals. We were too focused on costs
   - More mapping to remind of the greater context of the proposed development

3. Please rate the following items by putting an "x" or "√" in the appropriate column

<table>
<thead>
<tr>
<th>Question</th>
<th>Excellent</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
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<tbody>
<tr>
<td>• Community members had an opportunity to build sample development options.</td>
<td>13</td>
<td>3</td>
<td>0</td>
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<tr>
<td>• Participants gained knowledge about market influences and financial feasibility of their ideas.</td>
<td>11</td>
<td>5</td>
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Corridor Development Initiative
Western Glen Lake

- Participants had an opportunity to hear ideas from other community members about multiple options for the future.

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- Design considerations, traffic flow, parking, and other development concepts helped in preparing for a successful development.

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4. How long have you lived or worked in the area?

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<th>Years</th>
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5. What age bracket do you represent?

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<th>Age Bracket</th>
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<td>Teen</td>
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<td>Adult</td>
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<td>Senior/Retired</td>
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6. What had you hoped to get from tonight’s session?

- More information about the development
- A better understanding of how to use the property
- A better understanding of economies of development
- How far the development would be. How many buildings affected
- Involvement – learning
- No gas station, No gun shop, restaurant okay
- Well addressed
- Just what we got
- A feel for what’s being thought of
- More information on grocery etc.

7. Would you recommend the next session to your neighbors/colleagues?

<table>
<thead>
<tr>
<th>Recommendation</th>
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<td>Yes</td>
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<tr>
<td>No Opinion</td>
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</table>
Corridor Development Initiative
Western Glen Lake

8. What additional information would you like to have included in the next meeting?
   - Current or proposed plans for the site
   - More community involvement is good
   - What is the likelihood that the grocery store and dance studio would be part of the development
   - I would like a CAD representation of heights slope actual altitude of site. Sketch up would help
   - Traffic limits on Williston

9. How satisfied are you overall with tonight's session?

<table>
<thead>
<tr>
<th>(8) Very Satisfied</th>
<th>(7) Somewhat Satisfied</th>
<th>(6) Somewhat Dissatisfied</th>
<th>(5) Very Dissatisfied</th>
</tr>
</thead>
</table>

Additional comments. (Optional)

- Wonder how much all of this is costing the city (tax payers?)
- Need a more realistic look at development projects
- I would like to get peoples names and location residence around development. Small map needed more reference of neighborhood. Expand map outside red line.
- Great job
- Thanks
- It was fun
1. What worked well?
   • The Panel
   • Questions and answers
   • Very informational
   • Panel setting
   • The questions facilitated by Barbara
   • Good balance and qualified panel
   • The moderator was fantastic one of the best moderators I have witnessed
   • Good mix of panelist. I appreciate Barbara queuing up audience questions, so no one gets forgotten.

2. What could be improved?
   • How do you get more neighbors involved; such a small percent attends
   • The panel lacked ability to explain what will work, too much negativity, too much discussion what does not work. Want information on what should be developed. Heard housing, but little information on the type of housing. Bill was completely out of touch with audience and their needs. Panel was too focused on their message, not the needs of community.
   • Doesn’t seem very “open” to any ideas. Need one developer having a record or experience thinking outside the box to be creative or take a low risk for real success.
   • Acoustics
   • The panel questions by the moderator were not informative for the most part
   • Very timely
   • More time for questions

3. Please rate the following items by putting an “x” or “√” in the appropriate column

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>Somewhat</th>
<th>No</th>
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</thead>
<tbody>
<tr>
<td>• You gained information about options developers think are possible at the site.</td>
<td>9</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>• You better understand the considerations that developers use when selecting a site.</td>
<td>11</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>• You gained ideas about how the community can build a relationship with developers regarding its vision.</td>
<td>5</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>• You had an opportunity to ask questions and discuss with the panel and others the goals and concerns you have for re-development.</td>
<td>9</td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>
4. What additional information would you like to have before our final meeting?
   • Would the developer be open to reflection on our comments, what do they think?
   • Outside source market study
   • Exact plans
   • Why is it already “one” parcel (2 lots, plus Kramer’s) rather than still looking at the option of “two” parcels

Additional Comments:
   • I came late to the meeting so I missed much of the developers insights
   • Good, realistic – world opinions
   • Excellent comment on knowing your developer

5. How long have you lived or worked in the area?

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<tbody>
<tr>
<td>0-3 Years</td>
<td>2</td>
<td>4-9 years</td>
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<tr>
<td>4-9 years</td>
<td>1</td>
<td>10-19</td>
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<tr>
<td>10-19 years</td>
<td>1</td>
<td>20+ years</td>
<td>8</td>
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6. What age bracket do you represent?

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<tbody>
<tr>
<td>Teen</td>
<td>1</td>
<td>Young Adult</td>
<td>1</td>
</tr>
<tr>
<td>Young Adult</td>
<td>1</td>
<td>Adult</td>
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<tr>
<td>Adult</td>
<td>10</td>
<td>Sr/Retired</td>
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7. How satisfied are you overall with tonight’s session?

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<tbody>
<tr>
<td>Very Satisfied</td>
<td></td>
</tr>
<tr>
<td>Satisfied</td>
<td>4</td>
</tr>
<tr>
<td>Somewhat</td>
<td>8</td>
</tr>
<tr>
<td>Satisfied</td>
<td>8</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>1</td>
</tr>
<tr>
<td>Very Dissatisfied</td>
<td></td>
</tr>
</tbody>
</table>
Corridor Development Initiative
Western Glen Lake

Session 4 – August 11, 2014

1. What was most helpful about tonight’s session?
   • The ability to collectively alter the draft on screen
   • Facilitator had control
   • Those present were able to participate in formulation of recommendations for presentation to city
   • The process to get one document produced
   • The ideas and concerns that came
   • Good conversation airing of concerns
   • Neighbor communication
   • I am glad my neighbors have some goals and I do like the “Mayberry” feel of neighborhood
   • All of it
   • Discussion

2. Can you support the recommendations the group developed and approved?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Somewhat</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

   • More yes than no because of the diversity of opinion, I didn’t get everything I wanted.
   • Need more specifics

3. What did you gain from the project overall? (i.e. relationships, insight, information etc.)
   • Some new ideas about Glen Lake that I can support. Some of my ideas have changed based on new view points
   • Relationships, insight, information (3)
   • Information (2)
   • Insight
   • Increased sense of community-peaceably
   • Interest and feedback grew with each meeting
   • Developer perspective
   • An understanding of what the community and the developers want and what they can do.

4. What could have been improved to make the project more effective?
   • The last session needed more than 2 hours to obtain consensus. Very hard to build a final document from a diversity of people in only 2 hours.
   • Well done to bring locals into awareness
   • Online feedback/suggestions
   • Bit off too much (to get done?) for this time frame
• Be more practical and realistic
• In session 4 some of the changes suggested were too nit picky, overall the sessions were interesting
• “?” (2)

5. Would you recommend this series/project to other cities or communities?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>0</td>
</tr>
</tbody>
</table>

6. How many sessions did you attend?

<table>
<thead>
<tr>
<th>1 session</th>
<th>2 sessions</th>
<th>3 sessions</th>
<th>4 sessions</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>6</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

• Attended only one session – but read all the city project files

7. How long have you lived or worked in the area?

<table>
<thead>
<tr>
<th>0-3 Years (1)</th>
<th>4-9 years (1)</th>
<th>10-19 years (2)</th>
<th>20 + years (11)</th>
</tr>
</thead>
</table>

8. What age bracket do you represent?

<table>
<thead>
<tr>
<th>Teen</th>
<th>Young Adult</th>
<th>Adult (11)</th>
<th>Sr/Retired (5)</th>
</tr>
</thead>
</table>

9. Overall how satisfied are you with the project?

<table>
<thead>
<tr>
<th>Very Satisfied (9)</th>
<th>Somewhat Satisfied (5)</th>
<th>Somewhat Dissatisfied</th>
<th>Very Dissatisfied</th>
</tr>
</thead>
</table>

10. Do you have any additional comments you would like to make to LISC, the City staff or elected officials?

• More input by city staff
• No
• Excellent process
• Great job
Attachment I. Overview of the Corridor Development Initiative

Corridor Development Initiative

Overview

The Corridor Development Initiative (CDI), coordinated by the Twin Cities Local Initiatives Support Corporation (LISC), is a proactive planning process to assist the planning and development of mixed-use projects, including mixed income, higher density housing along major corridors, with access to transportation options, retail amenities, parks, and job opportunities. CDI fosters an exciting partnership among neighborhoods, city government, and a technical team of development consultants, design experts, and facilitators to connect market opportunities with neighborhood and city goals and raises the level of dialogue around redevelopment issues. In 2007 the Corridor Development Initiative received the American Planning Association’s National Planning Excellence Award for a Grassroots Initiative.

