

**Agenda
City of Minnetonka
Economic Development Authority
Monday, November 10, 2025
6:00 PM
Council Chambers
14600 Minnetonka Blvd.**



1. Call to Order
2. Roll Call: Ramaley, Coakley, Foster-Bolton, Schack, Wilburn, Calvert Wiersum
3. Approval of Agenda
4. Approval of Minutes:
 - A. [Sept. 8, 2025 EDA minutes](#)
5. Business Items:
 - A. [Modifications to Applewood Pointe, Glenhaven, and Shady Oak Crossing Tax Increment Financing \(TIF\) Districts](#)
6. Adjournment

Minnetonka City Council meetings are broadcast live and available for replay on Comcast Channel 16 (SD)/859 (HD) and the city website.

**Economic Development Authority
Agenda Item 4.A
Meeting of November 10, 2025**



Title: Sept. 8, 2025 EDA minutes
Report from: Becky Koosman, City Clerk
Presenter: President Wiersum

Action Requested: Motion
Form of Action: Minutes
Votes needed: 4 votes

Recommended Action
Motion to approve the minutes.

Strategic Plan Relatability
N/A

Financial Consideration
N/A

ATTACHMENTS:
[Minutes](#)

Minutes
Minnetonka Economic Development Authority
Monday, Sept. 08, 2025

1. Call to Order

Wiersum called the meeting to order at 9:24 p.m.

2. Roll Call

Commissioners Deb Calvert, Paula Ramaley, Kissy Coakley, Patsy Foster-Bolton, Rebecca Schack, Kimberly Wilburn and President Brad Wiersum

3. Approval of Agenda

Calvert moved, Schack seconded a motion to approve the agenda, as presented.

All voted "yes". Motion carried.

4. Approval of Minutes:

A. Aug. 11, 2025 EDA meeting minutes

Calvert moved, Coakley seconded a motion to approve the minutes, as presented.

All voted "yes". Motion carried.

5. Business Items:

A. 2026 Preliminary HRA Levy

Community Development Director, Julie Wischnack discussed the item.

Wilburn moved, Coakley seconded a motion to adopt Res. 2025-007

All voted "yes". Motion carried.

B. Mills Twinhomes Extension of Contract for Private Redevelopment

Community Development Director, Julie Wischnack discussed the item.

Calvert moved, Schack seconded a motion to adopt Res. 2025-008

All voted "yes". Motion carried.

6. Adjournment

Wilburn moved, Calvert seconded a motion to adjourn the meeting at 9:30 p.m.

All voted "yes". Motion carried.

Respectfully submitted,

Becky Koosman
City Clerk

**Economic Development Authority
Agenda Item 5.A
Meeting of November 10, 2025**



Title: Modifications to Applewood Pointe, Glenhaven, and Shady Oak Crossing Tax Increment Financing (TIF) Districts

Report from: Alisha Gray, EDFP, Housing and Economic Development Manager

Submitted Through: Julie Wischnack, FAICP, Community Development Director
Darin Nelson, Assistant Treasurer
Erik Nilsson, City Attorney
Mike Funk, Executive Director

Presenter: Julie Wischnack, FAICP, Community Development Director

Action Requested: Motion

Form of Action: Resolution

Votes needed: 4 votes

Summary Statement

This action approves modifications to the Applewood Pointe, Glenhaven, and Shady Oak Crossing TIF districts to amend the budget, allowing up to 10% to be retained for affordable housing efforts as described in the in the 2024 TIF Management Report.

Recommended Action

1. Motion to adopt the resolution approving a modification to the tax increment financing plan for the Applewood Pointe Tax Increment Financing District.
2. Motion to adopt the resolution approving a modification to the tax increment financing plan for the Glenhaven Tax Increment Financing District.
3. Motion to adopt the resolution approving a modification to the tax increment financing plan for the Shady Oak Crossing Tax Increment Financing District.

Strategic Plan Relatability

Livable & Well-Planned Development

Increase the number of affordable units in the city.

Financial Consideration

Yes

\$4.9M (estimated) - this action approves modifications to existing TIF districts to continue affordable housing efforts.

Background

See supplemental background report.

ATTACHMENTS:

[Supplemental Background Report](#)

[Attachments](#)

[Resolution - Applewood Pointe](#)

[Resolution - Glenhaven](#)

[Resolution - Shady Oak Crossing](#)

Supplemental Background Report

Background

The city of Minnetonka first used Tax Increment Financing (TIF) about 30 years ago. Compared with other communities, Minnetonka has taken a relatively conservative approach in using TIF to accomplish housing, redevelopment, and economic development goals, which add a public benefit to the community.

In July 2014, the city council formally adopted a [TIF/Tax Abatement policy](#) establishing a framework to address development inquiries. The policy also provides consistent criteria to analyze the city's potential use of various financing tools.

History of TIF Modification

- In 2010 and 2011, the “Jobs Bill” legislation authorized cities to pool cash balances from existing TIF districts to support construction or long-term development. This effort assisted the development of St. Therese in the Glenhaven district.
- The city sought special legislation in 2021 to allow pooling to occur for any type of affordable housing efforts of the city. This legislation allowed Minnetonka to transfer \$4.9 million of the city's pooled TIF into the affordable housing trust fund to use to secure additional affordable housing. Currently, the Affordable Housing Trust Fund has an uncommitted balance of \$2.3 million for future affordable housing efforts. To date, the pooled TIF has accomplished the following housing goals:
 - Supported three affordable housing developments with the production of 100 affordable units and 711 market-rate units.
 - Provided a \$1 million loan to Cedar Hills to assist with the rehabilitation of very low-income units.
 - Provided \$350,000 in rental assistance.
 - Supported unhoused persons with \$200,000 in programming to receive shelter and housing supports.
 - Supported the development of the Pathways to Homeownership Program with a total of \$900,000 in funding.
 - Supported the development of 10 owner-occupied twinhomes that will be constructed by Habitat for Humanity (\$750,000).
 - Supported the development of an owner-occupied twinhome at 5432 Rowland

Current TIF Request

The legislation passed in 2021 allowed the city to retain tax increment for affordable housing through 2026. It is anticipated in the TIF Management report (presented to the city council in Oct. 2024) that approximately [\\$1.66 million of pooled TIF would be transferred to the Affordable Housing Trust Fund](#) for the remainder of the term, through 2026.

