



City Council / Port Authority Concurrent Meeting AGENDA

**CITY COUNCIL / PORT AUTHORITY CONCURRENT MEETING
TUESDAY, SEPTEMBER 16, 2025
COUNCIL CHAMBERS
BLOOMINGTON CIVIC PLAZA
1800 W. OLD SHAKOPEE RD.
BLOOMINGTON, MN 55431
6:00 PM**

1. ANNOUNCEMENT

Some City Council and Port Authority members and presenters may participate electronically as permitted by Minnesota Statutes. Members of the public may attend in person or watch on the City's YouTube channel: blm.mn/YouTube.

2. CALL TO ORDER

City Councilmembers and Port Authority Commissioners request attendees silence their cell phones during the meeting. A paper copy of the full agenda packet is available for viewing in the 3-ring binder at the entrance of Council Chambers.

3. STUDY SESSION

3.1 Consider Mall of America (MOA) Waterpark Private Financing

4. ADJOURNMENT

4.1 Adjournment of the Concurrent City Council/Port Authority Meeting

BloomingtonMN.gov: A yearly meeting schedule, agendas, and the official minutes once approved are available. If you require a reasonable accommodation, please call 952-563-8733 (MN Relay 711) as soon as possible, but no later than 9:00 a.m. one business day before the meeting day.

Our mission is to cultivate an enduring and remarkable community where people want to be.



Commission Agenda Item

Originator Port Authority	Item 3.1 Consider Mall of America (MOA) Waterpark Private Financing
Agenda Section STUDY SESSION	Date September 16, 2025

Requested Action:

Informational only.

Item presented by: Holly Masek, Port Authority Administrator
Kevin Knase, Assistant Port Authority Administrator

Description:

At the September 16 study session, City Council and the Port Authority Commission will be presented with the following for consideration and discussion: a review of MOA's waterpark project and related public financing terms, which were last presented to the City Council and Port Authority Commission in April of 2024, and an outline of the private financing terms sheets executed by Triple Five for the project.

Port Authority staff, consultants, and Triple Five are finalizing the redevelopment agreement in alignment with the term sheet that was approved at the April 2024 meeting. Staff will be bringing for approval an amended TIF Spending Plan to the September 30, 2025 concurrent meeting in alignment with the extension approved during the Special Legislative session. Staff intend to bring the private financing term sheets and the redevelopment agreement for approval at that meeting. If these items are approved, it will unlock \$6.5M to be used for pursuit spending to finalize waterpark designs prior to closing. At a future meeting, staff will also request approval to spend up to \$1M to complete public improvement predevelopment requirements, such as finalizing construction drawings to determine cost and bond sizing.

See the attached MOA Waterpark Study Session Report for further details.

Attachments:

[MOA Waterpark Study Session Report](#)

Consider Mall of America (MOA) Waterpark Private Financing - Staff Report September 16, 2025 Concurrent City Council and Port Authority Meeting

INTRODUCTION

At the September 16 study session, City Council and the Port Authority Commission will be presented with the following for consideration and discussion: a review of MOA's waterpark project and related public financing terms, which were last presented to the City Council and Port Authority Commission in April of 2024, and an outline of the private financing terms sheets executed by Triple Five for the project.

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Project Background

A large indoor waterpark has been included in plans at or near Mall of America since the mall project was conceived in the 1980s. In 2018, the City Council and Port Authority started work in earnest to find a way to deliver the waterpark project. Throughout 2018 and 2019, a plan was developed that utilized a nonprofit entity to facilitate the project. The nonprofit would take the place of the City as owner and borrower for the waterpark project until the mortgage was paid off in 30 years. The model allowed the project to move forward while protecting the City and Port from financial risk and liability. This concept was stalled during the pandemic

In 2021, new statutory tax increment financing (TIF) authority (via a TIF Spending Plan) was enacted that opened up new financing models for the waterpark project. It allows TIF Spending Plan dollars to go directly to a private development project, while typical TIF dollars may only be used for public improvements such as parking ramps. The purpose of the Spending Plan TIF flexibility is to spur economic development and create permanent and construction jobs. The 2021 flexibility required that TIF Spending Plan funds be spent by December 31, 2025.