“The Initiative shows the importance of getting residents meaningfully engaged in shaping the future of their neighborhoods,” said APA Awards Jury Chair Carol Rhea, AICP. “Any community looking for a new way to resolve controversial neighborhood redevelopment and infill issues should consider using this as a model,” she said.

The heart of the program involves an interactive block exercise facilitated by a neutral team of design and development experts from the Initiative’s technical team. Through this hands-on educational workshop residents, neighborhood leaders, and other participants develop their own housing or mixed-use development proposals and test them to see whether they are financially viable. As a result, participants learn about cost factors and other considerations developers must address when putting together a proposal.

“The Corridor Development Initiative pulls citizens out of the reactionary role that they play in community development decisions, and into a proactive role where they play an active part in directing development for their community,” said Gretchen Nicholls, Program Officer at Twin Cities LISC and Corridor Development Initiative Coordinator. “It models a new way to engage cities and communities by raising the level of dialogue around redevelopment issues, and setting the stage for future development. People come to realize how density and affordable housing become tools for creating a viable development project,” she said.

Through the Initiative’s consensus approach, said Minneapolis Mayor R.T. Rybak, citizen energy is harnessed “to build communities far stronger than anything government can do alone.” The Corridor Development Initiative is used in both urban and suburban cities throughout the Twin Cities metropolitan area, and is being replicated in other cities nationally.

For more information contact:

Gretchen Nicholls
Twin Cities LISC / Corridor Development Initiative
651-265-2280
gnicholls@lisc.org

Videos and testimonials are available at: www.corridordevelopment.org
Attachment J. Announcement / publicity flyer for the North Western Glen Lake CDI workshops

Join us in guiding the future redevelopment of western Glen Lake!
(NORTH SIDE OF EXCELSIOR BLVD BETWEEN WILSTON AND BEACON HILL ROAD)

The city of Minnetonka invites you to an exciting conversation to guide future redevelopment of the western Glen Lake area. With support from a team of design and development experts, community members will participate in a series of workshops to explore what’s possible for the site.

Mark your calendars!
We encourage participants to attend all four events
All events are free and open to the public and will be held at:
The Glenn, Chapel
5300 Woodhill Road, Minnetonka

Workshop I: Gather Information
Monday, June 30, 2014, 6:00 - 8:00 pm
What is important and unique about western Glen Lake?
What are the concerns about future development, and what can be achieved through development?

Workshop II: Development Opportunities -- The Block Exercise
Monday, July 14, 2014, 6:00 - 8:00 pm
Join your neighbors in an interactive workshop to create feasible development scenarios for western Glen Lake. Design and development experts will be on hand to share ideas and insights.

Workshop III: Developer Discussion
Monday, July 28, 2014, 6:00 - 8:00 pm
Explore the opportunities and challenges of development with a panel of developers and market consultants to build a strategic road map for the future of western Glen Lake.

Workshop IV: Framing Recommendations
Monday, August 11, 2014, 6:00 - 8:00 pm
Contribute to the creation of development recommendations for western Glen Lake which will be submitted to the Minnetonka city Council and Planning Commission.

Childcare will be provided by request only. Please RSVP to Gretchen Nicholls at 651-265-2280 one week in advance of each workshop if you would like to request childcare, accommodations for disabilities or language interpretation.

For more information, contact:
Loren Gordon at 952-939-8296
or lgordon@eminnetonka.com
Gretchen Nicholls, Twin Cities LISC at 651-265-2280 or gnicholls@lisc.org

Sponsored by the City of Minnetonka

www.eminnetonka.com | www.corridordevelopment.org
9. **Other Business**

A. **Concept plan review for Kraemer’s Hardware redevelopment at 14730 Excelsior Boulevard and 5431 and 5439 Williston Road.**

Chair Odland introduced the proposal and called for the staff report.

Thomson reported. He recommended commissioners provide comments and feedback to assist the applicant with future direction that may lead to the preparation of more detailed development plans. It would be useful if commissioners would provide their reaction and general comments on the contemplated land use, building size, architecture, and general site design.

Kirk confirmed with Thomson that the next steps in the process would be for the concept plan to be reviewed by the city council and then the applicant may submit an application for rezoning, site plan, and comprehensive guide plan modification.

Curt Fretham, of Lake West Development, applicant, stated that:

- He described the history of the site since Kraemer’s Hardware moved.
- The plan provides a broader look at the area. There would be a green knoll. He would work to preserve trees.
- The plan would limit the visual mass and mimic what is down the street.
- The courtyard would have a green space center.
- He worked hard to build the building into the topography.
- He provided a slide that shows the access points off of Excelsior Boulevard continuing into an underground garage. There would be 23 underground stalls coming in off of Williston Road. There would be a fire lane on the north side that would access 2 units.
- There would be green space in the corner.
- The fourth story would be pushed back. The building would cut into the grade.
- The units would have doors facing the street to provide a townhouse feel.
- It would be a good-looking building. It would be primarily stone and brick. There would be an option to have a flat roof or pitched roof. He was looking for feedback on that. There would be water storage on top of the roof for rate control. The pitched roof would tie the
building in more with the 2 homes on the north. The front elevations mimic the neighboring units as well.

- There would be a mix of 1-bedroom and 2-bedroom apartments.
- There would be a roof-top deck on the corner and a patio area for some units that would look down on the courtyard.
- There would be 78 units total with 60 1-bedroom apartments and 18 2-bedroom apartments.
- There would be 118 exterior parking stalls.
- The overall site is 2.2 acres.
- The units on the north would be twin homes.
- He was looking for suggestions and available for questions.

Kirk asked if the four units would be developed at the same time as the rest. Mr. Fretham would like to, but the area may be used for staging purposes during construction. He was inclined to think the units would be built once the building would be substantially complete or complete. Kirk confirmed with Mr. Fretham that the architecture of the twin houses would be similar to the apartment building.

Knight asked if a visitor would go into the lobby and through the garage to get to the elevator to get to the upper floors. Mr. Fretham said he would take a closer look at that with the architect. Knight and Mr. Fretham agreed that an elevator from the lobby to the upper floors would be better for visitors.

Magney said that the packet mentions four to eight townhomes on the north side. Mr. Fretham clarified that two twin homes, a total of four units, are in the proposal.

Knight noted that the sketches do not include the four-foot rise at Excelsior Boulevard and Williston Road. Mr. Fretham responded that that is hard to show.

Knight liked the way the north end of the apartment building would have the roofline match the twin homes.

Chair Odland asked if there would be a way to access the green space from the third floor. Mr. Fretham said that it would be visible, but not accessible.

Chair Odland questioned if the sidewalk would be intended for the public to use as well. Mr. Fretham answered affirmatively.
Rettew asked if the sidewalk would extend to the twin homes. Mr. Fretham said that diagrams have been made showing it both ways. He was open to doing the sidewalks either way.