Staff is requesting that the city council consider approving modifications to the Applewood Pointe, Glenhaven, and Shady Oak Crossing TIF districts.-to amend the budget to retain up to

10% to be utilized for affordable housing efforts as recommended in the [2024 TIF Management Report](#). This action would allow the city to retain increment not needed for the original obligation to use for affordable housing past 2026. The total pooled increment as a result of the TIF modifications in the 2024 report was anticipated to be an additional \$3.298 million for affordable housing uses. Below is a summary of how these modifications affect the general fund budget based upon 2025 data.

- Glenhaven
 - The TIF modification does not extend the term of the district, which goes through 12/31/2029, with a final bond payment in 2/1/2030. The estimated balance of \$2,163,388 would then be available to transfer to the Affordable Housing Trust Fund, or it can be retained for redevelopment purposes (stricter rules). The request to modify the district does not alter the timeframe for when the district decertifies or affect the city's tax capacity.
- Shady Oak
 - The district is currently obligated to a pay-as-you-go note for Shady Oak Crossings through 2044 and has to decertify at the end of 2047. There is approximately \$80,000 for affordable housing by the end of 2026 under the 2021 special legislation.
 - There would be no additional tax capacity available to the city over the next 19 years. The estimated balance available for housing with the requested modification is \$1.5 million by 2047 (leaves district open an additional 3 years).
- Applewood Pointe
 - The district is currently obligated to a pay-as-you-go note through 2026. The modification would extend the term of the district for 3 years. The modification would allow the city to retain \$460,000 for affordable housing at the end of 2026.
 - If the city council elects to decertify the district early, forgoing the modification for affordable housing, the city could capture \$268,816 for the general fund. This amount would not provide a noticeable reduction in terms of tax relief for the average taxpayer (less than \$3 reduction in taxes for the average value home of \$495,000)

By the end of the year, staff will bring an additional request to modify the Boulevard Gardens TIF district. This request is dependent on the TIF modification requests that will be considered on Nov. 10.

Stacie Kvilvang from Ehlers and Associates prepared the attached memo, which further describes the TIF modification request.

Attachments

- Ehlers Memo
- Modification to the TIF Plan For Applewood Pointe TIF
- Modification to the TIF Plan for Glenhaven TIF
- Modification to the TIF Plan for Shady Oak Crossing TIF
- [2024 TIF Management Report](#) – Oct. 28, 2024 City Council
- [TIF and tax abatement Policy](#)
- [TIF Pooling Policy](#)
- [Affordable Housing Policy](#)
- [Excerpt from League of MN Cities Handbook](#)

Supplemental Information

- [Affordable Housing Dashboard](#)
- [League of MN Cities \(Handbook for MN Cities\) – Community Development and Redevelopment Chapter \(pages 15-18\) – Tax Increment Financing and Tax Abatement](#)
- [TIF and Tax Abatement Basics](#) - Ehlers Seminar

MEMORANDUM

TO: Alisha Gray, Economic Development and Housing Manager
FROM: Stacie Kvilvang, Ehlers
DATE: September 29, 2025
SUBJECT: Additional 10% Election For Housing – Applewood, Glenhaven & Shady Oak TIF Districts

The above referenced TIF Districts are redevelopment (Applewood Pointe & Shady Oak) and renovation and renewal (Glenhaven) TIF districts. As part of the TIF Management Report and update completed and overviewed with the City and EDA in 2024, we discussed making the election pursuant to Minnesota Statutes 469.1763, Subdivision 2(d) to retain an additional 10% of the TIF in these districts for affordable housing. Affordable housing projects that can be assisted have the same restrictions that a housing TIF district has as noted below:

1. **Rental Projects:** 20% of the units have to be affordable to persons/families at 50% of the Area Median Income (AMI); or 40% of the units have to be affordable to persons/families at 60% of AMI
2. **Owner Occupied Projects:** 100% of AMI for families of two (2) or less or 115% of AMI for families of three (3) or more

The exception to the above noted rules is that the City obtained special legislation that allows the City to transfer any TIF not needed for payment on obligations within those districts to the City's Affordable Housing Trust Fund (AHTF). TIF transferred does not have the aforementioned requirements attached but rather will be expended in accordance with the requirements of the AHTF. These transfers must be completed by December 31, 2026. Any TIF generated that is allocable to the percentage for affordable housing after December 31, 2026 will be retained in the individual TIF districts and will have the restrictions of a housing TIF district as noted above.

Per the 2024 TIF Management Report it was anticipated that through 2026 that approximately \$1.66 million would be transferred to the AHTF (the amounts will be updated annually to reflect actual TIF collected and paid on obligations so may be more or less than noted). Applewood Pointe and Glenhaven are expected to decertify in 2029 and 2030 respectively and it is anticipated that they will generate an additional \$1.848 million for affordable housing after 2026 that will be retained within those TIF Districts. Shady Oak will likely go its full term (2047) since 90% of the TIF is obligated to the existing PAYGO. The amount generated after 2026 is currently anticipated to be approximately \$1.45 million and will be retained in the TIF district.

Please contact me at 651-697-8506 with any questions.

Adoption Date: August 25, 2014

Modification #1 Approval Date: September 29, 2025

City of Minnetonka

Minnetonka Economic Development Authority

Hennepin County, Minnesota

MODIFICATION to the

Tax Increment Financing (TIF) Plan

Applewood Pointe
Tax Increment Financing District
(a redevelopment district)

Located in Development District No. 1



Prepared by:

Ehlers
3001 Broadway Street NE, Suite 320
Minneapolis, Minnesota 55413

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Modification to the Tax Increment Financing Plan for Applewood Pointe

Tax Increment Financing District

FOREWORD

The Minnetonka Economic Development Authority (the "EDA"), City of Minnetonka, Minnesota (the "City"), staff and consultants have prepared the following information to expedite the Modification of the Applewood Pointe Tax Increment Financing District (the "District"), a redevelopment district, located in Development District No. 1.