In March 2022, the City Council and Port Authority approved financial agreements for Triple Five to formally pursue private financing for the waterpark. The approved assistance was \$35M of TIF Spending Plan funds as equity and \$75M of TIF for the public infrastructure. In addition, the agreements included a purchase option for the Adjoining Lands (vacant parcel east of MOA) for Expo development use. In December 2022, the City Council and Port Authority amended the TIF Spending Plan to provide up to \$95.2M of TIF Spending Plan dollars. This concept was

stalled by the market adjustments in 2022 with further increases in interest rates and construction costs.

In April 2024, the City Council and Port Authority approved a Waterpark Term Sheet, attached for reference, outlining the terms for a redevelopment agreement and public financing for the waterpark. This included \$85M of Spending Plan TIF funds and up to \$75M of non-spending plan TIF funds for a parking ramp and public improvements. Conditions of approval include adoption of the redevelopment agreement and an executed term sheet or sheets for private financing. Once approved, the City would advance up to \$6.5M of TIF Spending Plan dollars to complete pursuit activities, such as design work, prior to closing.

Since the April 2024 meeting, Staff have continued conversations with Triple Five to analyze various private financing proposals to move this project forward in alignment with the approved Waterpark Term Sheet. During the 2025 legislative session, MOA and the City included a request to extend the expenditure deadline of Spending Plan TIF until the end of 2027 from its original December 31, 2025 deadline. This extension was passed during the Special Legislative Session earlier this summer. Staff anticipate holding a public hearing to amend the Spending Plan at the September 30th concurrent City Council/Port Authority meeting.

As of August 2025, Triple Five has executed term sheets for private financing, which include financial guarantees, and is working with City staff to negotiate the redevelopment agreement. Prior to releasing the \$6.5M for pursuit spending, the Port and City Council will need to act to approve the redevelopment agreement in its substantially completed form.

Proposed Waterpark



Continuing to keep the Mall of America destination fresh, and developing attractions and experiences that bring new audiences, is essential to the financial health of the mall. MOA is a significant contributor to Bloomington's tax base. MOA's continued strong performance is essential to defraying the property tax that residents would otherwise need to pay. A waterpark project has been identified as viable project to meet the goals these goals.

Mystery Cove Project Description

- ~144,000 SF pool hall with ~220,000 SF building envelope
- Capacity: 3,000 guests, Projected Annual Attendance: 631,000
- Attractions include:
 - Wave pool
 - Lazy river
 - Family splash pad
 - 30 slides and rides
 - Additional pools and spas
 - Thematic food and beverage offerings
 - Cabanas and daybeds
- Architectural features:
 - Retractable roof
 - Operable windows on facades
- Connectivity:
 - Supported by skyway and new parking structure
 - Connected by transit to greater MSP region via existing Mall of America Transit Station (Blue Line Light Rail, Red Line, and D-line BRT)
- Anticipated timeline:
 - Design and entitlement approvals – fall to early 2026
 - Construction start – 2026
 - Completion and opening in 2029

Sustainable Design

MOA will make best efforts to reduce environmental impacts of the project and spend a minimum of \$5M implementing sustainable design methods. Waterparks do, by virtue of their design, use more energy and water than typical buildings, and therefore have greater environmental impacts than typical buildings. By exploring programs such as Xcel Energy Design Assistance, LEED Certification, and federal energy efficiency grants, MOA will identify opportunities to mitigate project impact within the limitations of the project budget. The project is also now smaller than previously proposed, with reduced water use.

MOA and their project architect have presented preliminary design work to the Sustainability Commission at a special meeting on April 9, 2024. Designs have not changed since that time. MOA has committed to providing periodic updates to the City at project design milestones.