Kirk asked what the red-dotted line represents. Mr. Fretham answered the location of a potential stormwater retention system.

Chair Odland asked if the underground garage would connect the 23 stalls accessed by Williston Road and the stalls accessed by Excelsior Boulevard. Mr. Fretham answered that it would not go through. The spots would be assigned.

The public hearing was opened.

Charles Swanson, 5436 Williston Road, stated that:

- He and his wife have lived there 15 years.
- Multiple-story dwellings have created problems in the past because they were so large and he sees that happening now.
- There have been a lot of new homes going in along the road. The area has improved a lot. He would like to see it continue with single-family houses.
- The house across from his driveway is really an eyesore. It has been vacant for 10 years. He would like to see a decision made on it, but he wondered why single-family dwellings would not be constructed.
- New houses are being built on Williston Road.
- It is not zoned for commercial.
- Twin homes would be different from the residences on Williston Road. He would rather not see twin homes or a multiple-story building.
- A new building changed an area going down to the lake in Wayzata drastically. The area is no longer appealing.
- He was concerned there would not be pride in homeownership.
- The lots are nice and could be made into nice, single-family residences.

Bill Jones, 5120 Lee Way, stated that:

- He loved the idea of the twin homes to provide a transition from the commercial area to the single-family area. He guessed that
Williston Road would be too busy a street and the lots would not be large enough for single-family residences.

- He suggested that one driveway to service both twin homes would make more sense. The two driveways on Williston Road would be 20 to 30 feet apart and located on a hill which could cause a problem. He suggested a minor design change to allow a vehicle to either enter the garage from the north and turn right into the garage or make a turn so a vehicle could enter the driveway would also be an improvement.
- The idea of a larger building on the corner is wonderful. The area is a commercial site.
- The proposal would allow a lot of residents to stay in the neighborhood in 10 or so years when he and others will be ready to move out of their houses. It would be wonderful to live in an apartment next to a wonderful, commercial area.
- He loved the idea of the apartment building and townhomes. It would be a great mix.
- The proposal could be a very positive change for the neighborhood.

Ellen Swanson, 5436 Williston Road, stated that:

- She is opposed to the apartment building being a big box. She saw no “aesthetics” to it at all. She did not want to live across the street from a big box.
- She is concerned with the density and number of units. She was concerned with increasing the number of people and traffic.
- She questioned if there would be parking spaces on the Williston Road side. Mr. Fretham answered in the negative.
- She did not like the flat roof. It would help to add some “aesthetics.”
- The previous proposals for the site were more attractive.
- She did not know why the boarded-up house is still standing. The prior property owner allowed the structures and a falling down tree to stay there for years. The site as it is diminishes her property value and changes the feel of the whole area.

Phyllis Adams, 14401 Atrium Way, stated that:

- She appreciated having discussions with previous applicants to help her develop an understanding of what density would be appropriate for the site and what uses would survive.
• She is all for bringing more people into the neighborhood because she wants all of the businesses to survive so she may use them too.

No additional testimony was submitted and the hearing was closed.

Rettew had the same concern regarding the two driveways being located so close together. He suggesting combining them. He saw pros and cons to the flat and gable roofs. The flat roof has less mass, but the gable roof ties it in better with a typical home look and breaks up the monotony of a box. He was curious to hear other people’s thoughts. He likes the courtyard. That helps break up visually the big-box look.

Kirk asked how the city deals with abandoned residences. Wischnack explained that when the city receives a complaint, staff will contact the property owner and request steps be taken to resolve the problem. City staff have visited this property and boarded up the vacant house. The property owner is responsible for paying for the cost. The site has not been found unsafe, but is a nuisance. If a resident sees something, then please contact city staff.

Kirk would rather see surface parking on Excelsior Boulevard. It would make sense to extend parking all the way down to where the grocery store and liquor store are located. Blending of the contemporary style and gable roof style works for him because of the horseshoe shape of the building. The massing is alright. He liked the stepping of the number of stories down as the hillside rises so that it would not continue to creep up the hill. It may be a little awkward of a transition from gable roofs to a flat roof from the courtyard view, but the flat roof would pretty much be hidden from the public view, so he did not have a lot of concern for that. He appreciates how the green space would flow in and out of the building. It would articulate the massive back of the building which has been included in previous proposals. Continuing to break up the large block on the southwest corner with different colors and textures as shown is important. He would support more of that throughout the design. Using different textures vertically can help break up mass. The building’s mass would be appropriate because it would be stepped back from Excelsior Boulevard and Williston Road. Overall, it is heading in the right direction and it looks a lot better than the previous proposals. He would support the proposal.

Rettew loves the trees on Williston Road. He would like the developer to complete the tree audit and preserve as many mature trees as possible.
Kirk stated that twin homes would be appropriate in the proposed location because the area has higher density and commercial uses, but he would prefer the rest of the lots adjacent to Williston Road contain single-family residences.

Knight asked if the twin homes would be owner occupied. Mr. Fretham answered affirmatively.

Chair Odland asked if including more owner-occupied twin homes had been considered. Mr. Fretham answered that it had been considered, but they could not come up with a viable plan. The corner is busy, numerous twin homes would create multiple driveways, and the property with the existing boarded-up building would not make it economically feasible.

Chair Odland liked Lake West Development’s proposal in another location that was laid out into a nice neighborhood. Mr. Fretham explained that that property had more room for a street, but this property does not have enough room for a street. The depth makes a big difference.

Chair Odland asked if he had considered individual houses with a row-house feel to provide more ownership to the neighborhood. Mr. Fretham responded that the study did not take them in that direction.

Magney likes the green space, gabled roof on the apartment to provide a nice transition to the houses to the north, and one driveway. He likes the building colors and different materials of stone and brick. It looks nice.

Chair Odland asked if there would be green aspects for power, water retention, or garden areas that would be a community area. Mr. Fretham said that there would be water retention on the rooftop, an above-ground stormwater collection area that would collect the water from the roof, and preservation of green space in the front and the border. That would work with either a gable or flat roof.

Knight asked if the stormwater pond would have a controlled outflow or if it could potentially overflow. Mr. Fretham answered that it could potentially overflow. Knight was concerned that the twin homes would have water problems. Mr. Fretham explained that would not happen because there would be enough change in elevation to prevent that.
Brief Description: 2015 Assessment Report

Recommended Action: Receive the report

Background

The assessing division has completed its work on the 2015 property assessment, and a report on the assessment results is enclosed for council review. Staff will present a brief summary of this report and 2015 property tax information at the March 23 council meeting, to afford the council the opportunity to ask questions.

Hennepin County started mailing property tax statements for 2015 the week of March 2. City staff will begin mailing market value notices to property owners on March 24, with the 2015 market value information for property taxes payable in 2016.

Recommendation

Staff recommends the council receive the 2015 report. No formal action is required of the council.