STATEMENT OF OBJECTIVES

As modified September 29, 2025

The TIF Plan is being modified to amend the budget and to make an election to authorize certain expenditures for affordable housing pursuant to Minnesota Statutes Section 469.1763, Subdivision 2(d) of the TIF Act.

USES OF FUNDS

As modified September 29, 2025

The budget is being modified to allow up to 35% in expenditures for affordable housing pursuant to Minnesota Statutes Section 469.1763, Subdivision 2(d) of the TIF Act.

	Original August 25, 2014	Amendment No. 1 September 29, 2025
SOURCES		
Tax Increment	4,259,057	4,259,057
<u>Interest</u>	<u>425,906</u>	<u>425,906</u>
TOTAL	4,684,963	4,684,963
USES		
Land/Building Acquisition	500,000	100
Site Improvements/Preparation	1,454,495	1,290,000
Construction of Affordable Housing	-	970,301
Utilities	-	-
Other Public Improvements	-	-
<u>Administrative Costs (up to 10%)</u>	<u>425,906</u>	<u>120,000</u>
PROJECT COSTS TOTAL	2,380,401	2,380,401
<u>Interest</u>	<u>2,304,562</u>	<u>2,304,562</u>
PROJECT AND INTEREST COSTS TOTAL	4,684,963	4,684,963

Adoption Date: January 23, 2006

Modification #1 Approval Date: September 29, 2025

City of Minnetonka

Minnetonka Economic Development Authority

Hennepin County, Minnesota

MODIFICATION to the

Tax Increment Financing (TIF) Plan

Glenhaven
Tax Increment Financing District
(a redevelopment district)

Located in Development District No. 1



Prepared by:

Ehlers
3001 Broadway Street NE, Suite 320
Minneapolis, Minnesota 55413

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Modification to the Tax Increment Financing Plan for Shady Oak Crossing

Tax Increment Financing District

FOREWORD

The Minnetonka Economic Development Authority (the "EDA"), City of Minnetonka, Minnesota (the "City"), staff and consultants have prepared the following information to expedite the Modification of the Glenhaven Tax Increment Financing District (the "District"), a redevelopment district, located in Development District No. 1.

STATEMENT OF OBJECTIVES

As modified September 29, 2025

The TIF Plan is being modified to amend the budget and to make an election to authorize certain expenditures for affordable housing pursuant to Minnesota Statutes Section 469.1763, Subdivision 2(d) of the TIF Act.

USES OF FUNDS

As modified September 29, 2025

The budget is being modified to allow up to 35% in expenditures for affordable housing pursuant to Minnesota Statutes Section 469.1763, Subdivision 2(d) of the TIF Act.

	Original January 23, 2006	Amendment No. 1 September 29, 2025
SOURCES		
Tax Increment	13,000,000	13,000,000
<u>Interest</u>	-	-
TOTAL	13,000,000	13,000,000

USES		
Land/Building Acquisition	4,000,000	4,909,401
Site Improvements/Preparation	300,000	85,043
Construction of Affordable Housing	-	857,454
Utilities	470,000	1,000
Other Public Improvements	1,000,000	888,858
<u>Administrative Costs (up to 10%)</u>	<u>1,330,000</u>	<u>358,244</u>
PROJECT COSTS TOTAL	7,100,000	7,100,000
<u>Interest</u>	<u>6,200,000</u>	<u>6,200,000</u>
PROJECT AND INTEREST COSTS TOTAL	13,300,000	13,300,000

Adoption Date: February 24, 2020

Modification #1 Approval Date: September 29, 2025

City of Minnetonka

Minnetonka Economic Development Authority

Hennepin County, Minnesota

MODIFICATION to the

Tax Increment Financing (TIF) Plan

Shady Oak Crossing
Tax Increment Financing District
(a redevelopment district)

Located in Development District No. 1



Prepared by:

Ehlers
3001 Broadway Street NE, Suite 320
Minneapolis, Minnesota 55413

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Modification to the Tax Increment Financing Plan for Shady Oak Crossing

Tax Increment Financing District

FOREWORD

The Minnetonka Economic Development Authority (the "EDA"), City of Minnetonka, Minnesota (the "City"), staff and consultants have prepared the following information to expedite the Modification of the Shady Oak Crossing Tax Increment Financing District (the "District"), a redevelopment district, located in Development District No. 1.

STATEMENT OF OBJECTIVES

As modified September 29, 2025

The TIF Plan is being modified to amend the budget and to make an election to authorize certain expenditures for affordable housing pursuant to Minnesota Statutes Section 469.1763, Subdivision 2(d) of the TIF Act.

USES OF FUNDS

As modified September 29, 2025

The budget is being modified to allow up to 35% in expenditures for affordable housing pursuant to Minnesota Statutes Section 469.1763, Subdivision 2(d) of the TIF Act.

