



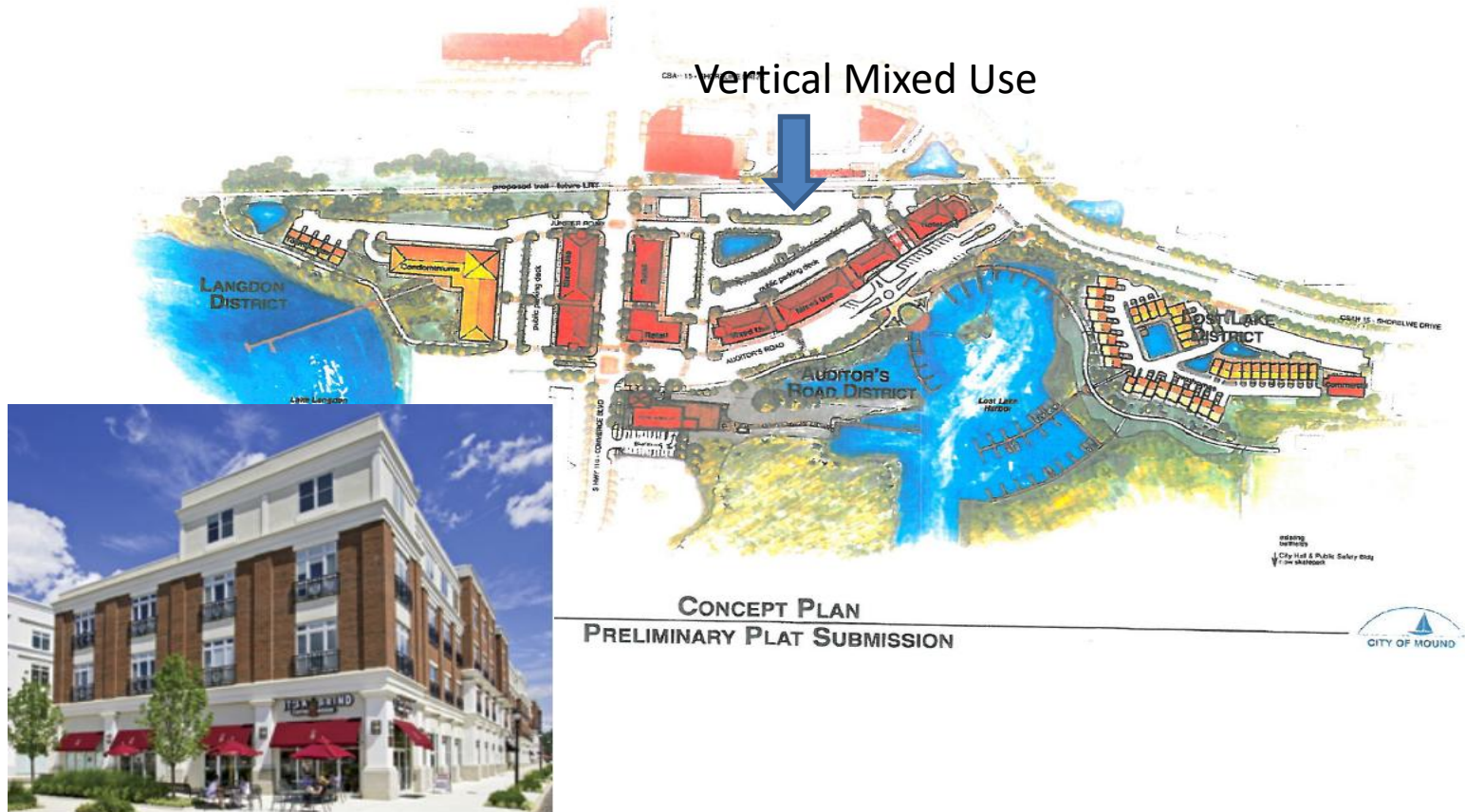
Mound Harbor TIF District

***A brief history of the district
and reasons for the
current suggested approach***



Mound Harbor TIF District Original Concept Plan (2005)

Mound Harbor Renaissance, Mound, MN





Mound Harbor TIF District

The district was created in 2005 and will decertify in 2031.

\$7.2M in investments though 2015 include:

- \$3.3M Dump Remediation/Lost Lake Dredge
- \$1.8M Property Acquisition
- \$1.7M Greenway Trail & Pier Construction
- \$0.4M Historic pump house relocation & renovation, and way finding signage

\$4.02M in bonds were issued that are callable beginning in 2019 and are currently paid with tax increments, tax levies and Lost Lake slip fees

The levy portion of debt service was suspended in 2018 in anticipation of generating new development/TIF and allowing the levy to be used for the Infrastructure Replacement Reserve Fund



Mound Harbor TIF District Highlights- 2013 Market Study

| DEMAND SUMMARY DOWNTOWN MOUND 2010 TO 2020 | | |
|--|------------------|-------------------------------------|
| Neighborhood Retail | 15,500 to 19,000 | additional sq. ft. through 2020 |
| Specialty Retail | 15,000 | additional sq. ft. through 2020 |
| Office | 5,900 to 7,800 | additional sq. ft. through 2020 |
| Housing | | |
| Market Rate For-Sale TH's/Condos | 60 to 70 | additional units through 2020 |
| Affordable For-Sale TH's | 16 to 18 | additional units through 2020 |
| Market Rate Apartments | 80 to 90 | additional units through 2020 |
| Affordable Apartments | 54 to 60 | additional units through 2020 |
| Senior Housing | 60 to 70 | additional units through 2020 |
| Limited-Service Hotel | | future development/ later in decade |
| Source: Maxfield Research, Inc. | | |



Mound Harbor TIF District Ehlers 2016 TIF 1-3 Analysis

Question: How much development is necessary to pay for the 2009D Bonds and repay the interfund loans?

Answer: \$27.8M which equates to
180 apartment units & 6,300 SF of retail
(not desirable) OR
85K - 120K SF of retail (not realistic)

So what are the alternatives?



Mound Harbor TIF District

Conclusions

- City has been approached with concepts for 120+ units of high density affordable housing in the Harbor District which would have essentially eliminated public enjoyment of the area and significantly intensified use. Remaining land assembly was also a challenge.
- Commerce Place and other existing sites have high vacancy rates that could accommodate office/retail. Adding too much additional office/retail would put additional stress on these existing locations.
- Harbor District serves as the down-town community gathering spot and there is a desire to maintain the open, connected feeling between the lake and the downtown/Dakota Trail.
- Need to acknowledge limitations of market – no access from major highway, large % of population commutes to work out of town, Amazon/internet changing the retail marketplace
- Learn from the lessons of the Villas on Lost Lake development – parking issues, maximizing value based on designs, better separation between residential and retail



Mound Harbor TIF District Downtown Lakes Area(2017)





Mound Harbor TIF District New Concept Plan (2017)





Mound Harbor TIF District Objectives in Issuing RFQ

- Responds to feedback from the Market Study and shifting economic forces
- Respects existing businesses, available square footage
- Complements Lost Lake development, reduces intensity of use, allows for continued public enjoyment of area
- Creates a competitive process to test the market while leaving all options on the table



Mound Harbor TIF District

\$12M+ from a new townhome development equates to over \$100K in additional tax increment, which would provide relief to the levy

Converting 10 of the transient slips to overnight generates over \$10,000 per year from slip fees and increases value of townhomes



Mound Harbor TIF District

| 2009D Bonds | | Revenues | | | | |
|-------------|-----------|-----------|------------|------------|------------|-----------|
| Collection | January 1 | Debt | Tax | Villa Dock | | Total |
| Year | Cash | Levy | Increments | Fees | Other | Receipts |
| 2009 | | - | 129,748 | - | - | 129,748 |
| 2010 | | - | 121,742 | (1,250) | - | 120,492 |
| 2011 | | 120,349 | 99,140 | (1,900) | - | 217,589 |
| 2012 | | 125,048 | 604 | - | - | 125,652 |
| 2013 | 150,442 | 214,400 | 39,962 | 28,407 | - | 282,769 |
| 2014 | 185,751 | 200,000 | 37,456 | 47,853 | - | 285,309 |
| 2015 | 220,006 | 200,000 | 36,104 | 47,403 | - | 283,507 |
| 2016 | 248,597 | 200,000 | 60,667 | 40,285 | - | 300,952 |
| 2017 | 251,705 | 175,000 | 78,874 | 33,000 | - | 286,874 |
| 2018 | 236,132 | | 105,512 | 40,000 | - | 145,512 |
| 2019 | 80,059 | | 105,512 | 40,000 | | 145,512 |
| 2020 | (79,440) | | 205,512 | 40,000 | ↑ | 245,512 |
| 2021 | (136,638) | | 205,512 | 40,000 | ↑ | 245,512 |
| 2022 | (191,336) | | 205,512 | 40,000 | - | 245,512 |
| 2023 | (248,234) | 100,000 | 205,512 | 40,000 | How much | 345,512 |
| 2024 | (206,932) | 100,000 | 205,512 | 40,000 | from sale | 345,512 |
| 2025 | (171,930) | 100,000 | 205,512 | 40,000 | of land to | 345,512 |
| 2026 | (152,428) | 100,000 | 205,512 | 40,000 | pay down | 345,512 |
| 2027 | (127,826) | 100,000 | 205,512 | 40,000 | bonds? | 345,512 |
| 2028 | (107,724) | 100,000 | 205,512 | ← | - | 345,512 |
| 2029 | (86,622) | 100,000 | 205,512 | 40,000 | How much | 345,512 |
| 2030 | (63,975) | 100,000 | 205,512 | 40,000 | TMV/TIF | 345,512 |
| 2031 | (44,130) | 100,000 | 205,512 | 40,000 | generated? | 345,512 |
| | | | | | | |
| | | 2,134,797 | 3,281,465 | 753,798 | - | 6,170,060 |



Mound Harbor TIF District RFQ Presentations Feb 27

- Respondents to present their concept plans and development proposals:
 - Tom Bakritges, Director of Land Development, Homestead Partners
 - Mike Kevitt, Vice President of Land Development, SVK Development, LLC
- Criteria/Objectives specified in RFQ/I
 - Ability to provide a competitive price for the land.
 - Ability to maximize quality and corresponding market value of the completed development.
 - Ability to independently finance all improvements and development costs.
 - Ability to complement the stylistic features and amenities of the Villas on Lost Lake Townhome development.
 - Ability to complete the development in a timely manner.