Submitted through:
   Geralyn Barone, City Manager
   Merrill King, Finance Director

Originated by:
   Colin Schmidt, SAMA, City Assessor
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Cover photos courtesy of (from top to bottom):
Doug Wallick, Carlson Center at Sunset
Minnetonka Assessing Department
Summary

• The total estimated market value for Minnetonka in assessment year (AY) 2015 is $8.43 billion, a 5.8 percent increase from $7.97 billion in 2014. Approximately 70 percent of the total market value comes from residential property, while 30 percent comes from commercial, industrial, and apartment properties. The table below outlines the growth in the market by major property classifications:

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Average Change</th>
<th>Total $ (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-family Residential</td>
<td>5.4%</td>
<td>$244.8</td>
</tr>
<tr>
<td>Lakeshore</td>
<td>11.0%</td>
<td>$15.9</td>
</tr>
<tr>
<td>Townhouses</td>
<td>2.0%</td>
<td>$9.3</td>
</tr>
<tr>
<td>Condominiums</td>
<td>14.2%</td>
<td>$42.9</td>
</tr>
<tr>
<td>Commercial</td>
<td>7.7%</td>
<td>$112.8</td>
</tr>
<tr>
<td>Industrial</td>
<td>0.4%</td>
<td>$1.2</td>
</tr>
<tr>
<td>Apartments</td>
<td>7.2%</td>
<td>$37.9</td>
</tr>
<tr>
<td>Other Property Types</td>
<td>9.0%</td>
<td>$23.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6.1%</strong></td>
<td><strong>$488.1</strong></td>
</tr>
</tbody>
</table>

• Comparisons with other cities for AY 2014 indicate most of the western suburban cities are adjusting residential properties by +0.5 to +6.0 percent. With an overall estimated average of +3.4 percent for the area, Minnetonka’s combined residential adjustment of 4.6% is slightly above that of most neighboring communities.

• The volume of sales in the city is down eleven percent from last year. This follows 42 percent growth from the previous year, but continues to be in-line with pre-recession volume levels.

• For AY 2015, apartment and commercial property growth is strong. Apartment property values increased 7.2 percent and the commercial properties increased 7.7 percent.

• The growth of commercial market values outpaced residential growth, causing a modest shift in the tax burden towards commercial property owners.

• Assessment staff closed 203 tax court cases in 2014 compared with 103 in 2013. That is 88 percent more tax court cases closed while also improving the ratio of stipulated value to original value. The assessing division has purchased new appraisal software to assist in further advancing case closure and increasing that ratio.

• There was $66.7 million in new construction in 2014 versus $62.5 million in 2013. We expect to see much more through calendar year 2015 with new residential and apartment projects underway and those nearing approval by the City Council. There will also be commercial projects that will have an impact on 2016 market values including the completion of the Ridgedale and Nordstrom projects. Other property types increasing by 9% from the graph above include vacant land, utility property and other property types with lower, less significant total values.
2015 Assessment from a Historical Perspective

The 2015 property assessment is complete, and property owners will receive a Notice of Estimated Market Value in March. The 2015 property assessment applies to property taxes payable in 2016 and reflects market conditions between October 2013 and September 2014. With values finalized, we have a clear picture of the overall movement in the real estate market.

Minnetonka has typically experienced steady growth in the market value of real property since the early 1990’s. The City of Minnetonka was not immune to the economic downturn that impacted real estate values throughout the entire Twin Cities metro area and most of the nation. The peak of market values occurred during the 2007 and 2008 assessment years. As depicted in the chart below, the 2009 assessment saw market decline which continued through the 2013 assessment. With a 6.7 percent increase in the 2014 assessment year and a 5.8 percent increase in the 2015 assessment year, the total estimated market value of real estate in Minnetonka is at 8.43 billion dollars, just below the peak of 8.54 billion dollars in assessment year 2008.

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Total Estimated Market Value*

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*The Minnetonka data and statistics used in this report are based on the 2015 assessment approved by Hennepin County on February 5, 2015. The data and statistics may not match the 2015 Hennepin County Assessment Report due to the time of year they are calculated or the methodology used in calculating the statistics.
The previous decline in the overall market value of the city came from both the residential and commercial sectors. In the residential sector, the median value reached bottom in AY 2013, with a median value of $273,200. This represented a 16.4 percent decrease from the peak in AY 2007 values. As the chart below shows, to date values have increased 16.3 percent since then.

The commercial markets began to stabilize in AY 2011. Since then, growth has been strong, continuing into AY 2015. Commercial values increased 6.5 percent and apartment values increased 7.2 percent.
Tax Capacity

The property tax capacity of a city is structured by state law and is used to determine property taxes each year. The total tax capacity is divided among property classes to determine the distribution of the property taxes paid by class. Tax capacity is a function of market value; when the proportions of value by property class change, the tax capacity changes. Single-family residential property represents the majority of the total tax capacity in Minnetonka, followed by commercial/industrial, multi-family, and other classes of property. With the growth of commercial and apartment values outpacing the growth of residential values, the commercial tax capacity increased in relation to the other property classes, as displayed in the graph below.

Assessment year 2014 saw a relatively low tax capacity for commercial properties, the lowest level since AY 2007. This corresponded to the highest residential tax capacity since assessment year 2009. The 2015 assessment saw these rates return to more typical levels for the previous few years. Notably, apartments are seeing their largest tax capacity since 2002. Overall, tax capacity appears to be settling towards the pre-housing bubble proportions.
The Residential Market

In Minnetonka, roughly 96 percent of the 19,744 taxable parcels are residential. The assessing staff uses city-wide comparisons of similar styles, quality, and classes of homes in making the annual property assessment. As described below, this comparison results in the same market value adjustments being made to like properties throughout the city. For example, an average-sized, three-bedroom rambler in the northeastern part of the city is valued based on the actual sale prices of similar ramblers throughout the city, rather than solely by the sale prices of different types of homes in its geographic area.

This system can be applied to all styles of houses (rambler, two-story, etc.) and allows the appraiser a range of judgment in setting the quality class for a particular house. When the quality class has been determined based on the physical characteristics of the home, the appraiser applies a prescribed dollar rate to the square footage of the house. The appraiser also adds or subtracts other dollar adjustments depending upon the specific features and characteristics of the house. This technique is similarly used for private real estate appraisal.

Most single-family properties are grouped into geographic districts for the purpose of conducting the periodic physical appraisal of properties. Quality features are re-examined at that time, along with other characteristics of the house. In some cases, markets within specific homogeneous neighborhoods in a district can be studied as discrete markets. This permits improved accuracy in the assessment.

Staff uses a property data system (PDS) computer-aided mass appraisal (CAMA) system to determine the market value for each residential property. Prior to the 2003 assessment, Minnetonka and other cities used trending factors to revalue all the properties (approximately 80 percent) not in the areas that are physically reviewed each year. Staff believes that now by revaluing both land and improvements on an annual basis, it adds to the accuracy and equity of the assessment process.

Recent Changes

In the spring of 2005, LOGIS, the city's technology consortium, launched a new PDS that is regularly updated with features added quarterly. This system continues to be enhanced and updated, and provides more tools for complex sales analysis (multiple regression analysis) that allows staff to improve the equity in the mass appraisal process. Several enhancements that staff has assisted LOGIS in developing include: valuation change tracking, inquiry tracking, search capabilities, uniform reporting capabilities amongst LOGIS participating cities, and local board reporting. These kinds of modules assist staff in tracking changes as well as enhancing customer service.

Beginning with the 2008 assessment, staff started using the CAMA system for land valuation in an effort to provide greater equalization throughout the city. The project required changing all of the land values for the 13,588 single-family residential properties in Minnetonka. Staff continued to fine tune land values for the current 2015 assessment.
Residential Sale Data

While a larger sample set generally provides greater precision in calculating the market value, staff carefully considers all factors that could affect current market conditions and makes adjustments accordingly. While on average, all residential sub-markets increased in value, not every parcel changed the same amount. Because of all of the factors that affect market value, some parcels increased in value above the average, while some increased at a much lower rate. A small percentage of parcels declined in value, typically due to changes made to the property characteristics during quintile and permitting reviews.

As illustrated below, the sales volume increased by 40 percent for AY 2014 (sales occurring in 2013). For AY 2015 (sales occurring in 2014), the number of sales fell 11 percent. Despite this decline, the number of sales are at pre-recession levels. This indicates that the sales volume is at the typical level of sales for the Minnetonka market.
When the sales are compared by different ranges of sale prices, it becomes clear that the increase in sales has been driven in large part by higher value homes. As the charts below show, six percent of the sales had a sales price of less than $200,000. The majority of sales (51 percent) had a sales price between $200,000 and $350,000. This is down from around 54 percent during the recession. Thirty-two percent of sales had a sales price between $350,100 and $600,000, and 10 percent had a sales price greater than $600,000. The two higher priced strata of sales combine to account for 42 percent of sales over the past two years, compared to just 36 percent in assessment year 2013. This indicates that not only have the number of sales returned to pre-recession rates, but also the proportion of values of home sales.