	Original February 24, 2020	Amendment No. 1 September 29, 2025
SOURCES		
Tax Increment	6,217,174	6,217,174
Interest	621,717	621,717
TOTAL	6,838,891	6,838,891

	Original February 24, 2020	Amendment No. 1 September 29, 2025
USES		
Land/Building Acquisition	1,384,000	1,384,000
Site Improvements/Preparation	200,000	50,000
Construction of Affordable Housing	-	2,176,011
Utilities	100,000	25,000
Other Public Improvements	1,758,349	55,600
Administrative Costs (up to 10%)	621,717	373,455
PROJECT COSTS TOTAL	4,064,066	4,064,066
Interest	2,759,224	2,759,224
PROJECT AND INTEREST COSTS TOTAL	6,823,290	6,823,290

Policy Number 2.18
Tax Increment Financing and Tax Abatement

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

Introduction

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

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

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

TAX INCREMENT FINANCING

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

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

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

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

Costs Eligible for Tax Increment Financing Assistance

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

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

Title insurance	Landscape design
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Forms of Assistance

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

Fiscal Disparities

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

TAX ABATEMENT

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

Projects Eligible for Tax Abatement Assistance

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

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

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

Fiscal Disparities

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

REVIEW PROCESS

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

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

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

Policy Number 2.14
Tax Increment Financing Pooling Funds

Purpose of Policy: This policy establishes evaluation criteria that guide the city council in consideration of use of tax increment financing pooling funds

Introduction

Under the Minnesota Statutes Chapter 469, at least 75 percent of tax increment in a redevelopment tax increment financing (TIF) district must be spent on eligible activities within the district, leaving up to 25 percent of the funds to be pooled and therefore eligible to be spent outside of the district, but within the project area.

An exception to the pooling funds is for affordable rental housing. The city may allow the pooling allowance to be increased to 35 percent, which can then go to finance certain affordable housing projects. The project may be located anywhere in the city, and not limited to the project area. Each financed project must be rental housing that is eligible for federal low income housing tax credits. The amount of the assistance is also limited to any amount that satisfies tax credit rules.

The council is aware that use of such TIF pooled funds may be of benefit to the city and will consider requests for pooled funds subject to this council policy. The council considers the use of these funds to be a privilege, not a right.

It is the judgment of the council that TIF pooled funds is to be used on a selective basis. It is the applicant's responsibility to demonstrate the benefit to the city, and that they should understand that although approval may have been granted previously by the city TIF pooled funds for a similar project, the council is not bound by that earlier approval.

Evaluation Criteria

The city will use the following criteria when evaluating a development proposal requesting the use of TIF pooled funds:

- The project supports reinvestment in an identified village center and addresses the goals set out in the comprehensive plan for that center.
- Priority will be provided for projects that are within a "regional" village center or support transit areas.
- Weight will be given when the proportion of affordability is greater than what is customary in other tax increment financed projects in the city, overall affordability of 20% of units (usually at 60% AMI for rental).
- The project may request both tax increment financing and pooling dollars as long as the project has provided data that "but for" the additional pooling dollars, this project would not occur.

- If the project is receiving funds from other sources, the pooled dollars would be the last source utilized unless it impacts other sources.

Other Provisions

- A project will not normally be given financing approval until all city planning and zoning requirements have been met. Planning and zoning matters may be considered simultaneously with preliminary approval of the financing.
- The city is to be reimbursed and held harmless for any out-of-pocket expenses related to the TIF pooling funds, but not limited to, legal fees, financial analyst fees, bond counsel fees, and the city's administrative expenses in connection with the application. The applicant must execute a letter to the city undertaking to pay all such expenses.
- The applicant will be required to enter into a development agreement with the city outlining the terms of the use of TIF pooled funds.

Adopted by Resolution No. 2011-039
Council Meeting of May 16, 2011

Policy Number 13.2
Affordable Housing Policy

Purpose of Policy: This policy establishes general procedures and requirements to govern the City's commitment to affordable housing.

Introduction

The City of Minnetonka has a long history of promoting diversity in the type and size of housing units in Minnetonka, including the production of new affordable rental and ownership opportunities.

This Policy recognizes the city's commitment to provide affordable housing to households of a broad range of income levels in order to appeal to a diverse population and provide housing opportunities to those who live or work in the city. The goal of this policy is to ensure the continued commitment to a range of housing choices by requiring the inclusion of affordable housing for low and moderate-income households in new multifamily or for-sale developments.

The requirements in this policy further the Minnetonka Housing Action Plan and city's Housing Goals and Strategies identified in the 2040 Comprehensive Plan.

Applicability and Minimum Project Size

This policy applies to all new multifamily rental developments with 10 or more dwelling units and all new for-sale common interest or attached community developments, (condominiums, townhomes, co-ops) with at least 10 dwelling units. This includes existing properties or mixed-use developments that add 10 or more units.

Calculation of Units

The number of Affordable Dwelling Units (ADUs) required shall be based on the total number of dwelling units approved by the city. If the final calculation includes a fraction, the fraction of a unit shall be rounded up to the nearest whole number.

If an occupied property with existing dwelling units is expanded by 10 or more units, the number of required ADUs shall be based on the total number of units following completion of expansion.

Affordable Dwelling Unit (ADU)

General Requirements.

For projects not requesting a zoning change and/or comprehensive plan amendment and not receiving city assistance.

- In multi-family rental developments, at least 5% of the units shall be affordable to and occupied by households with an income at or below 50% of

the AMI.

- In attached for-sale common interest or attached community developments (condominiums, townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

For projects requesting a zoning change or comprehensive plan amendment without city assistance.

- In multi-family rental developments, at least 10% of the units shall be affordable to and occupied by households with incomes at or below 60% AMI, with a minimum of 5% at 50% AMI.
- In attached for-sale common interest or attached community developments (condominiums townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

For projects receiving city assistance.

- For multi-family rental developments, at least 20% of the units shall be affordable to and occupied by households with an income at or below 50% of the AMI; or at least 40% of the units shall be affordable to and occupied by households with an income at or below 60% AMI.
- In attached for-sale common interest or attached community developments (condominiums, townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

Calculation of AMI

For purposes of this policy, Area Median Income means the Area Median Income for the Twin Cities metropolitan area calculated annually by the Minnesota Housing Finance Agency for establishing rent limits for the Housing Tax Credit Program (multi-family ADU) and the Department of Housing and Urban Development (attached for-sale common interest or attached community developments, including: condominiums, townhomes, co-ops).

Rent Level Calculation (Multi- Family Rental Developments)

The monthly rental price for an ADU receiving city assistance shall include rent and utility costs and shall be based on fifty percent (50%) or sixty percent (60%) for the metropolitan area that includes Minnetonka adjusted for bedroom size and calculated annually by Minnesota Housing Financing Agency for establishing rent limits for the Housing Tax Credit Program. This does not apply to units not receiving city assistance.