Energy projections previously shared about the waterpark are based on estimates provided by MOA and their vendors, not the City, Port Authority, or their consultants. Further information on energy projections is expected as the design process progresses.

PROJECT TERMS

Approved Term Sheet for Waterpark

The 2024 City Council and Port Authority approved term sheet utilizes the flexibility of the Spending Plan TIF, before it expires, on a regional asset that will generate high visitor traffic to MOA, Bloomington, and the region; assist the hospitality industry; and create ongoing and construction jobs.

The approved deferred equity model entails three main points:

1. Provides a financing framework for a MOA entity to obtain private financing for a waterpark project
 - \$85M in Spending Plan TIF is made available to the project at closing
 - \$6.5M of this would fund the balance of the pursuit costs before closing on the waterpark financing.
 - Up to \$75M in MOA TIF for public infrastructure
2. Captures Waterpark Cashflow
 - 100% of annual profits from the Waterpark operations (waterpark revenues less waterpark expenses and debt service on the loans) will be captured, and disbursed into two accounts based upon cash flow available:
 - 60% to a MOA Project Fund
 - Third party account in escrow to serve as gap financing on future MOA development projects in Bloomington with consent of MOA and Port Authority.
 - 40% to Port Authority Project Fund
 - Uses from this fund will be at the discretion of the Port Authority for TIF-eligible projects.
 - A minimum of \$40M to a maximum of \$60M to this account, will be collected over time if the project cash flows as expected.
 - Minimum of \$100M to be captured over time if project cash flows
3. Requires Future Private Equity
 - Termination of the waterpark cashflow capture does not occur until at least 30% equity is provided (based on value of waterpark at time equity is applied) at a future date and a minimum of \$100M is captured into the two accounts (MOA Project Fund and Port Authority Project Fund)
 - Valuation and cap rate of the waterpark at the time of the private equity contribution is determined by the three appraisal process.

- To incentivize increasing the valuation of the waterpark, through increased net operating income (NOI), the waterpark owner is able to earn equity, up to half of the required 30% private equity.
- In a higher profit scenario, equity is not required to refinance the construction loan due to the higher valuation of the waterpark allowing for sufficient new debt coverage to take out the construction financing. Staff and Triple Five are in conversations around how these dollars would remain within the community.

Management Fee

The management fee for operating the waterpark is 3.5% of waterpark gross revenue, with incentives to get to 5% based on performance. In recognition of the guarantees provided by Triple Five, staff recommends no longer requiring subordination of the management fee.

PRIVATE FINANCING

Term Sheets for Private Financing of the Waterpark

Triple Five has executed two term sheets for private financing to provide a combined ~\$253M for the waterpark at a blended rate of approximately 10.5%. City staff and financial consultant have reviewed the provided term sheets and are analyzing how these terms may impact the viability of the project and the agreed upon terms between the City and Triple Five. Triple Five needs to satisfy a number of conditions prior to closing on the private financing and the term sheets are preliminary and subject to change. An outline of the preliminary terms of the private financing can be found below.

1. Infinite Global Real Estate Partners L.P. and affiliated parties – Private Construction Loan
 - Loan Amount: ~\$120M
 - Term: 48 months with option of two extensions (12- and 18-months) – 78 months total maximum
 - Interest Rate: Estimated at 14.27%
 - Floating Rate – 1,000 basis points plus the CME One-Month Term SOFR
 - Interest Rate Capped at 15.75%
 - Loan Position: 2nd Lien position
- Potential Sale-Leaseback - lender will have the right to purchase the property and lease it back to T5 under certain conditions
 - If cash flows exceed ~\$38.8M Net Operating Income
 - 50-year lease with three 10-year extension options
 - Lease payment of at least \$19.3M or EBITDAM/2
2. Counterpointe Sustainable Real Estate – C-PACE Loan – Saint Paul Port Authority (Administrator)
 - Loan Amount: ~\$133M
 - Term: lesser of 30 years or the weighted estimated useful life of the project