**Number of Single Family Sales By Price**

![Graph showing sales by price range from 2006 to 2015]

**2015 Distribution of Sales by Price**

![Pie chart showing distribution of sales by price range in 2015]

Legend:
- Less than $200,000
- $200,000 to $350,000
- $350,100 to $600,000
- Greater than $600,000
In the residential market, the largest percent increase in values occurred in the condominium market. Single-family residential also saw strong gains, while the townhome market had only modest gains. The large increase in condominium values reflects the fact that during the recession, condominiums had much larger declines in values than the other sub-markets. The increasing values seen this year brings them more in line with the historical balance of values among residential sub-markets.

2015 Percent Change by Property Type

Residential market data throughout neighboring jurisdictions are encouraging as well. After conferring with assessing offices throughout the west metro, residential real estate increased in the range of 0.5 to 6.0 percent. Minnetonka’s increase of 4.6% is just above a neighboring jurisdiction average of 3.4%.

<table>
<thead>
<tr>
<th>Residential Market Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jurisdiction</td>
</tr>
<tr>
<td>Bloomington</td>
</tr>
<tr>
<td>Eden Prairie</td>
</tr>
<tr>
<td>Minnetonka</td>
</tr>
<tr>
<td>St. Louis Park</td>
</tr>
<tr>
<td>Edina</td>
</tr>
<tr>
<td>Plymouth</td>
</tr>
<tr>
<td>Maple Grove</td>
</tr>
<tr>
<td><strong>Average</strong></td>
</tr>
</tbody>
</table>
While new construction in the residential market was relatively modest for 2015, there should be a significant change in the amount of new residential value for the 2016 assessment as there are some significant projects being built or in the planning stages. The biggest project is the former Jondahl parcel which is being developed into single family, townhouse and condominiums over the next couple of years. We also expect several infill developments with the new R1A zoning district.

For the fourth calendar year in a row, the number of foreclosures is down. As the graph below shows, the number of foreclosed sales in Minnetonka peaked in 2008, however there remained a large number of foreclosures through 2011. Starting in 2012, the number of foreclosure sales began to approach pre-recession levels, and 2014 saw the lowest number of foreclosures since 2006. With the increases in value over the last two years, fewer homes have negative equity, so the rate of foreclosures should remain stable in the near future.
The Commercial Market

While only four percent of the assessed parcels in Minnetonka are apartments, commercial or industrial, these property types have historically comprised a significant share of the tax base. For assessment year in 2015 (taxes payable in 2016), their share is just over 41 percent. This is up from 39 percent for the 2014 assessment.

The primary commercial sectors in Minnetonka are office, apartment, and retail. As the chart below shows, there is a smaller but significant amount of industrial value as well.

Changes in market values for these real estate sectors varies due to a number of factors. The different sectors within commercial real estate typically move together, but they can move at different rates depending on demand within the sector. Also the quality and location of the buildings can play an important role in changes in value. Commercial real estate can be more sensitive to socio-economic trends as the general outlook of real estate investors is based on the anticipation of relatively shorter term gains. After the weakened commercial market reflected in the 2009 and 2010 assessments, the assessed values from 2011 to 2013 were stable. Both AY 2014 and AY 2015 saw strong growth in the office and apartment sectors, with the industrial and retail markets seeing more moderate gains.

<table>
<thead>
<tr>
<th>Commercial Market Value Change by Submarket and Assessment Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Office</td>
</tr>
<tr>
<td>Industrial</td>
</tr>
<tr>
<td>Retail</td>
</tr>
<tr>
<td>Apartments</td>
</tr>
</tbody>
</table>
Office Market

Continuing the trend from last year, companies are decreasing their overall footprints. This reduction is not always reflective of decreasing employee counts, but rather it involves the effort to reduce their real estate occupancy levels and costs, create more collaborative spaces, and respond to changing work styles. Instead of considering the cost per square foot of real estate, businesses are often looking at the cost per employee, as the change in office space design is proving to have more efficient floor plans than traditional spaces. This has contributed to demand for Class A (the highest quality) office space, which accounts for most of the growth in office values.

Change in Value By Quality Class

In the west submarket, vacancy is down slightly and the net annual absorption rate is up slightly. This decrease in supply will continue to put pressure on values. Office space asking rent rates for Class A properties at the southwest corner of Interstate 394 and Highway 100 in St. Louis Park are up more than 20%. This growth has had an influence on real estate rents along the Interstate 394 corridor, the effects of which are evident in Minnetonka values. Over the past two years, values of office and retail real estate along 394 has increased 10.6 percent. As the chart below shows, this is nearly double the rate of the rest of Minnetonka office and retail values over the past two years.

The 394 Effect

1 Colliers International, Office Market Report, Fourth Quarter 2014
2 Colliers International, Office Market Report, Fourth Quarter 2014
There were seven office market transactions in Minnetonka that were included in the analysis for the 2015 valuation. These included the sale of:

- KBS II 601 Tower, LLC to AX 601 Tower L.P.
- Wert Properties, LLC to EGJBAS LLC
- Claude V Flatt to Ridgehill Prof Building LLC
- Woodhill Plaza, LLC to 15400 Highway 7, LLC
- Blue Circle Ptnp to Blue Circle Properties LLC
- Chase Commercial Properties to Lagos Properties, LLC
- Whitehill C L Et Al to 5100 Thimsen, LLC

The new construction in the office sector for 2015 was mostly limited to tenant improvements and the remodeling of existing buildings. A majority of the new construction was the completion of the new Minnetonka Medical Building on Highway 7.

As we look into 2015, we expect a similar trend with new construction. There are no new significant office projects in process at this time so we expect the majority to once again consist of tenant improvements and remodeling. The lack of speculative development combined with tenant demand for custom spaces could spur additional build-to-suit development, most likely along the 394 Corridor in the West submarket.

**Industrial Market**

The trend of increasing absorption rates and decreasing vacancy rates continued through 2014. The difference between asking trends and starting rents is decreasing and concessions are decreasing in well-located, efficient and functional properties.

Minnetonka is part of the Southwest Industrial sub-market and according to Colliers International, this market segment saw more leasable space available on the market. The overall vacancy rate for 2014 was down slightly to 10.7 percent compared to 10.9 percent in 2013.

Some Industrial sales transactions in Minnetonka this past year include:

- 11501 K-Tel Drive, Office/warehouse sold to 500 North Robert LP
- 5 Parcel office/warehouse package on Williston and Deveau was purchased by Williston Ridge LLC
- 6010 Blue Circle Drive, purchased by Blue Circle Skirtz, LLC
- 5950 Clearwater Drive, purchased by ALTUS MCC, LLC.

With the increasing absorption rate and decreasing vacancy rate throughout the Twin Cities metro area, experts expect that 2015 prime space will continue to be in demand. Landlords with less functional space with lower ceiling heights and inferior locations will continue to offer aggressive rates to attract tenants. Rates at prime properties will continue to increase. Limited options for purchase by users will push prices upward.