For Sale Projects

The qualifying sale price for an owner-occupied dwelling unit shall include property taxes, homeowner's insurance, principal payment and interest, private mortgage insurance, monthly ground lease, association dues, and shall be based upon eighty (80%) AMI for the metropolitan area that includes Minnetonka adjusted for bedroom size and calculated annually by the Department of Housing and Urban Development.

Period of Affordability

In developments subject to this policy, the period of affordability for the ADUs shall be thirty (30) years.

Location, Standards, and Integration of ADUs

Distribution of affordable housing units. Unless otherwise specifically authorized by this policy, the ADUs shall be integrated within the development and distributed throughout the building(s). The ADUs shall be incorporated into the overall project unless expressly allowed to be located in a separate building or a different location approved by the city council.

Number of bedrooms in the affordable units. The ADUs shall have a number of bedrooms proportional to the market rate units. The mix of unit types shall be approved by the city.

Size and Design of ADUs. The size and design of ADUs shall be consistent and comparable with the market rate units in the rest of the project.

Exterior/Interior Appearance of ADUs. The exterior/interior materials and design of the ADUs in any development subject to these regulations shall be indistinguishable in style and quality with the market rate units in the development.

Non-Discrimination Based on Rent Subsidies

Developments covered by this policy must not discriminate against tenants who would pay their rent with federal, state or local public assistance, including tenant based federal, state or local subsidies, but not limited to rental assistance, rent supplements, and Housing Choice Vouchers.

Alternatives to On-Site Development of an ADU

The city recognizes that it may not be economically feasible or practical in all circumstances to provide ADUs in all development projects due to site constraints resulting in extraordinary costs of development. The city reserves the right to waive this policy if the developer requests a waiver and can provide evidence of extraordinary costs prohibiting the inclusion of ADUs. The city will review on a case-by-case basis to determine if the waiver is justifiable and granted.

Recorded Agreements, Conditions and Restrictions

A declaration of restrictive covenants shall be executed between the city, EDA and developer, in a form approved by the city's EDA attorney, which formally sets forth development approval and requirements to achieve affordable housing in accordance with this policy. The declaration shall identify:

- The location, number, type, and size of affordable units to be constructed;
- Sales and/or rental terms; occupancy requirements;
- A timetable for completion of the units; and
- Annual Tenant income and rent reporting requirements; and
- Restrictions to be placed on the units to ensure their affordability and any terms contained in the approval resolution by the city/EDA.

The applicant or owner shall execute all documents deemed necessary by the city manager, including, without limitation, restrictive covenants and other related instruments, to ensure affordability of the affordable housing unit within this policy.

The documents described above shall be recorded in the Hennepin County as appropriate.

Definitions

Affordable Dwelling Unit: A unit within a residential project subject to this policy that shall meet the income eligibility and rent affordability standards outlined in this policy.

Financial Assistance: Funds derived from the city or EDA, including but is not limited to fund from the following sources:

- City of Minnetonka
- Housing Redevelopment Authority (HRA) Funds
- Economic Development Authority (EDA) Funds
- Community Development Block Grant (CDBG)
- Reinvestment Assistant Program
- Revenue Bonds and/or Conduit Bonds
- Tax increment financing (TIF), TIF pooling, or tax abatement
- Land write downs
- Other government housing development sources

Adopted by Resolution 2019-060
Council Meeting of July 8, 2019

RELEVANT LINKS:

[Minn. Stat. § 469.156.](#)

[Minn. Stat. § 469.162.](#)

For more information, contact [DEED](#) 651.259.7114, 800.657.3858. Main Office: 1st National Bank Building 332 Minnesota Street, Suite E200 Saint Paul, MN 55101-1351.

[Minn. Stat. § 469.184.](#)

[Minn. Stat. §§ 469.174 to 469.1794.](#)

A city may issue industrial revenue bonds, also known as municipal revenue bonds, without public referendum. It cannot pledge the full faith and credit of a community as security for these bonds. Thus, the city may not tax property owners to pay principal and interest on the bonds.

If a city decides to investigate the use of industrial bond financing, it should contact the Department of Employment and Economic Development. The department provides the city with information, advice, and technical assistance. This assistance is important, due to the adoption of federal and state laws allocating issuance authority among the states and their political subdivisions. The commissioner of Securities must approve the project.

D. Commercial rehabilitation

Cities have authority to carry out programs for the rehabilitation of small- and medium-sized commercial buildings. The city must adopt a program ordinance that provides for the adoption of program regulations, including a definition of small- and medium-sized commercial buildings. Loans under the program may be for amounts up to \$200,000. The city may finance the program through the sale of revenue bonds.

E. Tax increment financing (TIF)

Tax increment financing authority is available to most cities. Cities with housing and redevelopment authorities, economic development authorities, port authorities, redevelopment agencies, those cities administering development districts or development projects, or cities exercising port authority powers under a general or special law may use tax increment financing.

Tax increment financing is a funding technique that takes advantage of the increases in tax capacity and property taxes from development or redevelopment to pay upfront public development or redevelopment costs. The difference in the tax capacity and the tax revenues the property generates after new construction has occurred, compared with the tax capacity and tax revenues it generated before the construction, is the captured value. The taxes paid on the captured value are called “increments.” Unlike property taxes, increments are not used to pay for the general costs of cities, counties, and schools. Instead, increments go to the development authority and are used to repay public indebtedness or current costs the city incurred in acquiring the property, removing existing structures or installing public services.