- Interest Rate: Estimated at 7.43%
 - Fixed Rate – greater of 6.75% or 330 basis points over Weighted Average Forward Yield of the seven-year U.S. treasury.
- Loan Position: 1st Lien position – repaid via property assessments which come before financing

Security for Private Financing (Financial Guarantees)

Triple Five and its owners, members of the Ghermezian family, have agreed to provide security and guarantees pursuant to their private financing term sheets. City staff and consultant have reviewed the preliminary terms of these guarantees as outlined in the private financing term sheet, but have not reviewed documentation of the financial guarantees as of the writing of this staff report. Security for the private financing is summarized as:

- \$20M in lender-controlled securities escrow account
 - \$13M in marketable securities (stocks, bonds, etc.)
 - \$7M developer fee
- \$22.5M in loan principal recourse through property securitization
- Interest, carry, and completion – personal guarantees of Ghermezian family members

PUBLIC FINANCING

MOA Tax Increment Financing (TIF)

The proposed public financial assistance for the waterpark project utilizes the MOA TIF. The increment (money collected) into the MOA TIF account is a portion of the property taxes that MOA properties pay. The generation of this increment is scheduled to end in 2034, but the authority to spend that increment does not need to end in 2034. Per the master development agreement and state statute, the MOA TIF can only be used for reinvestment in projects around MOA. No City or Port levy dollars are proposed to financially support or back the waterpark project. As of the 2013 legislature, the TIF that flows into the MOA TIF account is fiscal disparities TIF. These are dollars that would otherwise be distributed into the regional fiscal disparities pool, but instead are provided as tax increment for the project.

Waterpark Spending Plan TIF

In 2021, new statutory language was enacted into Minnesota law which allows cities and port authorities new flexibility for utilizing Tax Increment Financing (TIF) through a Spending Plan. The 2021 law is similar to what was passed in 2011, following the last significant economic downturn. The purpose of the flexibility was to spur economic development. The 2021 flexibility requires that funds have to be committed to a project by December 31, 2022 and spent by December 31, 2025. Any Spending Plan TIF funds not spent by December 31, 2025, get transferred back to the MOA TIF Account for MOA TIF-eligible projects. The MOA TIF Spending Plan, approved in December 2022, is the legal document that is provided to utilize the 2021 legislation.

The 2025 legislative session included an amendment to the expenditure deadline for Spending Plan TIF to December 31, 2027. As part of its meeting to consider approval of the redevelopment agreement and release of pursuit dollars, the City will also need to hold a public hearing to consider an amendment to the City's TIF Spending Plan. This amendment is to formally adopt the amendment by the Minnesota Legislative during the Special Session.

The Spending Plan TIF flexibility opens new private financing options for the waterpark project. This provides the ability to directly fund a portion of the project rather than be a party to the loan issued for the Water Park. The equity provided by the Port Authority reduces the amount of the loan to be privately financed so that the project can be financed without the Port and the City providing any pledges (additional taxes) to repay the loan.

Waterpark Bonding for Committed Public Improvements (\$75M)

The \$75M for the public improvements (such as parking and utilities) is to utilize bonding or borrowing. Future MOA TIF increment would backstop and pay for the TIF revenue bonds. Preliminary projections by the Port's municipal advisor show that this is a feasible option, using existing property valuations. The development of the waterpark would be expected to increase property values and tax increment. Bond schedules using only the future TIF from MOA (simple TIF Revenue Bonds) will continue to be further analyzed prior to closing. TIF Revenue Bonds will be payable from tax increment, will not be general obligations of the City, and will not be backed by the City or Port levy.

MOA TIF Account Fund Balances

As of July 2025, the two accounts had approximate fund balances of:

- MOA TIF Capital Projects Fund: \$31.8M
- MOA Spending Plan Fund: \$92.6M

PROJECT ANALYSIS

Waterpark Proforma and Needs Analysis

Staff and our consultants, in conversations with MOA, reviewed the draft proforma for the waterpark and proposed financing model. This review included an analysis of performance under three waterpark profit scenarios: (1) conservative, (2) moderate, and (3) high waterpark profits.