---

1 Ibid.
3 Ibid.
Retail Market

Overall absorption rates are positive, and vacancy rates are down. The southwest retail market saw occupancy increase by 85,355 square feet in 2014. The overall vacancy rate in the southwest market is 3.1 percent, which is the lowest vacancy rate in the Twin Cities market. The Ridgedale Trade Area has a vacancy rate of 0.1 percent, also the lowest in the Twin Cities market. Ridgedale is followed by the Southdale trade area with a vacancy of 1.5 percent and Woodbury Trade Area with a vacancy of 1.7 percent.¹

Because of the low vacancy rates in Minnetonka, values are increasing along with increasing rents. Minnetonka does not have significant value in class A retail; the vast majority of retail space is class B and class C. These retail segments have seen an increase in value over the past two years, however this growth is modest in comparison to the class A office and apartment sectors.

Change in Value by Quality Class

It was a slow year in regards to new retailers entering the Minnetonka market in 2014. Retail development either underway or proposed include:

- Nordstrom Department Store is scheduled to open on October 2, 2015. The department store is located on the site of the old Macy’s Men’s and Home Store. As part of the Nordstrom’s development, Ridgedale is constructing a two-story addition of inline retail and restaurant space that will add 85,000 square feet to the mall.
- The Ridgedale market area will receive an additional 15,873 square feet of new retail space as part of the proposed Highland Bank mixed-use development at 1730 Plymouth Road. Currently, the prospective tenants are Highland Bank and a coffee shop.

We expect continued decreasing vacancy and increasing rental rates at prime space in the urban core and inner-ring suburbs. After dipping during the government shut down, consumer confidence has increased to a five-year high. Consumers report some increased confidence in job prospects and

¹ Colliers International, Retail Market Report, Fourth Quarter 2015
the economy. In addition, the metro home prices have reached a five-year high. These trends all bode well for retailers. We expect steady absorption in 2015\(^1\).

**Apartment Market**

The fundamental indicators for apartment properties showed a solid multi-family market in 2014. Vacancy rates remained very low, market rents continued to increase, and interest rates remained historically low.

The apartments in Minnetonka received an overall average increase of 7.72% for the 2015 assessment. We had one apartment sale this past year, Stratford Wood, a B quality apartment complex located in the southwestern part of Minnetonka, just south of Highway 7. The Stratford Wood sale included two apartment buildings, 42 townhomes, and a clubhouse.

![Average Change in Value by Quality](image)

<table>
<thead>
<tr>
<th>Quality</th>
<th>Average Change in Value</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>9.0%</td>
</tr>
<tr>
<td>B</td>
<td>10.6%</td>
</tr>
<tr>
<td>C</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

The apartments in Minnetonka received an overall average increase of 7.72% for the 2015 assessment. We had one apartment sale this past year, Stratford Wood, a B quality apartment complex located in the southwestern part of Minnetonka, just south of Highway 7. The Stratford Wood sale included two apartment buildings, 42 townhomes, and a clubhouse.

Two new apartment complexes broke ground in 2014, one is the Carlson Island Apartments located at the interchange of I-394 and I-494 on an island in the middle of Carlson Center Lake, and the other is Tonka on the Creek Apartments located at the southwest quadrant of Hwy 169 and Minnetonka Boulevard. Both of these projects are expected to add units to the class A apartment market.

Carlson Island Apartments will have 174 units with five stories above ground and two levels of underground parking. Tonka on the Creek Apartments will consist of 100 units, with 20 of those units being income restricted.

1 Ibid.
According to Colliers, over 4,000 apartment units were added to the Twin Cities market in 2014, with another 5,000 – 6,000 units expected to deliver in 2015.

In the hospitality market, Minnetonka had one noteworthy transaction and one grand opening:

- In June of 2014, the Minneapolis Marriott Southwest sold to Sage Hospitality Resources out of Denver. The hotel flag will remain the same. The new owners are sinking even more capital into the 321 room hotel, to update the guest rooms and common areas.
- The new Hampton Inn at 10600 Wayzata Blvd, finished construction and is open for business.

Edina and Bloomington saw the highest commercial growth of our neighboring cities at 8.3% and 7.7%, respectively. The average growth of the seven cities surveyed for the 2015 assessment is 4.6%. Minnetonka commercial growth is 5.5%, just above the average of the other communities. As expected, the communities with the higher growth have larger class A office and class A retail sectors.

### Commercial Market Adjustments

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edina</td>
<td>1.8%</td>
<td>7.6%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Bloomington</td>
<td>0.5%</td>
<td>2.8%</td>
<td>7.7%</td>
</tr>
<tr>
<td>St. Louis Park</td>
<td>3.5%</td>
<td>3.5%</td>
<td>5.7%</td>
</tr>
<tr>
<td><strong>Minnetonka</strong></td>
<td><strong>0.6%</strong></td>
<td><strong>4.1%</strong></td>
<td><strong>5.5%</strong></td>
</tr>
<tr>
<td>Eden Prairie</td>
<td>0.2%</td>
<td>0.5%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Plymouth</td>
<td>0.4%</td>
<td>-1.0%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Maple Grove</td>
<td>0.0%</td>
<td>2.1%</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>1.0%</strong></td>
<td><strong>2.9%</strong></td>
<td><strong>4.6%</strong></td>
</tr>
</tbody>
</table>
Serving the Public

The purpose of the assessment process is to make an accurate estimate of the market value of each parcel of property, every year. As assessors, we uphold the Uniform Standards of Professional Appraisal Practice, which state that “An appraiser must promote and preserve the public trust inherent in appraisal practice by observing the highest standards of professional ethics”. The assessing office takes pride in serving the City of Minnetonka not only as public employees, but as appraisers striving to provide impartial, objective, and independent values.

In order to serve the public, there are many quality control processes in place. These quality checks include verifying data during property visits, using statistics to check the accuracy and equitability of our assessment, or working with a tax payer during a review or an appeal.

Property Data

The Minnetonka assessing division maintains a record of every real estate parcel in the city, including its size, location, physical characteristics, and condition. This record is verified and updated every five years during re-inspection, when permitted improvements are made to the property, and when a physical review is requested by the property owner. This information is electronic, allowing statistical comparisons of properties by type and location.

It is important to know that assessors use a mass appraisal process for valuing residential property. Mass appraisal uses different techniques than the appraisals used by banks, mortgage companies and others. The mass appraisal system used in Minnetonka involves the comparison of thousands of properties with the residential sales of homes throughout the city.

While differences exist between individual fee appraisals and mass appraisals, they are based on the same fundamental theories of value. Furthermore, any appraisal is only as good as the data the appraiser has available. One primary difference between individual appraisals and mass appraisal is that the individual appraiser typically views the interior of the home. This provides the appraiser with a better sense of the quality and condition of the home, and makes it easier to compare multiple homes. We encourage citizens to work with the assessment staff to view the interior of homes whenever possible, providing for a fair assessment for all.

Sales Data

Having the local assessment system operate effectively requires as much information about the local real estate market as possible. The assessing division makes a record of all property sales, using the Certificate of Real Estate Value (CRV) filed with the State of Minnesota for each property sale. When necessary, appraisers call the buyers or sellers in a transaction to gain more information about the circumstances of the sales.

In all cases, the sales information collected by the assessing division is closely scrutinized. Evidence that suggests a forced sale, foreclosure, a sale to a relative, or anything other than an arms-length transaction requires the sales to be discarded from the sales study. This is important, because the real estate sales information constitutes the database for the statistical comparisons necessary to make the property assessment.
Sales Ratio Standard

The accuracy of the assessing division’s estimated market values is measured by the sales ratio, which is simply the assessor’s estimated market value divided by the actual selling price. For example, a house having its estimated market value assessed at $285,000 and an actual selling price of $300,000 results in a sales ratio of 95 percent ($285,000 / $300,000 = 0.95). For all jurisdictions in the state, the accepted range for the median sales ratio measurement is 90 to 105 percent. In other words, the median (or midpoint) of the sales ratios for all properties sold should fall within 90 to 105 percent. Minnetonka’s 2015 assessment results in a sales ratio of 97.1 percent.