RELEVANT LINKS:

[Minn. Stat. § 469.177, subd. 1.](#)

[See Minn. Stat. § 469.174.](#)

[State v. Wicklund, 589 N.W.2d 793 \(Minn. 1999\).](#)

[Minn. Stat. § 469.176, subd. 7.](#)

[Minn. Stat. § 469.175, subsd. 5, 6.](#)

[Minn. Stat. § 469.1771, subsd. 1, 2b.](#)

Thus, the property owner in a TIF district continues to pay the full amount of property taxes. TIF involves only the increased property taxes generated within the district. It does not change the amount of property taxes currently derived from the redevelopment area, nor does it directly affect the amount or rate of general ad valorem taxes the city levies. The result of a TIF project is an increased tax base that will benefit all local taxing jurisdictions. Additionally, TIF districts usually spur economic development and redevelopment through creating jobs, removing blight, and providing more affordable housing.

If the market value of a homestead property within a TIF district reduces the homestead market value in the district, the original tax capacity of the TIF district will be reduced by the same amount.

Thus, the tax increment collected by the city will remain the same. If a city has a TIF district with townhouses or condominiums, the city should verify that valuations are properly adjusted by the county auditor.

TIF is used to encourage four general types of private development: redevelopment, renovation and renewal, growth in low- to moderate-income housing, and economic development. Public financing using TIF funding for a privately owned facility does not make public space in the facility a public forum for free speech purposes.

In some specific situations, a TIF authority may request inclusion in a tax increment financing district and the county auditor may certify the original tax capacity of a parcel or a part of the following property types:

- Agricultural.
- Private outdoor recreational, open space and park land.
- Rural preserve property.
- Metropolitan agricultural preserves.

The city using TIF must report annually to the state auditor as to the status of the TIF district or districts and publish the report in a newspaper of general circulation in the municipality. The state auditor has established a uniform system of accounting and financial reporting for TIF districts. The city must annually submit to the state auditor a financial report in compliance with these standards.

The state auditor may audit TIF districts. If the state auditor notifies a TIF authority of an alleged violation, a copy of the notice is also forwarded to the county attorney. If no corrective action is brought within one year, the county attorney must notify the state auditor, who then notifies the attorney general.

RELEVANT LINKS:

[Minn. Stat. § 469.177, subd. 8. *Lake Superior Paper Indus. v. State*, 624 N.W.2d 254 \(Minn. 2001\). *Brookfield Trade Center, Inc. v. County of Ramsey*, 609 N.W.2d 868 \(Minn. 1998\).](#)

[Minn. Stat. § 469.1771.](#)

[Minn. Stat. § 469.175.](#)

[Walser Auto Sales, Inc. v. City of Richfield](#), 635 N.W.2d 391 (Minn. Ct. App. 2001); [aff'd](#), 644 N.W.2d 425 (Minn. 2002).

[Chenoweth v. City of Brighton](#), 655 N.W.2d 821 (Minn. Ct. App. 2003).

If the attorney general finds a substantial violation, the attorney general will petition the state tax court to suspend the authority's power to use TIF for a period of up to five years.

The TIF agreement with the developer is a complex document. Assistance from a financial advisor and the city attorney is necessary in order to anticipate the many potential problems. An agreement can establish a minimum market value for tax increment assessment purposes, as well as provide that the developer pay a certain level of taxes regardless of any classification rate changes or levy decreases. The agreement should be entered into before the assembly and acquisition of the land on which the completed improvements are to be located.

The law imposes a 180-day statute of limitations on actions to challenge the creation or modification of a TIF district. The law is complex including a "but-for" finding before a city approves a TIF plan and the creation of a TIF district.

Cities must follow statutory requirements including but not limited to administrative expenses, plan modifications, reporting requirements, use of increment in pre-1979 districts, excess increments, pooling, decertification, and use of funds outside the district.

Before a district can be created, the law requires a detailed estimate of the impact of a proposed district on city-provided services, such as police and fire protection, public infrastructure, and borrowing costs attributable to the district, in addition to other complex estimations that must be prepared.

Cities should use extreme care in establishing a TIF district and should follow all procedural requirements; otherwise, a court may find the district was not properly established. In one case, a TIF district was not properly established where minimal effort was made to ensure the thorough inspection of the properties, inaccurate methodology was used to establish the condition of the buildings, and the buildings found structurally substandard were not reasonably distributed throughout the district.

In another case, a cause of action for inverse condemnation did not arise where a city's involvement with an adjacent property owner's development consisted of establishing a TIF district, entering into a contract with a private developer specifying the size and value of structures to be built, and providing for substantial city assistance to facilitate development.

Given the complexity of the laws governing the use of TIF, cities or HRAs should not undertake this method of financing community development projects without the advice of an attorney and professional consultants.

RELEVANT LINKS:

[Minn. Stat. §§ 469.1812 to 469.1815.](#)

[Minn. Stat. § 469.1813.](#)

[Minn. Stat. ch. 462A.](#) For more information about MHFA programs, contact MHFA at 400 Wabasha Street North, Suite 400, St. Paul, MN 55102(651) 296-7608 or (800) 657-3769.

F. Property tax abatement

A city may use this development tool to segregate some or all of the taxes (or the increase in taxes) it imposes on a parcel of property if the city expects the benefits of the proposed abatement agreement at least to equal the costs of the proposed development. The term “abatement” is somewhat misleading, as in most cases the tax is not forgiven; it is paid normally, but the amount of property tax levied by the city is used to pay for the bonds. The city must determine that the agreement is in the public interest because it will increase or preserve tax base, provide employment opportunities, provide or help acquire or construct public facilities, help redevelop or renew blighted areas, or help provide access to services for residents of the city. Property taxes in a TIF district cannot be abated unless the period of the abatement will not occur until after the district is decertified.

A resolution must be adopted after notice and public hearing, specifying the terms of the abatement.

A city may issue bonds or other obligations to provide an amount equal to the sum of the abatements granted for a specific property. The maximum principal amount of these bonds may not exceed the estimated sum of the abatements for the property for the years authorized. The bonds may be general obligations of the city if the city council chooses to pledge the full faith and credit of the city in the resolution issuing the bonds. The law limits property tax abatements to 15 years. School districts and counties have similar abatement powers. A city, county, and school district can agree to abate their taxes on the same property.