Under scenarios 2 and 3, there is enough coverage from revenue to cover debt service and to refinance the project after construction under existing market conditions.

Under scenario 1, revenue may not cover debt service. Triple Five may capitalize the interest or utilize other security and guarantees for private financing. Revenue may be insufficient to refinance the construction financing. Additional private equity may be needed to complete refinancing or security and guarantees provided by Triple Five may be called upon by the private lender to cover shortages. Under current markets conditions, these guarantees should

be sufficient to allow the project to cash flow and refinance the construction loan if project assumptions hold. The financial guarantees are a newly proposed component of the financing model and provide additional security for the construction lender and allayment of risk, if revenues are lower.

Based upon this analysis, the waterpark is expected to be financeable under all three scenarios under current market conditions. Staff will continue to analyze the model, based on known market conditions as the project moves forward.

Of note, the private financing is the developer's private proforma and not the City or Port's proforma. The risk is that the proforma could be overstated, in which case, the risk in this private financing model is the developers' and financiers' risk, and not the public's risk for the debt service. The public's risk is in the upfront contribution of MOA TIF and the ability to recapture cashflow for future development projects if the project underperforms. A foreclosure or similar default event would eliminate the cashflow back to the Port Authority.

(See below for further discussions of risks and community benefits.)

Sources and Uses Table

Table 1 outlines the estimated total development cost of the waterpark, parking ramp, and public improvements as currently estimated. These numbers will be updated as design work is completed and construction costs are finalized (see attachment).

Table 1: Sources and Uses Table

Sources		Uses		Summary
Triple Five Equity	11,770,000	Pre-Development Design/Consulting	19,010,000	19,010,000
City Equity	7,240,000			
Spending Plan TIF (City)	85,000,000	Waterpark Hard Construction Costs	259,000,000	338,000,000
C-PACE Loan - CounterpointeSRE	133,000,000	Waterpark Soft Costs (Dev, Architect, Fees, Interest)	79,000,000	
Mortgage/Mezz - Infinite Global RE	120,000,000			
TOTAL Waterpark SOURCES	357,010,000	TOTAL Waterpark USES	357,010,000	357,010,000
Regular TIF - Public Improvements (City)	75,000,000	Parking and Public Improvements	75,000,000	75,000,000
Grand Total	432,010,000	Grand Total	432,010,000	432,010,000

PROJECT IMPACT

Community Benefits

The following are some of the community benefits if this project were to move forward. The proposed waterpark:

- Develops a new recreational amenity to the City and Twin Cities region
- Serves as a unique draw to local, regional and international visitors
- Adds resiliency to South Loop and MOA by bringing new visitors to the district

- New admissions, liquor, and lodging taxes
 - Admissions taxes and 3 percent lodging tax are revenue sources for the General Fund
- New property taxes to the General Fund
- Discount ticket prices for City of Bloomington residents
- Projected waterpark revenue capture secures an additional funding stream into the Port Project Account for TIF eligible projects - ~\$40M collected
- Percentage of post-debt service waterpark profits will be invested back into projects surrounding MOA - ~\$60M

Economic Benefits

It is estimated that the total additional tax revenue to the City will be \$1.8M annually, not including local option sales tax revenue, starting in year one of operations and increasing to over \$2M by the fifth year of operations. State and Regional tax revenue is estimated to exceed \$4M annually in the first year of operations. The City projected tax revenues include:

- Admissions Tax (City General Fund (GF)) - 3%
 - ~\$1.1M
- Liquor/Beer/Wine Tax (South Loop Development Fund (SLDF)) - 3%
 - ~\$45,000
- Property Taxes
 - ~\$2.75M
 - ~\$450,000 is City portion (City GF)
- New Lodging Tax Estimates - 7% (3% City GF; 2% SLDF, 2% BMTT)
 - ~\$329,000 (\$235,000 to City GF ; SLDF, ~\$94,000 to Bloomington Minnesota Travel and Tourism (BMTT))

Waterpark Risks

There are risks in moving forward with the proposed financial model.