With some changes to the sales ratio methodology set by the Department of Revenue, the median target ratio has a range to allow for slight variations if necessary. A sales ratio of slightly less than 100 percent is desirable in order to avoid having many properties valued at more than their actual market value. If the median sales ratio were at 100 percent, it would mean that half the properties were assessed at less than market value and half were higher. On the other hand, a sales ratio of 97 percent means half the properties are below 97 percent of actual market value, and a relative low number are valued by the assessor at more than actual market value. Therefore, the acceptable range is 90 to 105 percent, with a target of approximately 97 percent.

A measure of the equity of the property assessment is the coefficient of dispersion (COD). The COD measures the average deviation from the median or midpoint. The more closely the assessor’s values are grouped around the midpoint, the more equitable the assessment. This is true because relatively few properties have been valued too high, or too low, compared to actual selling prices. For older or heterogeneous areas like Minnetonka, a coefficient of dispersion between five percent and fifteen percent is deemed acceptable with a lower COD indicating a more uniform assessment. Minnetonka’s 2015 assessment reflects a coefficient of dispersion of 6.7 percent.

Review Process

The review process is a key aspect of the mass appraisal system. Because some properties receive statistic-based adjustments to market value, the review allows the assessing staff the opportunity to individually examine certain properties. Where there is evidence a property has been overvalued or valued inequitably, its market value can be readjusted to an appropriate amount.

The Appeals Process

The property appraisal system depends upon an effective opportunity for appeals by individual property owners. Minnetonka’s assessment procedures provide this opportunity through inquiries to and reviews by the assessing staff, and formal appeals to the Local Board of Appeal and Equalization, County Board of Appeal and Equalization, and Minnesota State Tax Court.

Key steps in the market value appeals process are:

1. **Staff Review** – It is important for anyone having questions about their market value or the assessment process to contact the assessing staff. The large majority of property owners' concerns can be resolved through this administrative review.
2. **Local Board of Appeal and Equalization (LBAE)** – The Local Board of Appeal and Equalization will meet on April 20 and May 4, 2015. Staff will attempt to provide complete information regarding each property that is the subject of appeal. This process is greatly helped if property owners contact the assessing division in advance of the meeting if they intend to make an appeal. The Minnetonka City Council appoints local real estate professionals as advisors to the Board of Appeal and Equalization. A property owner who is not satisfied with the assessing staff’s review may make an appeal to the Local Board of Appeal and Equalization. Property owners can reach the assessing division by phone at 952.939.8220 or by email at assessor@eminnetonka.com. They are requested to contact the division by April 10, 2015, in order to notify staff of their intent to appeal.

3. **County Board of Appeal and Equalization (CBAE)** – Property owners may appeal the decision of the Local Board of Appeal and Equalization to the County Board of Appeal and Equalization which meets on June 15, 2015. The property owner must appeal to the Local Board of Appeal and Equalization first in order to appeal to the County Board. You must call in advance to get on the agenda. The deadline for making an appointment with the County Board of Appeal and Equalization is May 20, 2015, and the number to call is 612.348.7050.

4. **State Tax Court** – Property owners may appeal the decision of the County Board of Appeal and Equalization to the State Tax Court. Petitions regarding the 2015 Assessment can be filed until April 30, 2016. Petitioners may choose to appeal directly to the Minnesota Tax Court, and it is common practice for commercial/industrial property owners to take this approach due to the complexity of the issues. For more information, contact the Minnesota Tax Court at 651.296.2806.

In order to provide a more complete understanding about the appeals process, the assessing staff has posted information on the City of Minnetonka website to assist property owners. Staff may be contacted at 952.939.8220.

**Appeal History**

In Assessment year 2013, there were changes instituted by the Minnesota Department of Revenue with regards to the way changes to the assessment were handled. All changes to property values of parcels that sold during the sales period were required to go before the Local Board of Appeal and Equalization. Previously these values could be changed without going to the Local Board, provided that they were made prior to ten days before the Local Board. The new requirements increase transparency and discourage misuse of the appeals process.

Below is a recap of recent results of market value inquiries and appeals. As shown, the number of properties involved has been a relatively small number of the total parcels in the city. Approximately one-half of a percent of the total number of parcels had changes to the values after the assessment. The overall number of appeals to the local boards increased due to the administrative changes made by the Department of Revenue beginning in 2014.
In the past seven years, over $7 billion in tax petitions on Minnetonka properties have been filed with the Minnesota Tax Court. These petitions require a substantial amount of time and resources to resolve. Many of these cases may remain on the tax court calendar for multiple years. During the interim, the property owners must continue to pay taxes. If a reduction in value is stipulated, typically years after the initial petition is filed, they receive a refund plus interest.

### Local Board of Appeal History

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Parcels</th>
<th>Staff Inquiries</th>
<th>Staff Reviews Change/No Change</th>
<th>Appeals to LBAE Change/No Change</th>
<th>Appeals to CBAE Change/No Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>20,670</td>
<td>850</td>
<td>105/170</td>
<td>11/8</td>
<td>1/0</td>
</tr>
<tr>
<td>2009</td>
<td>20,526</td>
<td>780</td>
<td>155/300</td>
<td>8/9</td>
<td>0/0</td>
</tr>
<tr>
<td>2010</td>
<td>20,518</td>
<td>700</td>
<td>125/175</td>
<td>9/5</td>
<td>1/1</td>
</tr>
<tr>
<td>2011</td>
<td>20,545</td>
<td>625</td>
<td>145/157</td>
<td>5/2</td>
<td>2/2</td>
</tr>
<tr>
<td>2012</td>
<td>20,555</td>
<td>600</td>
<td>146/170</td>
<td>2/2</td>
<td>0/0</td>
</tr>
<tr>
<td>2013</td>
<td>20,570</td>
<td>500</td>
<td>87/237</td>
<td>24/65</td>
<td>2/0</td>
</tr>
<tr>
<td>2014</td>
<td>20,633</td>
<td>454</td>
<td>83/288</td>
<td>65/22</td>
<td>2/0</td>
</tr>
</tbody>
</table>

### City of Minnetonka Value Under Petition

![Graph showing the value under petition for City of Minnetonka from 2007 to 2013.](image)
Commercial Petition Activity

As anticipated, there were a large number of petitions filed on the 2013 values for commercial, industrial, and apartment properties based on the prior recession. This has been a historical pattern associated with the recessions that have occurred. As the commercial market continues to strengthen, staff expects a reduction in the number of petitions filed and a continuing reduction in the value under petition. As the chart above shows, this has been the trend over the past two years.

Residential Petition Activity

While there have always been fewer residential than commercial petitions filed, the number of residential petitions has increased since 2008. Often homeowners file on their property because they have missed the LBAE and CBAE process. Many of Minnetonka’s cases are stipulated to an agreed value with the staff appraisers. Like negotiations with commercial properties, development of judicial-ready appraisals for tax court is critical.

The charts below show the distribution of tax court petitions based on the number of petitions, as well as the value of those petitions. The vast majority of cases are commercial, however the apartment petitions do make up a substantial amount of value under appeal.
Despite the large amount of value under petition, the assessing staff is tackling the issue head on and improving the office processes with measurable results. The number of closed cases for the 2014 calendar year is up 88%, meaning that appraisers have been working to aggressively and proactively resolve tax court petitions. The assessing division has recently purchased a new software package to improve the efficiency in working through the tax court caseload. The new software speeds up the appraisal writing process which will help us keep pace with the increased caseload. It will also provide more accurate valuations earlier in the process to present to the petitioners. The goal is to resolve cases sooner to ease the scheduling burden and ultimately reduce any refunds given back to the petitioners.

As the graph below shows, this aggressive posture of closing cases has not sacrificed quality or lead to greater reductions in property values. Compared to 2012 and 2013, 2014 saw a 2.3% increase in the ratio of settled values to the original value. This equates to over forty million dollars of taxable value retained compared to past years. That does not include the savings in interest that would be owed on tax dollars refunded at a later date.

Public Information and Citizen Relations

The city provides public information in a number of ways to keep Minnetonka residents informed about the market value process, methods for appeal, and current property tax rates. An article in the March 2015 Minnetonka Memo provides information on market values and property taxes. Staff regularly updates the city’s web page with current information and annually posts the assessment report on the City of Minnetonka website. Information regarding the Property Tax Refund, the Senior
Citizens Property Tax Deferral, as well as information on foreclosure prevention counseling can be found on the City’s website.

The assessing division staff uses several methods to ensure that all who contact the city about market values or property taxes receive a prompt, courteous response. A record-keeping system tracks inquiries about market values to see that those inquiries are appropriately guided through the review process. Every property owner that requests a staff review of their market value receives a response from the city assessing staff.

The assessing staff has worked diligently to provide clear information to property owners about a property tax system that is complex and often difficult to understand. Each spring, assessing staff sends introductory letters to residents in reappraisal neighborhoods. These have been well received by property owners and help increase the number of reappraisals the assessing division is able to conduct in these neighborhoods.
## 2015 Assessment Calendar

<table>
<thead>
<tr>
<th>DATE</th>
<th>ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1</td>
<td>Informational articles distributed as part of the March <em>Minnetonka Memo</em></td>
</tr>
<tr>
<td>March 2</td>
<td>City Council appoints advisors to the Local Board of Appeal and Equalization</td>
</tr>
<tr>
<td>March 2</td>
<td>County Auditor’s target date for mailing 2015 property tax statements</td>
</tr>
<tr>
<td>March 23</td>
<td>City Council receives the 2015 Assessment Report</td>
</tr>
<tr>
<td>March 24</td>
<td>City Assessor’s target date for mailing the 2015 value notices</td>
</tr>
<tr>
<td>April 10</td>
<td>Property owners are requested to file a formal appeal to appear at the Local Board of Appeal and Equalization</td>
</tr>
<tr>
<td>April 20 – May 4</td>
<td>Local Board of Appeal and Equalization</td>
</tr>
<tr>
<td>April 30</td>
<td>Last day for property owners to file State Tax Court petitions for the 2014 assessment (payable 2015)</td>
</tr>
<tr>
<td>June 15</td>
<td>Hennepin County Board of Appeal and Equalization</td>
</tr>
</tbody>
</table>
Appendix: Statutory Requirements

General

Minnesota law establishes specific requirements for the property tax system, including the assessment of property (M.S. Chapter 273). Starting with the 2011 pay 2012 assessment, the homestead credit was eliminated and replaced with the homestead market value exclusion. The homestead market value exclusion reduces the taxable market value for each eligible property instead of providing a direct credit against the taxes owed. Because the exclusion is a reduction in the value subject to tax, it also affects tax rates of all properties. Since this change, there is no state paid credit and the entire local property tax levy is funded by property taxpayers in the jurisdiction. The law now requires the following:

1. All real property is to be valued at market value, which is defined as the usual or most likely selling price. Special qualified exclusions such as the homestead market value exclusion and the veteran’s exclusion are subtracted from the market value to arrive at the taxable value.

2. Property is classified according to state law, and the tax capacity is calculated based on the following tax capacity rates.

   **Tax Capacity Rates for Property Taxes Payable in 2014**

<table>
<thead>
<tr>
<th>Classification</th>
<th>First $500,000 of Value</th>
<th>Amount over $500,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Homestead:</td>
<td>1.00%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Rental Housing:</td>
<td>1.00%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Commercial/Industrial Preferred:</td>
<td>1.50%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Seasonal Residential:</td>
<td>1.00%</td>
<td>1.25%</td>
</tr>
</tbody>
</table>

3. The tax capacity is multiplied by the tax rate (the total of county, school, city and miscellaneous levies) to determine the amount of property tax.

4. Finally, any credits, such as those for agricultural preserve, are then subtracted to yield net taxes due.

The annual property assessment focuses on the very first step of this process – establishing an estimated market value for each parcel of property. Market values are assessed locally by the city or
township assessor, if there is one, or by the county assessor. The work of the local assessor is monitored by the county assessor, whose work in turn is monitored by the Minnesota Department of Revenue. The Minnesota Department of Revenue is authorized by law to adjust the property assessment to help ensure county-wide and state-wide equalization of property assessments.

As a result, Minnetonka and other Hennepin County cities must regularly report to the county assessor, who has established the standard that local property assessments reach at least 97 percent target ratio of actual market values to sale prices. At times, local assessments have been adjusted by the county assessor or the State of Minnesota to meet this standard.

State law also requires that each individual property be inspected by the assessor at least once every five years. As a result, Minnetonka and other cities set up rotating appraisal schedules to ensure that this requirement is met.

Veterans Exclusion

The 2008 State legislature amended the homestead law that provides a market value exclusion for all or a portion of property owned and occupied as a homestead by a military veteran who has a service-connected disability of 70 percent or more (M.S. 273.13 subd. 34). To qualify, a veteran must have been honorably discharged from the United States armed forces and must be certified by the United States Veterans Administration as having a service-connected disability. A veteran who has a disability rating of 70 percent or more qualifies for a $150,000 market value exclusion, and must reapply annually, if not considered permanent.

A veteran, who has a total (100 percent) and permanent disability, qualifies for a $300,000 market value exclusion. To receive this valuation exclusion, a property owner must apply to the assessor by July 1 of the assessment year. The exclusion is a one-time application, and the property continues to qualify until there is a change in ownership. If a disabled veteran qualifying for a valuation exclusion predeceases the veteran’s spouse, and if upon death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion carries over the benefit of the veteran’s spouse for four additional assessment years or until such time as the spouse sells, transfers, or otherwise disposes of the property, whichever comes first.

For the 2013 assessment year, there were 65 properties in Minnetonka that received this exclusion, totaling $12,950,100 million in value being excluded for taxes payable in 2014.

Currently, for the 2014 assessment, 64 properties are receiving the exclusion. This does not include those that may apply for the first time by July 1, 2014. The value of the veteran’s exclusion for this assessment year totals $13,020,000.

This Old House

Since 1993, state law has provided for a deferral of a portion of the market value added to older homes through new improvements (M.S.273.11 subd. 16). Since its inception, the “This Old House” law underwent many revisions. The law was phased-out beginning with the 2003 assessment, and no additional properties can be enrolled in “This Old House.” The last version allowed deferrals for:

- 50% of the first $50,000 of improvements to homes over 45 years old.
• 100% of the first $50,000 of improvements to homes over 70 years old.

• Total market value of the property must have been less than $400,000 at the time the permit was issued.

In the fall of 2002, the staff of the Minnetonka assessing division notified all eligible property owners that had building permit activity of this change, and reminded them that the projects needed to be complete as of January 2, 2003, the sunset date.

For the 2015 assessment, 65 properties still have qualifying improvement amounts totaling $424,200 that will be deferred. Properties that had previously qualified and received a deferral will remain in the program until their 10-year exemption is complete.

With the 2015 assessment year, all properties that were eligible for the This Old House program in 1993 are in either a two or five year phase-in. For properties with exclusions over $10,000, the excluded value is phased in over a five-year period, at 20 percent per year. For improvements less than or equal to $10,000, the excluded value is phased back in over two years, at 50 percent per year. All excluded value will be phased in by assessment year 2017.

There is currently talk in the legislature of bringing back the This Old House program and possibly expanding it to the commercial and industrial properties. This program, if reinstated and expanded, will create quite an additional administrative burden for the assessing division. The assessing community in Minnesota is working with legislators on alternatives to this program which could assist those property owners in need of property tax relief. Solutions should strive to minimize administrative burdens for the property owner and the agency administering the program.