IV. State-sponsored development tools

A. Minnesota Housing Finance Agency

The goals of the Minnesota Housing Finance Agency (MHFA) are to provide decent, affordable housing to low- and moderate-income people; preserve the existing housing stock in Minnesota; preserve existing neighborhoods and prevent them from deteriorating; and prevent mortgage foreclosures while promoting energy conservation in residential housing.

The Minnesota Legislature created the MHFA in response to a shortage of affordable housing for low- and moderate-income people. Private enterprise and private investment were unable, without public assistance, to provide an adequate supply of safe, sanitary, and decent housing at affordable prices and rents.

EDA Resolution No. 2025-_____

**Resolution approving a modification to the tax increment financing plan for the
Applewood Pointe Tax Increment Financing District**

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

Section 1. Recitals.

- 1.01. The City of Minnetonka, Minnesota (the “City”) and the Authority previously established, and the Authority administers, the Applewood Pointe Tax Increment Financing District (the “TIF District”), a redevelopment district within Development District No. 1 in the City. On August 25, 2014, the City and the Authority approved a tax increment financing plan for the TIF District (the “TIF Plan”) pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (the “TIF Act”).
- 1.02. Pursuant to Section 469.1763, subdivision 2(d) of the TIF Act, the Authority may elect to increase by up to ten percent (10%) the permitted amounts of expenditures for activities located outside of the geographic area of the TIF District if such expenditures (a) are used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in Section 42 of the Internal Revenue Code of 1986, as amended (the “Code”); (b) do not exceed the qualified basis of the housing, as defined under Section 42(c) of the Code, less the amount of any credit allowed under Section 42 of the Code; and (c) are used to (i) acquire and prepare the site of the housing; (ii) acquire, construct, or rehabilitate the housing; or (iii) make public improvements directly related to the housing.
- 1.03. Pursuant to Laws of Minnesota 2021, First Special Session, Chapter 14, Article 9, Section 5 (the “Special Law”), in particular subdivision 1(a), the City and the Authority are authorized to transfer tax increment accumulated for housing and development purposes under Section 469.1763, subdivision 2(b) or (d) of the TIF Act, to the Affordable Housing Trust Fund established by the City.
- 1.04. The City and the Authority have determined to amend the budget (the “Budget”) set forth in the TIF Plan to use up to ten percent (10%) of the tax increment from the TIF District, less any amount utilized for administrative expenses, and transfer such amount to the City’s Affordable Housing Trust Fund for housing development purposes authorized by the Special Law.
- 1.05. Pursuant to Section 469.175, subdivision 4(b) of the TIF Act, a tax increment financing plan may be modified without public hearing or the findings required to be made for the original tax increment financing plan if the modification does not include (i) any reduction or enlargement of the geographic area of the project or tax increment financing district; (ii) an increase in the amount of bonded indebtedness to be incurred; (iii) a determination to capitalize interest on debt if that determination was not a part of the original plan; (iv) an increase in the

portion of the captured net tax capacity to be retained by the authority; (v) an increase in the estimated cost of the project, including administrative expenses, to be paid or financed with tax increment from the district; or (vi) the designation of additional property to be acquired by the authority.

1.06. There has been presented before the Council a proposed form of modification to the TIF Plan (the "Modification"). The proposed Modification to the Budget in the TIF Plan does not increase the total estimated tax increment expenditures, amount of bonded indebtedness, or capitalized interest and does not make any other changes that require a new public hearing pursuant to Section 469.175, subdivision 4 of the TIF Act.

1.07. The Board has reviewed the contents of the proposed Modification to the TIF Plan and has determined that it is in the best interest of the City to approve the proposed Modification.

Section 2. Modification to TIF Plan.

2.01. The Modification to the TIF Plan is hereby approved.

2.02. The Executive Director of the Authority is hereby authorized and directed to file a copy of the Modification to the TIF Plan with the Auditor/Treasurer of Hennepin County, Minnesota and with the Commissioner of Revenue of the State of Minnesota and the State Auditor, as required by Section 469.175, subdivision 4 of the TIF Act.

2.03. Authority staff, the Authority's advisors, and legal counsel are authorized and directed to proceed with the implementation of the Modification to the TIF Plan.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota on Nov. 10, 2025.

Brad Wiersum, President

ATTEST:

Becky Koosman, Secretary

Action on this resolution:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, at a duly authorized meeting held on Nov. 10, 2025.

Becky Koosman, Secretary

EDA Resolution No. 2025-_____

**Resolution approving a modification to the tax increment financing plan for the
Glenhaven Tax Increment Financing District**

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

Section 1. Recitals.

- 1.01. The City of Minnetonka, Minnesota (the “City”) and the Authority previously established, and the Authority administers, the Glenhaven Tax Increment Financing District (the “TIF District”), a redevelopment district within Development District No. 1 in the City. On January 23, 2006, the City and the Authority approved a tax increment financing plan for the TIF District (the “TIF Plan”) pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (the “TIF Act”).
- 1.02. Pursuant to Section 469.1763, subdivision 2(d) of the TIF Act, the Authority may elect to increase by up to ten percent (10%) the permitted amounts of expenditures for activities located outside of the geographic area of the TIF District if such expenditures (a) are used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in Section 42 of the Internal Revenue Code of 1986, as amended (the “Code”); (b) do not exceed the qualified basis of the housing, as defined under Section 42(c) of the Code, less the amount of any credit allowed under Section 42 of the Code; and (c) are used to (i) acquire and prepare the site of the housing; (ii) acquire, construct, or rehabilitate the housing; or (iii) make public improvements directly related to the housing.
- 1.03. Pursuant to Laws of Minnesota 2021, First Special Session, Chapter 14, Article 9, Section 5 (the “Special Law”), in particular subdivision 1(a), the City and the Authority are authorized to transfer tax increment accumulated for housing and development purposes under Section 469.1763, subdivision 2(b) or (d) of the TIF Act, to the Affordable Housing Trust Fund established by the City.
- 1.04. The City and the Authority have determined to amend the budget (the “Budget”) set forth in the TIF Plan to use up to ten percent (10%) of the tax increment from the TIF District, less any amount utilized for administrative expenses, and transfer such amount to the City’s Affordable Housing Trust Fund for housing development purposes authorized by the Special Law.
- 1.05. Pursuant to Section 469.175, subdivision 4(b) of the TIF Act, a tax increment financing plan may be modified without public hearing or the findings required to be made for the original tax increment financing plan if the modification does not include (i) any reduction or enlargement of the geographic area of the project or tax increment financing district; (ii) an increase in the amount of bonded indebtedness to be incurred; (iii) a determination to capitalize interest on debt if that determination was not a part of the original plan; (iv) an increase in the

portion of the captured net tax capacity to be retained by the authority; (v) an increase in the estimated cost of the project, including administrative expenses, to be paid or financed with tax increment from the district; or (vi) the designation of additional property to be acquired by the authority.

1.06. There has been presented before the Council a proposed form of modification to the TIF Plan (the "Modification"). The proposed Modification to the Budget in the TIF Plan does not increase the total estimated tax increment expenditures, amount of bonded indebtedness, or capitalized interest and does not make any other changes that require a new public hearing pursuant to Section 469.175, subdivision 4 of the TIF Act.

1.07. The Board has reviewed the contents of the proposed Modification to the TIF Plan and has determined that it is in the best interest of the City to approve the proposed Modification.

Section 2. Modification to TIF Plan.

2.01. The Modification to the TIF Plan is hereby approved.

2.02. The Executive Director of the Authority is hereby authorized and directed to file a copy of the Modification to the TIF Plan with the Auditor/Treasurer of Hennepin County, Minnesota and with the Commissioner of Revenue of the State of Minnesota and the State Auditor, as required by Section 469.175, subdivision 4 of the TIF Act.

2.03. Authority staff, the Authority's advisors, and legal counsel are authorized and directed to proceed with the implementation of the Modification to the TIF Plan.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota on Nov. 10, 2025.

Brad Wiersum, President

ATTEST:

Becky Koosman, Secretary

Action on this resolution:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, at a duly authorized meeting held on Nov. 10, 2025.

Becky Koosman, Secretary

EDA Resolution No. 2025-_____

Resolution approving a modification to the tax increment financing plan for the Shady Oak Crossing Tax Increment Financing District

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

Section 1. Recitals.

- 1.01. The City of Minnetonka, Minnesota (the “City”) and the Authority previously established, and the Authority administers, the Shady Oak Crossing Tax Increment Financing District (the “TIF District”), a redevelopment district within Development District No. 1 in the City. On February 24, 2020, the City and the Authority approved a tax increment financing plan for the TIF District (the “TIF Plan”) pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (the “TIF Act”).
- 1.02. Pursuant to Section 469.1763, subdivision 2(d) of the TIF Act, the Authority may elect to increase by up to ten percent (10%) the permitted amounts of expenditures for activities located outside of the geographic area of the TIF District if such expenditures (a) are used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in Section 42 of the Internal Revenue Code of 1986, as amended (the “Code”); (b) do not exceed the qualified basis of the housing, as defined under Section 42(c) of the Code, less the amount of any credit allowed under Section 42 of the Code; and (c) are used to (i) acquire and prepare the site of the housing; (ii) acquire, construct, or rehabilitate the housing; or (iii) make public improvements directly related to the housing.
- 1.03. Pursuant to Laws of Minnesota 2021, First Special Session, Chapter 14, Article 9, Section 5 (the “Special Law”), in particular subdivision 1(a), the City and the Authority are authorized to transfer tax increment accumulated for housing and development purposes under Section 469.1763, subdivision 2(b) or (d) of the TIF Act, to the Affordable Housing Trust Fund established by the City.
- 1.04. The City and the Authority have determined to amend the budget (the “Budget”) set forth in the TIF Plan to use up to ten percent (10%) of the tax increment from the TIF District, less any amount utilized for administrative expenses, and transfer such amount to the City’s Affordable Housing Trust Fund for housing development purposes authorized by the Special Law.
- 1.05. Pursuant to Section 469.175, subdivision 4(b) of the TIF Act, a tax increment financing plan may be modified without public hearing or the findings required to be made for the original tax increment financing plan if the modification does not include (i) any reduction or enlargement of the geographic area of the project or tax increment financing district; (ii) an increase in the amount of bonded indebtedness to be incurred; (iii) a determination to capitalize interest on debt if that determination was not a part of the original plan; (iv) an increase in the

portion of the captured net tax capacity to be retained by the authority; (v) an increase in the estimated cost of the project, including administrative expenses, to be paid or financed with tax increment from the district; or (vi) the designation of additional property to be acquired by the authority.

1.06. There has been presented before the Council a proposed form of modification to the TIF Plan (the "Modification"). The proposed Modification to the Budget in the TIF Plan does not increase the total estimated tax increment expenditures, amount of bonded indebtedness, or capitalized interest and does not make any other changes that require a new public hearing pursuant to Section 469.175, subdivision 4 of the TIF Act.

1.07. The Board has reviewed the contents of the proposed Modification to the TIF Plan and has determined that it is in the best interest of the City to approve the proposed Modification.

Section 2. Modification to TIF Plan.

2.01. The Modification to the TIF Plan is hereby approved.

2.02. The Executive Director of the Authority is hereby authorized and directed to file a copy of the Modification to the TIF Plan with the Auditor/Treasurer of Hennepin County, Minnesota and with the Commissioner of Revenue of the State of Minnesota and the State Auditor, as required by Section 469.175, subdivision 4 of the TIF Act.

2.03. Authority staff, the Authority's advisors, and legal counsel are authorized and directed to proceed with the implementation of the Modification to the TIF Plan.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota on Nov. 10, 2025.

Brad Wiersum, President

ATTEST:

Becky Koosman, Secretary

Action on this resolution:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, at a duly authorized meeting held on Nov. 10, 2025.

Becky Koosman, Secretary