- Equity paid at a later date – There is risk on future equity (from Triple Five or another entity) coming into the project at a later time. To alleviate this concern, the proposal is to continue capturing 100% of the waterpark cashflow until at least 30% equity is provided.
 - In a higher profit scenario, equity is not required to refinance the construction loan and would be deposited into the Waterpark Account, which Triple Five controls. Staff and Triple Five are discussing how these dollars would remain within the community.
- Reputation – There is reputation risk to the City and Port; although the City and Port would not be responsible for the debt and would not be the owner, borrower, or the issuer of the debt. The City and Port would be parties to the various agreements that allowed the project to be developed, including the contribution of public funds.
- Default on debt – The largest risk is that the project cannot pay for its debt. In the private funding model, this risk is borne by the developer and the financing entities. The Port is providing investment for the project in the form of TIF, but bears no financial responsibility if there is a default on the debt. In the default scenario, the waterpark is

very likely to remain as a waterpark; the real estate asset is simply too valuable to go away if the financial projections are too high and there is a default. But the ownership could change, and the debt could reset to a lower number. A similar situation occurred with the Great Wolf and Hyatt Regency properties in Bloomington.

- The City and the Port are in a subordinate position to Triple Five's lenders. As such, if a default happens, the capture of the waterpark cashflow would also terminate under a new owner. This could result in little to no money flowing to the MOA Project Fund and Port Project Fund.
- Refinancing Risk – If the market conditions change or the project doesn't perform as expected, the project may not be able to refinance its construction loans. This is similar to the default on debt described in the bullet preceding.
- Sale-Leaseback – If triggered, lender would own the property instead of Triple Five, which introduces a new property owner.
- Pursuit spending – If the waterpark does not start construction, the portion of the \$6.5M advanced may not be payable from Spending Plan TIF and another source may be necessary.

PROPOSED NEXT STEPS

In order to use the extended Spending Plan TIF expenditure deadline, the City must hold a public hearing to amend its current Spending Plan to December 31, 2027. Staff plan to bring this amended Spending Plan to the concurrent City Council and Port Authority meeting tentatively scheduled for September 30, 2025. At that meeting, City Council and Port Authority may also be considering the approval of the Waterpark Redevelopment Agreement and releasing \$6.5M of SP TIF to complete pursuit spending prior to closing on the waterpark project financing. In the meantime, staff will continue working with Triple Five and its lenders to negotiate the final redevelopment agreement. Staff will also be requesting approval to spend up to \$1M of regular TIF for public improvement design prior to closing.

Staff will work with Triple Five, the City's municipal advisor, and consultant to finalize project plans and designs prior to closing on the waterpark financing. This will include completing lender due diligence requirements, determining appropriate sizing of the TIF revenue bonds for the public infrastructure, and bringing back for approval the issuance of those bonds and the execution of ancillary agreements, such as escrow agreements, of the Waterpark Redevelopment Agreement. Triple Five will need to complete design work, obtain development approvals through City's planning processes, and obtain necessary permits for construction. The City will also need to complete utility upgrades to accommodate the project.

Triple Five expects that additional due diligence for closing on financing will be complete by early 2026 to allow for a spring 2026 closing and construction start. If that occurs to schedule, the waterpark would be expected to open sometime in 2029.



Request for Council Action

Originator Port Authority	Item 4.1 Adjournment of the Concurrent City Council/Port Authority Meeting
Agenda Section ADJOURNMENT	Date September 16, 2025

Requested Action:

City Council:

Motion by _____, second by _____ to adjourn the Concurrent City Council/Port Authority meeting.

Port Authority:

Motion by _____, second by _____ to adjourn the Concurrent City Council/Port Authority meeting.

Item created by: Marit Rasmusson, Port Authority

Description: