



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
OCTOBER 17, 2022
7:00 PM**

Call to Order

Open Forum

Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the HRA. Please refer to the HRA agenda and minutes web page for additional ways to submit comments. You may also call 612-861-9764 or email ldubois@richfieldmn.gov with questions. Call into the open forum by dialing 1-415-655-0001 Use webinar access code: 2458 285 9507 and password: 1234.

Approval of the minutes of the Regular Housing and Redevelopment Authority meeting of September 19, 2022.

AGENDA APPROVAL

1. Approval of the Agenda
2. **Consent Calendar contains several separate items which are acted upon by the HRA in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further HRA action on these items is necessary. However, any HRA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for HRA discussion and action. All items listed on the Consent Calendar are recommended for approval.**
 - A. Consideration to approve forgiveness of an Interfund Loan from the ILN to Cedar Point Commons and authorize a transfer of funds from the ILN to Cedar Point Commons.
Staff Report No. 30
 - B. Consideration of the adoption of a resolution approving an Assignment and Assumption Agreement (Amended and Restated Contract for Private Redevelopment) to Woodlake Centre Owner, LLC, a Delaware limited liability company, an estoppel certificate, and an investment letter assigning the Tax Increment Financing Note to Woodlake Health Centre Campus TIF, LLC.
Staff Report No. 31
3. Consideration of items, if any, removed from Consent Calendar

RESOLUTIONS

4. Consideration of a resolution approving an amendment to the Grant Agreement with Woodlawn Terrace Cooperative, increasing the amount of funding provided for demolition and rehabilitation work.
Staff Report No. 32

HRA DISCUSSION ITEMS

5. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

6. Executive Director's Report

CLAIMS

7. Claims

8. Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9739.



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

September 19, 2022

CALL TO ORDER

The meeting was called to order by Chair Supple at 7:00 p.m. in the Council Chambers.

HRA Members Present: Mary Supple, Chair; Maria Regan Gonzalez; and Gordon Hanson

HRA Members Absent:

Erin Vrieze Daniels, Vice Chair and Lee Ohnesorge

Staff Present:

Melissa Poehlman, Executive Director/Community Development Director; Myrt Link, Community Development Accountant and Kari Sinning, City Clerk

Others Present:

Rebecca Kurtz, Senior Municipal Advisor from Ehlers Inc.

OPEN FORUM

Chair Supple provided instructions to call in for the open forum and asked if there was anyone in attendance.

APPROVAL OF THE MINUTES

M/Regan Gonzalez, S/Hanson to approve the minutes of the Regular Housing and Redevelopment Authority Meeting of August 15, 2022.

Motion carried: 3-0

ITEM #1

CONSIDERATION OF ACCEPTANCE OF THE MANAGEMENT REVIEW & ANALYSIS OF TAX INCREMENT FINANCING DISTRICTS REPORT. (STAFF REPORT NO. 28)

Director Poehlman presented Staff Report No. 28 and Senior Municipal Advisor Kurtz walked the Authority through the highlights of the Management Report which included an assessment of the opportunities and challenges, compliance requirements, an executive summary, and details by districts for staff.

Commissioner Regan Gonzalez asked, in reference to the pooling opportunities priorities, why the spending plan wasn't the most prioritized. Advisor Kurtz explained with the current funds available and projects planned for the near future this would be the best prioritization but the Authority could change the priorities if they would like to.

Chair Supple asked if the TIF funds have to be spent before the decertification. Advisor Kurtz stated the funds would not be tied to a TIF district once it is transferred to the Housing Trust Fund.

Chair Supple asked what the spending plan needs to look like. Advisor Kurtz explained that it would be a general plan and would not have to have specific projects detailed. Chair Supple asked if the EDA would be included in this spending plan. Advisor Kurtz stated the funds would be decided by the HRA.

Director Poehlman explained how staff got to the numbers they did to maximize opportunities.

Chair Supple asked when the spending plan would be officially adopted. Director Poehlman stated that there would be a joint work session with City Council next month and then the final approval from the HRA in November. Chair Supple thanked Advisor Kurtz and staff for the work put into the report.

M/Hanson, S/Regan Gonzalez to accept the Management Review & Analysis of Tax Increment Financing Districts Report.

Motion Carried: 3-0

ITEM #2	APPROVAL OF THE AGENDA
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M/Regan Gonzalez, S/Hanson to approve the agenda.

Motion carried: 3-0

ITEM #3	CONSENT CALENDAR
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Executive Director Poehlman presented the Consent Calendar:

- A. Consider an adjustment to the payment standard for the Section 8 Housing Choice Voucher Program. (Staff Report No. 29)

M/Regan Gonzalez, S/Hanson to approve the Consent Calendar.

Motion Carried 3-0

ITEM #4	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR
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None.

ITEM #5	HRA DISCUSSION ITEMS
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Chair Supple gave kudos for Penn Central volunteers that put together Penn Fest, especially Commissioner Hanson and commented on how it was great to see the community spirit. Commissioners Hanson and Regan Gonzalez agreed.

Chair Supple asked Director Poehlman to speak about community engagement with developers neighborhood meetings. Director Poehlman gave an overview of how developers should reach out to the neighborhoods.

ITEM #6	EXECUTIVE DIRECTOR REPORT
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Director Poehlman shared the impact of the average home owner for the levy increase that was approved at the last meeting. She also shared that MICC did not receive the tax credit funding in this cycle.

ITEM #7	CLAIMS
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M/Regan Gonzalez, S/Hanson that the following claims be approved:

<u>U.S. BANK</u>	<u>9/19/2022</u>
Section 8 Checks: 134124 – 134204	\$209,153.76
HRA Checks: 34243 – 34258	<u>\$81,318.35</u>
TOTAL	\$290,472.11

Motion carried: 3-0

ITEM #8	ADJOURNMENT
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The meeting was adjourned by unanimous consent at 7:59 p.m.

Date Approved: October 17, 2022

Mary B. Supple
HRA Chair

Kari Sinning
City Clerk

Melissa Poehlman
Executive Director



STAFF REPORT NO. 30
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/17/2022

REPORT PREPARED BY: Myrt Link, Community Development Accountant

OTHER DEPARTMENT REVIEW: N/A

EXECUTIVE DIRECTOR REVIEW: Melissa Poehman, Executive Director
10/12/2022

ITEM FOR COUNCIL CONSIDERATION:

Consideration to approve forgiveness of an Interfund Loan from the ILN to Cedar Point Commons and authorize a transfer of funds from the ILN to Cedar Point Commons.

EXECUTIVE SUMMARY:

As part of staff's annual review of Tax Increment Districts it was noted there was an Interfund Loan (Loan) that we had been unaware of in the ILN District. Records indicate that the Housing & Redevelopment Authority (HRA) approved a \$500,000 Interfund Loan to Cedar Point Commons from the ILN Tax Increment Financing (TIF) District in 2006. In 2008, a repayment of \$284,969.25 was made on the Loan, leaving a balance of \$215,030.75.

The Loan was made to Cedar Point Commons, which was part of the Tax Abatement area. Since it is an abatement area and not a tax increment area, there are no funds coming in to this area and no funds will be available in the future to pay this Loan off. Staff is proposing that the HRA approve the forgiveness of the remainder of the Loan (\$215,030.75).

In order to forgive the Loan, the HRA must authorize both the repayment of the \$215,030.75 to the ILN, and then the transfer of the funds back to Cedar Point (the forgiveness of the Loan). We can transfer the cash back from the ILN to Cedar Point Commons because the ILN is a Decertified District and these are non-tax increment funds.

RECOMMENDED ACTION:

By motion: Approve the forgiveness of an Interfund Loan in the amount of \$215,030.75 from the ILN to Cedar Point Commons and approve the transfer of funds in the amount of \$215,030.75 from the ILN to Cedar Point Commons.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

In October 2006, the HRA approved a \$500,000 Interfund Loan to Cedar Point Commons from the ILN TIF District. The Loan allowed the HRA to reimburse Ryan Companies for certain increased costs, as was prescribed by the approved Contract for Private Development.

On December 30, 2008 a repayment of \$284,969.25 was made on the loan leaving a balance of \$215,030.75.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The Authority may make at any time a determination to forgive the outstanding principal and accrued interest on the Interfund Loan to the extent permissible under Law.

C. CRITICAL TIMING ISSUES:

- The necessary journal entries should be done by the end of 2022.

D. FINANCIAL IMPACT:

- The ILN is a Decertified TIF District. The funds from Cedar Point Commons are considered Non TIF. It is an allowable use to transfer them back to Cedar Point.
- The forgiveness of the Loan and the related transfer will have no impact on the HRA financial status. Given that the Loan was to a tax abatement area, there are no additional funds coming in to the area and the Loan will not be paid off.
- The HRA's financial consultant has reviewed and recommended this course of action.

E. LEGAL CONSIDERATION:

- N/A

ALTERNATIVE RECOMMENDATION(S):

- None

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A



STAFF REPORT NO. 31
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/17/2022

REPORT PREPARED BY: Julie Urban, Asst. Community Development Director

OTHER DEPARTMENT REVIEW: N/A

EXECUTIVE DIRECTOR REVIEW: Melissa Poehlman, Executive Director
10/13/2022

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the adoption of a resolution approving an Assignment and Assumption Agreement (Amended and Restated Contract for Private Redevelopment) to Woodlake Centre Owner, LLC, a Delaware limited liability company, an estoppel certificate, and an investment letter assigning the Tax Increment Financing Note to Woodlake Health Centre Campus TIF, LLC.

EXECUTIVE SUMMARY:

The Urban Village Tax Increment Financing (TIF) District was established in July 1999. It is a Redevelopment District that includes BMO Harris Bank, McDonald's, The Oaks on Pleasant, The Pines, and Woodlake Centre office/retail space. In 2001, the Housing and Redevelopment Authority (HRA) entered into a Contract for Private Development and agreed to provide tax increment assistance to the property and issue Tax Increment Revenue Notes to reimburse development costs.

Woodlake Centre Owner, LLC (Buyer) is proposing to purchase the Woodlake Centre portion of the property and assume the taxable Tax Increment Revenue Note Series 2001B (TIF Note). In order to complete the sale, the Buyer is requesting an Assignment and Assumption Agreement of the Amended and Restated Contract for Private Redevelopment (Assignment), an estoppel certificate, and an investment letter with respect to the TIF Note. The TIF Note will be reassigned to a separate entity, Woodlake Health Centre Campus TIF, LLC, as required by the lender.

RECOMMENDED ACTION:

By motion: Adopt a resolution approving an Assignment and Assumption Agreement (Amended and Restated Contract for Private Redevelopment) to Woodlake Centre Owner, LLC, a Delaware limited liability company, an estoppel certificate, and an investment letter assigning the Tax Increment Financing Note to Woodlake Health Centre Campus TIF, LLC.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The Urban Village Tax Increment District was established in July 1999.
- On May, 21, 2001 the HRA entered into an Amended and Restated Contract for Private Development with Richfield State Agency, Inc.
- Two Pay-Go Notes were issued in 2001 and will mature in 2026.
- The property has been sold several times since then, most recently to Woodlake Center MOB, LLC in 2019.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The HRA is required to approve Assignment and Assumption Agreements and transfers of Pay-As-You-Go Notes.

C. CRITICAL TIMING ISSUES:

- Woodlake Centre Owner, LLC is scheduled to close on this transaction in October.

D. FINANCIAL IMPACT:

- A separate legal entity, Woodlake Health Centre Campus TIF, LLC, will receive the Pay-Go tax increment on Tax Increment Revenue Note Series 2001B per the Assignment and Assumption Agreement.
- The HRA will continue to receive a portion of the tax increment to pay administrative costs associated with the District and a contribution of pooled TIF to the Housing and Redevelopment Fund.

E. LEGAL CONSIDERATION:

- HRA legal counsel drafted the resolution and reviewed the Assignment and Assumption Agreement, estoppel certificate, and investment letter and will approve final language of all documents.

ALTERNATIVE RECOMMENDATION(S):

- Do not approve the Assignment and Assumption Agreement.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

	Description	Type
☐	Resolution	Resolution Letter
☐	Agreement	Contract/Agreement
☐	Investment Letter	Backup Material
☐	Estoppel Certificate	Backup Material

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF RICHFIELD, MINNESOTA**

RESOLUTION NO. _____

**RESOLUTION APPROVING ASSIGNMENT AND ASSUMPTION AGREEMENT (AMENDED
AND RESTATED CONTRACT FOR PRIVATE REDEVELOPMENT) AND OTHER
DOCUMENTS IN CONNECTION THEREWITH**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority") has entered into an Amended and Restated Contract for Private Redevelopment, dated May 21, 2001, as heretofore amended and assigned (the "Contract"), with Woodlake Centre MOB, LLC, a Delaware limited liability company (the "Assignor"), as the successor in interest to Woodlake Partners, LLC, related to the development of certain real property located in the City of Richfield, Minnesota (the "City"); and

WHEREAS, the Assignor owns a portion of the real property legally described in the Contract (the "VEF Property") and the Minimum Improvements (as defined in the Contract) constructed thereon commonly known as Woodlake Centre, located at 66th Street and Lyndale Avenue in the City; and

WHEREAS, the Assignor has proposed to convey its fee simple interest in the VEF Property to Woodlake Centre Owner, LLC, a Delaware limited liability company (the "Assignee"), and the Assignee has agreed to acquire fee simple title to the VEF Property and assume the rights and benefits and certain of the obligations and liabilities of the Assignor (as the Redeveloper) under the Contract which relate to the VEF Property; and

WHEREAS, the Assignor has proposed to convey its interest as holder of the Taxable Tax Increment Revenue Note, Series 2001B (the "TIF Note"), issued by the Authority on October 17, 2001 in the original aggregate principal amount of \$7,000,000, to Woodlake Health Centre Campus TIF, LLC, a Delaware limited liability company (the "TIF Assignee"), and the TIF Assignee has agreed to acquire the TIF Note and assume the rights and benefits and certain of the obligations and liabilities of the Assignor under the TIF Note; and

WHEREAS, there have been presented before this Board of Commissioners of the Authority (the "Board") forms of the following documents: (a) an Assignment and Assumption Agreement (Amended and Restated Contract for Private Redevelopment) (the "Assignment and Assumption Agreement") between the Authority, the Assignor, the Assignee, and the TIF Assignee, pursuant to which the Assignor will transfer and assign to the Assignee all of the right, title, and interest, if any, of the Assignor in and to the Contract, the Assignee will accept the assignment of all of the Assignor's right, title and interest arising under the Contract with respect to the VEF Property, and the Assignee will accept certain of the Assignor's obligations and liabilities under the Contract, as described therein; (b) an Estoppel Certificate (the "Estoppel Certificate") by the Authority consenting to the acquisition by the Assignee of the VEF Property and the acquisition by the TIF Assignee of the TIF Note, and the transfer of the Assignor's rights and obligations under the Contract and the TIF Note; and (c) an Investment Letter by the TIF Assignee with respect to the TIF Note; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota that:

1. The Board hereby consents to the assignment to and assumption by the Assignee of the Assignor's right, title, and interest, if any, under the Contract and to the acceptance by the Assignee of certain of the Assignor's obligations and liabilities under the Contract.

2. The Board approves the designation of the Assignee as a "Qualified Transferee" under the terms of the Contract.

3. The Assignment and Assumption Agreement and the Estoppel Certificate are hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Director are hereby authorized and directed to execute the Assignment and Assumption Agreement and the Estoppel Certificate for and on behalf of the Authority in substantially the forms now on file with the Executive Director but with such modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

4. The Chair and the Executive Director are hereby authorized to execute and deliver any and all documents deemed necessary to carry out the intentions of this resolution.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 17th day of October, 2022.

Mary B. Supple, Chair

ATTEST:

Maria Regan Gonzalez, Secretary

THIS DOCUMENT WAS DRAFTED BY:
Dorsey & Whitney LLP (ACS)
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402-1498

ASSIGNMENT AND ASSUMPTION AGREEMENT
(AMENDED AND RESTATED CONTRACT FOR PRIVATE REDEVELOPMENT)

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (“Agreement”) is made as of this _____ day of October, 2022, by and between WOODLAKE CENTRE MOB, LLC, a Delaware limited liability company (“Assignor”), WOODLAKE CENTRE OWNER, LLC, a Delaware limited liability company (“Assignee”), WOODLAKE HEALTH CENTRE CAMPUS TIF, LLC, a Delaware limited liability company (“TIF Assignee”), and the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a Minnesota public body corporate and politic (“HRA”).

WITNESSETH:

A. The HRA and Richfield State Agency, Inc., a Minnesota corporation (“RSA”) entered into that certain Amended and Restated Contract for Private Redevelopment dated May 21, 2001 (the “Amended and Restated Contract”) which Amended and Restated Contract affects certain property referred to in the Amended and Restated Contract as the “Redevelopment Property” and legally described in **Exhibit A** attached hereto and made a part hereof. The Amended and Restated Contract was recorded on November 30, 2001 in the office of the County Recorder for Hennepin County, Minnesota, as Document No. 7593401 and was filed on January 26, 2005 in the office of the Registrar of Titles as Document No. 4070502. The Amended and Restated Contract was further amended by that certain First Amendment to Amended and Restated Contract for Private Redevelopment by and between HRA and M&I, as successor in interest to RSA, dated January 25, 2005 and recorded May 4, 2005 in the office of the County Recorder as Document No. 8576021 and filed January 26, 2005 in the office of the Registrar of Titles as Document No. 4070504. The Amended and Restated Contract, as amended, was further amended by the Assignment and Assumption of Amended and Restated Contract for Private Redevelopment, dated January 25, 2005, from Marshall & Ilsley Corporation to Woodlake-VEF IV, LLC (“VEF”), as further amended by the Assignment and Assumption of Amended and Restated Contract for Private Redevelopment, dated January 31, 2014, from VEF to Woodlake Partners, LLC, and further amended by the Assignment and Second Amendment to Amended and Restated Contract, dated March 19, 2018, between BMO Harris Bank N.A., McDonald’s USA, LLC, the HRA, and Woodlake Partners, LLC, and filed August 22, 2018, in the office of the Registrar of Titles as Document No. T05554637. The Amended and Restated Contract, as amended as described herein is referred to herein as the “Contract.”

B. Capitalized terms used herein, to the extent not otherwise defined herein, shall have the meaning ascribed to such terms in the Contract.

C. Assignor currently owns fee simple title to the portion of the Redevelopment Property legally described in **Exhibit A-2** attached hereto and made a part hereof and the Minimum Improvements constructed thereon commonly known as “Woodlake Centre”, and located at 66th Street and Lyndale Avenue in Richfield, Minnesota (collectively, the “VEF Property”).

D. Pursuant to an Assignment and Assumption Agreement (Amended and Restated Contract for Private Redevelopment), dated March 11, 2019, from Woodlake Partners, LLC to Assignor (the “2019 VEF Assignment”), recorded April 10, 2019, in the office of the County Recorder as Document No. A10648855 and filed March 14, 2019, in the office of the Registrar of Titles as Document No. T05600118, Assignor assumed the rights and benefits, and certain of the obligations and liabilities, of Woodlake Partners, LLC under the Contract, which relate to the VEF Property and which arose and accrued from and after the date of the 2019 VEF Assignment, as set forth in the 2019 VEF Assignment.

E. As of the date hereof, Assignor desires to convey fee simple title to the VEF Property to Assignee and Assignee desires to acquire fee simple title to the VEF Property.

F. As of the date of this Agreement, Assignor will own no real property that is part of the Redevelopment Property.

G. Assignee desires to assume the rights and benefits, and certain of the obligations and liabilities, of Assignor under the Contract, which relate to the VEF Property and which arise and accrue from and after the date hereof, as set forth in this Agreement.

H. BMO Harris Bank N.A., as successor in interest to M&I is the owner and holder of the Tax Exempt Note and accordingly is the Tax Exempt Note Holder under the Contract.

I. Assignor, with the consent of the Tax Exempt Note Holder and HRA, wishes to be released from the Contract as of the date of this Agreement.

J. On the date hereof, the Assignor intends to assign the HRA’s Taxable Tax Increment Revenue Note, Series 2001B (the “Taxable TIF Note”), currently outstanding in the principal amount of \$316,044.96, to TIF Assignee, an affiliate Assignee.

K. Under the terms and conditions of the purchase and sale agreement pursuant to which the VEF Property was purchased, it was contemplated that Assignor and Assignee would enter into this Agreement.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto do hereby agree as follows:

1. Assignment. Assignor hereby transfers and assigns to Assignee all right, title and interest of Assignor in and to the Contract. TO HAVE AND TO HOLD all of the foregoing unto the Assignee, its successors and assigns, from and after the date hereof, subject to the terms, covenants, conditions and provisions contained herein.

2. Acceptance and Assumption. Assignee hereby accepts the assignment of all of Assignor’s right, title and interest arising under the Contract with respect to the VEF Property. As of the date of this Agreement, subject to the limitations contained herein, Assignee also accepts certain of the Assignor’s obligations and liabilities under the Contract, but only as such obligations and liabilities (a) relate to the VEF Property and (b) arise or accrue on or after the date of this Agreement.

3. Qualified Transferee; Consent to Assignment; Release.

(a) Pursuant to Section 7(c) of the First Amendment, the Assignee represents that it may be deemed to meet the qualifications required by Section 9.2(b)(i) of the Amended and Restated Contract and Section 7(c) of the First Amendment to be a Qualified Transferee because:

(i) the Assignee (or a property manager with which the transferee contracts) has within the last five (5) years owned or managed property of similar size to the VEF Property (but not necessarily the same use) in the greater Minneapolis/St. Paul area, or in metropolitan areas similar in size;

(ii) the Assignee (or its parent or ownership constituents, in the aggregate) has a tangible net worth of at least \$5,000,000 computed in accordance with sound business accounting principles (including the transferee's equity in the VEF Property and goodwill as assets); and

(iii) within the last three years, the Assignee (or any owner of such transferee owning more than 30% of the voting equity securities of the Assignee) has not been subject to a lien of a judgment for an amount in excess of \$500,000 arising out of: (A) the failure to repay amounts borrowed by such entity or (B) obligations relating to the ownership or management of real property.

(b) The Tax Exempt Note Holder, in reliance upon the representations of Assignee set forth in Section 3(a) above, acknowledges and agrees that Assignee is a Qualified Transferee. HRA has relied on the representations from Assignee that it is a Qualified Transferee and has made no independent investigation regarding this assertion. HRA and the Tax Exempt Note Holder do hereby consent to the conveyance of fee simple title to the VEF Property by Assignor to Assignee. HRA and Tax Exempt Note Holder hereby acknowledge and confirm that in accordance with Section 7(g) of the First Amendment, as of the date of this Agreement, Assignor is released of its obligations under the Contract first arising after the date of this Agreement.

4. Tax Petitions. At any time Assignee determines to file a petition with Hennepin County to decrease the market value of the VEF Property, the Assignee shall provide notice to the HRA at the following address:

Housing and Redevelopment Authority in and for the City of Richfield
6700 Portland Ave. South
Richfield, MN 55423
Attn: Community Development Director

Assignee has been provided with a copy of the HRA's Policy Statement Regarding Tax Petitions Filed within Tax Increment Districts and is aware of the HRA's policy with respect to withholding TIF when a tax petition is filed with Hennepin County.

5. Notice Address. For purposes of Section 11.5 of the Contract, the addresses of the Assignee are:

VEF Property Owner:

Woodlake Centre Owner, LLC
915 W. Imperial Hwy, Suite 165

Brea, CA 92821
Attention: Robert Lee and Thuy Turner
E-mail: robertlee@ii-hpa.com; Thuy.Turner@ii-hpa.com
Phone: 714-871-8886

with a copy to:

Karavas Kiely Schloss & Whitman LLP
11400 W. Olympic Blvd., Suite 1480
Los Angeles, CA 90064
Attention: Michael Kiely

Payment for the Taxable TIF Note shall be sent to:

Woodlake Health Centre Campus TIF, LLC
915 W. Imperial Hwy, Suite 165
Brea, CA 92821
Attention: Robert Lee and Thuy Turner
E-mail: robertlee@ii-hpa.com; Thuy.Turner@ii-hpa.com
Phone: 714-871-8886

6. Indemnification. Assignor agrees to indemnify, defend and hold Assignee and TIF Assignee harmless from and against any claims asserted against Assignee and/or TIF Assignee under, or in any way relating to, the Contract or Taxable TIF Note, and shall reimburse Assignee for any costs and expenses incurred in connection with such claims, including reasonable attorneys' fees related to such claims, to the extent such claims arise out of the failure of Assignor to comply with or to perform any obligation under the Contract or Taxable TIF Note accruing prior to the date hereof. Assignee and TIF Assignee agree to indemnify, defend and hold Assignor harmless from and against any claims asserted against Assignor under, or in any way relating to, the Contract or Taxable TIF Note, and shall reimburse Assignor for any costs and expenses incurred in connection with such claims, including reasonable attorneys' fees related to such claims, to the extent such claims arise out of the failure of Assignee and/or TIF Assignee to comply with or to perform any obligation under the Contract or Taxable TIF Note accruing on or after the date hereof.

7. Successors and Assigns; Amendments. This Agreement and the obligations of the parties hereunder shall survive delivery of this Agreement and be binding upon and inure to the benefit of the parties hereto, their respective legal representatives, successors and assigns and may not be modified or amended except by written agreement signed by both parties.

8. Governing Law. This Agreement and all questions arising in connection herewith shall be governed by and construed in accordance with the laws of the State of Minnesota.

9. Execution in Counterpart. This Agreement may be executed in counterparts, each of which shall be deemed a duplicate original.

[Remainder of page intentionally left blank; signature(s) on following page(s)]

IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption Agreement on the date and year first above written.

ASSIGNOR:

WOODLAKE CENTRE MOB, LLC,
a Delaware limited liability company

By: VREC Ryan Woodlake Centre, LLC, a Delaware limited liability company, its manager

By: Ryan Woodlake, LLC, a Delaware limited liability company, its manager

By: _____

Name: _____

Its: _____

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of October, 2022, by _____, the _____ of Ryan Woodlake, LLC, a Delaware limited liability company, the manager of VREC Ryan Woodlake Centre, LLC, a Delaware limited liability company, the manager Woodlake Centre MOB, LLC, a Delaware limited liability, on behalf of the said entities.

Notary Public

ASSIGNEE:

WOODLAKE CENTRE OWNER, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____)
County of _____)

On October ____, 2022 before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

TIF ASSIGNEE:

WOODLAKE CENTRE OWNER, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____)
County of _____)

On October __, 2022 before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Execution page of HRA to the Assignment and Assumption Agreement, dated as of the date and year first written above.

**HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
RICHFIELD, MINNESOTA**

By _____
Its Chair

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of October, 2022, by Mary B. Supple, the Chair of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the HRA.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of October, 2022, by Melissa Poehlman, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the HRA.

Notary Public

Exhibit A-1

Legal Description of Redevelopment Property

Lots 1, 2, 23, 24 and 25, Block 4, Lyndale Shores on Wood Lake, according to the recorded plat thereof, Hennepin County, Minnesota; and

Lots 1 and 3, Block 1, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota

Lot 1, Block 2, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota

Lot 1, Block 3, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota

Outlots A, B, C and D, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota

That part of Lot 2, Block I, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota, which lies westerly of a line drawn perpendicular to the north line of said Lot 2 from a point on the north line of said Lot 2, distant 126.70 feet west from the northeast corner of said Lot 2.

Exhibit A-2

Legal Description of VEF Property

PARCEL 1:

LOTS 2 AND 3, BLOCK 1, AND OUTLOTS A AND C, ALL IN RICHFIELD URBAN VILLAGE, ACCORDING TO THE RECORDED PLAT THEREOF, RECORDED DECEMBER 30, 1999 IN THE OFFICE OF THE COUNTY RECORDER AS DOCUMENT NO. 7237348 AND IN THE OFFICE OF THE REGISTRAR OF TITLES AS DOCUMENT NO. 3239419, HENNEPIN COUNTY, MINNESOTA.

ABSTRACT AND TORRENS

PARCEL 2:

TOGETHER WITH THE BENEFITS AND EASEMENTS CONTAINED WITHIN THAT CERTAIN EASEMENTS AND DECLARATION OF COVENANTS AND RESTRICTIONS DATED JANUARY 3, 2000, RECORDED SEPTEMBER 25, 2000 IN THE OFFICE OF THE COUNTY RECORDER AS DOCUMENT NO. 7359245 AND RECORDED SEPTEMBER 22, 2000 IN THE OFFICE OF THE REGISTRAR OF TITLES AS DOCUMENT NO. 3317547.

PARCEL 3:

TOGETHER WITH THE BENEFITS AND EASEMENTS CONTAINED WITHIN THAT CERTAIN INGRESS/EGRESS EASEMENT AGREEMENT DATED JANUARY 25, 2005, RECORDED MAY 4, 2005 IN THE OFFICE OF THE COUNTY RECORDER AS DOCUMENT NO. 8576022 AND FILED JANUARY 26, 2005 IN THE OFFICE OF THE REGISTRAR OF TITLES AS DOCUMENT NO. 4070505.

WOODLAKE HEALTH CENTRE CAMPUS TIF, LLC

Housing and Redevelopment Authority of the City of Richfield
6700 Portland Avenue So.
Richfield, MN 55423

Re: The Taxable Tax Increment Revenue Note, Series 2001B, issued by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Issuer”) in the original principal amount of \$7,000,000 (the “Taxable TIF Note”)

Dear Ladies and Gentlemen:

On the date hereof, WOODLAKE CENTRE MOB, LLC, a Delaware limited liability company, has assigned its interests in the above-referenced Taxable TIF Note to WOODLAKE HEALTH CENTRE CAMPUS TIF, LLC, a Delaware limited liability company. As holder of the Taxable TIF Note, we confirm that:

1. We are an “accredited investor” (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”)) purchasing for our own account and not as a nominee or agent, and not with a view to the resale or distribution of any part thereof.
2. We have no present intention of selling, granting any participation in, or otherwise distributing the Taxable TIF Note.
3. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Taxable TIF Note, and we are able to bear the economic risk of our investment.
4. In making our decision to acquire the Taxable TIF Note, we have relied upon independent investigations made by us and, to the extent we believed to be appropriate, by our representatives, including our own professional, tax and other advisors, and we have not relied upon any representation or warranty from the Issuer or any of its officers, employees, agents, affiliates or representatives, with respect to the value of the Taxable TIF Note.
5. The undersigned or its representatives have been given a full opportunity to examine all documents and to ask questions of, and to receive answers from, the Issuer, the Redeveloper and their representatives concerning the terms of the Taxable TIF Note and such other information as the undersigned desires in order to evaluate the acquisition of and investment in the Taxable TIF Note, and all such questions have been answered to the full satisfaction of the undersigned.
6. The undersigned has evaluated the merits and risks of investment in the Taxable TIF Note and has determined that the Taxable TIF Note is a suitable investment for us in light of our overall financial condition and prospects.
7. We understand that the offer and sale of the Taxable TIF Note has not been registered under the Securities Act, and that the Taxable TIF Note may not be offered or sold except as described below. We agree and each subsequent holder of the Taxable TIF Note by its

acceptance thereof will agree, not to offer, sell or otherwise transfer the Taxable TIF Note, except (A) in accordance with Rule 144A under the Securities Act to a “qualified institutional buyer” (as defined therein), (B) to an “accredited investor” (as defined above) that is purchasing for his own account or for the account of such an “accredited investor,” (C) pursuant to the exemptions from registration provided by Rule 144 under the Securities Act, if available, (D) pursuant to an effective registration statement under the Securities Act, or (E) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of our property or the property of such investor account or accounts be at all times within our or their control and to compliance with applicable state securities laws. We further agree to provide to any person purchasing the Taxable TIF Note from us a notice advising such purchaser that resale of the Taxable TIF Note is restricted as stated herein.

8. No market for this Taxable TIF Note exists and no market for the Taxable TIF Note is intended to be developed.
9. We understand that payments on the Taxable TIF Note are subject to certain restrictions and conditions set forth in the Amended and Restated Contract for Private Redevelopment between the Issuer and Richfield State Agency, Inc. (“RSA”) dated May 21, 2001, as amended by a First Amendment to Amended and Restated Contract for Private Redevelopment between Issuer and Marshall & Ilsley Corporation (as successor by merger to RSA) dated as of January 25, 2005, Assignment and Assumption of Amended and Restated Contract for Private Redevelopment, dated January 25, 2005, from Marshall & Ilsley Corporation to Woodlake-VEF IV, LLC (“VEF”), as further amended by the Assignment and Assumption of Amended and Restated Contract for Private Redevelopment, dated January 31, 2014, from VEF to Woodlake Partners, LLC, as further amended by the Assignment and Second Amendment to Amended and Restated Contract, dated March 19, 2018, between BMO Harris Bank N.A., McDonald’s USA, LLC, the Issuer, and Woodlake Partners, LLC, as further amended by the Assignment and Assumption Agreement (Amended and Restated Contract for Private Redevelopment), dated March 11, 2019, between Woodlake Partners, LLC, the Issuer, and WOODLAKE CENTRE MOB, LLC, and as further amended by the Assignment and Assumption Agreement (Amended and Restated Contract for Private Redevelopment), dated on or about an even date herewith, between WOODLAKE CENTRE MOB, LLC, the Issuer, and WOODLAKE CENTRE OWNER, LLC, and WOODLAKE HEALTH CENTRE CAMPUS TIF, LLC.

You are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

WOODLAKE HEALTH CENTRE CAMPUS TIF, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

Address:

Woodlake Health Centre Campus TIF, LLC
915 W. Imperial Hwy, Suite 165
Brea, CA 92821
Attention: Robert Lee and Thuy Turner
E-mail: robertlee@ii-hpa.com; Thuy.Turner@ii-hpa.com
Phone: 714-871-8886

Dated as of October ____, 2022

ESTOPPEL CERTIFICATE

To: Woodlake Centre MOB, LLC (“Seller”)
c/o Virtus Real Estate, LLC
835 W. 6th Street, Suite 1500
Austin, Texas 78703
Attn: Craig Davis
Emails: cdavis@virtusre.com

Woodlake Centre Owner, LLC (“Land Purchaser”)
915 W. Imperial Hwy, Suite 165
Brea, CA 92821
Attn: Robert Lee
E-mail: robertlee@ii-hpa.com

Woodlake Health Centre Campus TIF, LLC (“TIF Purchaser”, and together with Land Purchaser, collectively, “Purchasers”)
915 W. Imperial Hwy, Suite 165
Brea, CA 92821
Attn: Robert Lee
E-mail: robertlee@ii-hpa.com

Crown Bank (“Crown”)
6600 France Avenue, Suite 125
Minneapolis, MN 55435

CIT Bank, a division of First-Citizens Bank & Trust Company (“CIT”, and together with Crown, collectively, “Lenders”)
11 West 42nd Street
New York, New York 10036
Attention: Healthcare Portfolio Manager

Re: Purchase of Woodlake Centre, Richfield, Minnesota

Ladies and Gentlemen:

Reference is made to the Amended and Restated Contract for Private Redevelopment, dated May 21, 2001 (the “Amended and Restated Contract”), between The Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “HRA”) and Richfield State Agency, Inc. (“RSA”), as amended by the First Amendment to Amended and Restated Contract for Private Redevelopment, dated as of January 25, 2005, between the HRA and M&I Marshall & Ilsley Bank (“M&I”), successor to RSA, as further amended by the Assignment and Assumption of Amended and Restated Contract for Private Redevelopment, dated January 31, 2014, from Woodlake-VEF IV, LLC to Woodlake Partners, LLC, and further amended by the Assignment and Second Amendment to Amended and Restated Contract, dated March 19, 2018, between BMO Harris Bank N.A., McDonald’s USA, LLC, the HRA, and Woodlake Partners, LLC (the Amended and Restated Contract, as amended, is referred to herein as the “TIF Agreement”). The TIF Agreement covers certain real property described on **Exhibit A** hereto (the “Redevelopment Property”). We understand that (1) Seller intends to sell and Land Purchaser intends to purchase a portion of the Redevelopment Property, such portion being described on **Exhibit B** hereto (the “VEF Property”) and Land Purchaser will be granting a Permitted Mortgage in favor of CIT in connection therewith, (2) Seller intends to sell and TIF Purchaser intends to purchase the Taxable TIF Note, and (3)

as a condition to such purchase you have required that the HRA make certain representations to Seller, Purchasers and Lenders, and their respective successors and assigns, as follows (capitalized terms used herein and not defined herein shall have the meanings given to them in the TIF Agreement):

1. The TIF Agreement, the Taxable TIF Note Resolution, the Tax Exempt Resolution, the Taxable TIF Note and the Tax Exempt Note are in full force and effect and have not been amended except by the TIF Amendment. HRA hereby consents to and approves of the Land Purchaser's acquisition of the VEF Property and the TIF Purchaser's acquisition of the Taxable TIF Note and the transfer of Seller's rights and obligations under the TIF Agreement and the Taxable TIF Note to the respective Purchasers concurrent with Purchasers' respective acquisition of the VEF Property and the Taxable TIF Note, as applicable.

2. The Taxable TIF Note is registered to Seller. Upon Seller's and TIF Purchaser's satisfaction of any transfer requirements set forth in Section 3.03(b) of the Taxable TIF Note Resolution, the Taxable TIF Note shall be registered by the HRA in the name of TIF Purchaser, payable to the order of TIF Purchaser.

3. The Tax Exempt Note is registered to BMO Harris Bank N.A.

4. The Taxable TIF Note is currently issued to Seller in the face amount of \$7,000,000, at a current rate of interest of 7.4%. As of the date hereof, the outstanding principal balance of the Taxable TIF Note and the balances of the funds referred to in the Taxable TIF Note and the Taxable TIF Note Resolution are as follows:

Principal Balance of Taxable TIF Note	\$6,985,425
Debt Service Fund Balance	\$ -0-
Prepayment Fund Balance	\$ -0-

The amount of the Available Tax Increment and Local Match Funds paid to Seller on account of the Taxable TIF Note during the calendar year 2022 were as follows: \$316,044.96.

5. The Tax Exempt Note is currently issued to BMO Harris Bank N.A. in the face amount of \$2,500,000, at a current rate of interest of 2.44%. As of the date hereof, the outstanding principal balance of the Tax Exempt Note and the balances of the funds referred to in the Tax Exempt Note and the Tax Exempt Note Resolution are as follows:

Principal Balance of Tax Exempt Note	\$233,370
Project Fund Balance	\$ -0-
Debt Service Fund Balance	\$ -0-
Prepayment Fund Balance	\$ -0-
Reserve Fund Balance	\$ -0-

The amount of the Available Tax Increment and Local Match Funds paid to BMO Harris Bank N.A. on account of the Tax Exempt Note during the calendar year 2022 were as follows: \$59,466.44.

The amount of the Available Tax Increment and Local Match Funds paid to BMO Harris Bank N.A. on account of the Tax Exempt Note during the calendar year 2022 were as follows: \$233,370. On August 1, 2005, the HRA agreed to pay down the principal and interest of the final payment of the Tax-Exempt

Note in the amount of \$221,299.33. The HRA agreed to continue to pay interest on the final payment amount. See Exhibit C for the amortization of the Tax-Exempt Note.

6. To the actual knowledge of the HRA, no Event of Default on the part of Seller exists as of the date hereof. The HRA holds no present claims against Seller under or on account of the TIF Agreement. No Event of Default will arise by virtue of (a) Land Purchaser's purchase of the VEF Property, (b) TIF Purchaser's purchase of the Taxable TIF Note, or (c) Land Purchaser's granting of a Permitted Mortgage to CIT.

7. HRA hereby consents to (i) Land Purchaser's granting of a mortgage in favor of CIT against the VEF Property and (ii) TIF Purchaser's granting of a security interest in favor of Crown in TIF Purchaser's interest in the Taxable TIF Note, and agrees, based on evidence provided by the Land Purchaser, that CIT is a Permitted Mortgagee under the TIF Agreement. If CIT shall transfer its rights under the Permitted Mortgage, any successor to CIT under such Permitted Mortgage will be treated as a Permitted Mortgagee under the TIF Agreement. If Crown becomes the holder of the Taxable TIF Note pursuant to a foreclosure of its security interest in the Taxable TIF Note (or transfer in lieu of foreclosure), HRA agrees to re-issue the Taxable TIF Note in favor of Crown (or its designee) upon Crown's (or such designee's) satisfaction of any transfer requirements set forth in Section 3.03(b) of the Taxable TIF Note Resolution.

8. HRA agrees to deliver copies of all notices to be served upon Land Purchaser as a Redeveloper thereunder to an address designated by Land Purchaser in writing and copies thereof shall be delivered to the Lenders at the address set forth above or another address may be designated by Land Purchaser in writing.

9. HRA is making this Certificate with the understanding that: (a) Land Purchaser will purchase the VEF Property and TIF Purchaser will purchase the Taxable TIF Note in material reliance on this Certificate; and (b) Lenders will make loans to Purchasers in material reliance on this Certificate.

Executed on October ___, 2022, at Richfield, Minnesota.

HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF RICHFIELD,
MINNESOTA

By: _____
Name: Mary B. Supple
Its: Chair

By: _____
Name: Melissa Poehlman
Its: Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ___ day of October, 2022, by Mary B. Supple, the Chair of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a Minnesota public body corporate and politic, on behalf of such public body.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ___ day of October, 2022, by Melissa Poehlman, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a Minnesota public body corporate and politic, on behalf of such public body.

Notary Public

EXHIBIT A

Redevelopment Property

Lots 1, 2, 23, 24 and 25, Block 4, Lyndale Shores on Wood Lake, according to the recorded plat thereof, Hennepin County, Minnesota; and

Lots 1 and 3, Block 1, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota

Lot 1, Block 2, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota

Lot 1, Block 3, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota

Outlots A, B, C and D, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota

That part of Lot 2, Block 1, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota, which lies westerly of a line drawn perpendicular to the north line of said Lot 2 from a point on the north line of said Lot 2, distant 126.70 feet west from the northeast corner of said Lot 2.

EXHIBIT B

VEF Property

Lots 2 and 3, Block 1, and Outlets A and C, all in Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota.

Registered Property

Certificate of Title No. 1146727

EXHIBIT C

Amortization of Tax-Exempt Note



Urban Village - No Inflation
City of Richfield, MN

Mixed use redevelopment on the southeast corner of Lyndale and 66th Street
Original Note Amount: \$2,500,000 per Development Agreement

TAX EXEMPT LIMITED REVENUE NOTE A										
Interest Rate	Days	Beg. Balance	Principal Payment	Interest Payment	Total Payment	End Balance	PERIOD ENDING Yrs.	Tax Year	Payment Date	
		0.00	0.00	0.00	0.00	0.00	0.5	1999	08/01/99	
		0.00	0.00	0.00	0.00	0.00	1.0	1999	02/01/00	
		0.00	0.00	0.00	0.00	0.00	1.5	2000	08/01/00	
		0.00	0.00	0.00	0.00	0.00	2.0	2000	02/01/01	
		0.00	0.00	0.00	0.00	0.00	2.5	2001	08/01/01	
5.60%	104	2,500,000.00	40,913.00	40,444.00	81,357.00	2,459,087.00	3.0	2001	02/01/02	
5.60%		2,459,087.00	45,356.00	68,410.00	113,766.00	2,413,731.00	3.5	2002	08/01/02	
5.60%		2,413,731.00	45,356.00	67,140.00	112,496.00	2,368,375.00	4.0	2002	02/01/03	
5.60%		2,368,375.00	45,356.00	66,315.00	111,671.00	2,323,019.00	4.5	2003	08/01/03	
5.60%		2,323,019.00	45,356.00	65,044.54	110,400.54	2,277,663.00	5.0	2003	02/01/04	
5.60%		2,277,663.00	45,356.00	63,774.58	109,130.58	2,232,307.00	5.5	2004	08/01/04	
5.60%		2,232,307.00	45,356.00	62,504.61	107,860.61	2,186,951.00	6.0	2004	02/01/05	
5.60%		2,186,951.00	45,356.00	61,234.64	106,590.64	2,141,595.00	6.5	2005	08/01/05	
5.60%		1,920,295.56	47,355.67	59,965.00	107,320.67	2,094,239.33	7.0	2005	02/01/06	
4.98%		1,872,939.89	47,356.00	46,481.93	93,837.93	2,046,883.33	7.5	2006	08/01/06	
4.98%		1,825,583.89	47,356.00	45,302.76	92,658.76	1,999,527.33	8.0	2006	02/01/07	
4.98%		1,778,227.89	47,356.00	44,124.00	91,480.00	1,952,171.33	8.5	2007	08/01/07	
4.98%		1,730,871.89	47,356.00	42,944.00	90,300.00	1,904,815.33	9.0	2007	02/01/08	
4.98%		1,683,515.89	47,356.00	41,765.00	89,121.00	1,857,459.33	8.5	2008	08/01/08	
4.98%		1,636,159.89	47,356.00	42,944.00	90,300.00	1,810,103.33	9.0	2008	02/01/09	
4.98%		1,588,803.89	49,356.00	39,407.00	88,762.93	1,760,747.33	9.5	2009	08/01/09	
4.98%		1,539,447.89	49,534.00	38,332.25	87,866.25	1,711,213.33	10.0	2009	02/01/10	
4.98%		1,489,913.89	49,356.00	37,098.86	86,454.86	1,661,857.33	10.5	2010	08/01/10	
4.98%		1,440,557.89	49,356.00	35,869.89	85,225.89	1,612,501.33	11.0	2010	02/01/11	
2.77%		1,612,501.33	49,356.00	22,333.14	71,689.14	1,563,145.33	11.5	2011	08/01/11	
2.77%		1,563,145.33	49,356.00	21,649.56	71,005.56	1,513,789.33	12.0	2011	02/01/12	
2.77%		1,513,789.33	49,356.00	20,965.98	70,321.98	1,464,433.33	12.5	2012	08/01/12	
2.77%		1,464,433.33	51,356.00	20,282.40	71,638.40	1,413,077.33	13.0	2012	02/01/13	
2.77%		1,413,077.33	51,356.00	19,571.12	70,927.12	1,361,721.33	13.5	2013	08/01/13	
2.77%		1,361,721.33	51,356.00	18,859.84	70,215.84	1,310,365.33	14.0	2013	02/01/14	
2.77%		1,310,365.33	51,356.00	18,148.56	69,504.56	1,259,009.33	14.5	2014	08/01/14	
2.77%		1,259,009.33	51,356.00	17,437.28	68,793.28	1,207,653.33	15.0	2014	02/01/15	
2.77%		1,207,653.33	51,356.00	16,726.00	68,082.00	1,156,297.33	15.5	2015	08/01/15	
2.77%		1,156,297.33	51,356.00	16,014.72	67,370.72	1,104,941.33	16.0	2015	02/01/16	
2.44%		1,104,941.33	53,356.00	13,474.76	66,830.76	1,051,585.33	16.5	2016	08/01/16	
2.44%		1,051,585.33	53,356.00	12,824.08	66,180.08	998,229.33	17.0	2016	02/01/17	
2.44%		998,229.33	53,356.00	12,173.41	65,529.41	944,873.33	17.5	2017	08/01/17	
2.44%		944,873.33	53,356.00	11,522.73	64,878.73	891,517.33	18.0	2017	02/01/18	
2.44%		891,517.33	53,356.00	10,872.05	64,228.05	838,161.33	18.5	2018	08/01/18	
2.44%		838,161.33	53,356.00	10,221.38	63,577.38	784,805.33	19.0	2018	02/01/19	
2.44%		784,805.33	53,356.00	9,570.70	62,926.70	731,449.33	19.5	2019	08/01/19	
2.44%		731,449.33	55,356.00	8,920.02	64,276.02	676,093.33	20.0	2019	02/01/20	
2.44%		676,093.33	55,356.00	8,244.96	63,600.96	620,737.33	20.5	2020	08/01/20	
2.44%		620,737.33	55,356.00	7,569.89	62,925.89	565,381.33	21.0	2020	02/01/21	
1.81%		565,381.33	55,356.00	5,111.33	60,467.33	510,025.33	21.5	2021	08/01/21	
1.81%		510,025.33	55,356.00	4,610.88	59,966.88	454,669.33	22.0	2021	02/01/22	
1.81%		454,669.33	55,356.00	4,110.44	59,466.44	399,313.33	22.5	2022	08/01/22	
1.81%		399,313.33	55,356.00	3,609.99	58,965.99	343,957.33	23.0	2022	02/01/23	
1.81%		343,957.33	55,356.00	3,109.55	58,465.55	288,601.33	23.5	2023	08/01/23	
1.81%		288,601.33	55,356.00	2,609.10	57,965.10	233,245.33	24.0	2023	02/01/24	
1.81%		233,245.33	11,945.89	2,108.65	14,054.54	221,299.44	24.5	2024	08/01/24	
		221,299.44	0.00	0.00	0.00	221,299.44	25.0	2024	02/01/25	
		221,299.44	0.00	0.00	0.00	221,299.44	25.5	2025	08/01/25	
		221,299.44	0.00	0.00	0.00	221,299.44	26.0	2025	02/01/26	
		Totals	2,278,700.56	1,291,754.60	3,570,455.09					

221,299.44
Payment made
8/1/2005. Non-TIF

RESET DATE
59,198.83

Interest payment made for
interest from 8/1/2005

RESET DATE

RESET DATE

Payment of \$221,299.44
applied to principal. Payments
subject to change based on
semi-annual TIF received.

1. Any outstanding balance remaining upon the expiration of the TIF District is not required to be paid under the terms of the Development Agreement.
2. Interest rate is reset using the Bloomberg "General Obligation AAA" curve for 5 years. As of July 19, 2021, the rate is 0.3081% plus 1.5%.
3. The \$221,299.44 payment on 8/1/2005, was applied to the final principal payments. On 2/1/2012, the HRA made a payment of \$59,198.83 for interest due from 8/1/2005.
4. Principal payments are based on Schedule A in the Tax Increment Revenue note, Series 2001A, dated October 17, 2001.



STAFF REPORT NO. 32
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/17/2022

REPORT PREPARED BY: Julie Urban, Assistant Community Development Director
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: Melissa Poehلمان, Executive Director
10/13/2022

ITEM FOR COUNCIL CONSIDERATION:

Consideration of a resolution approving an amendment to the Grant Agreement with Woodlawn Terrace Cooperative, increasing the amount of funding provided for demolition and rehabilitation work.

EXECUTIVE SUMMARY:

In 2021, the residents of Woodlawn Terrace, a manufactured home community located at 7421 Lyndale Avenue South, formed a Cooperative and purchased the property from the long-time owner. As part of the acquisition due diligence process, the Cooperative identified several improvements that needed to be made to the park infrastructure to make it a physically and financially viable community. The Cooperative asked the Housing and Redevelopment Authority (HRA) to contribute \$350,000 to upgrade the water and sewer on the site and \$60,000 to fund the rehabilitation of a permanent structure containing two rental housing units and the demolition of five abandoned units.

The amount of assistance for rehabilitation and demolition work was based on estimates prepared for the Cooperative in June of 2021. Construction costs have increased since that time, and actual bids have come in significantly higher than estimated. Additional work items have also been identified, including electrical upgrades and a sixth unit that needs to be demolished. The cost of these items increases totals by \$49,000, and the Cooperative is asking the HRA to provide this additional funding.

Funds are needed now for the Cooperative to continue rehabilitation work that has already begun; however, additional cost estimates are still being sought for some of the work, so staff recommends that the HRA authorize staff to prepare an amendment to the Grant Agreement that will provide up to \$80,000 in additional funds to cover the expected cost increases and any additional unanticipated increases. Funds will only be provided for actual work performed.

The HRA has sufficient funding in the Housing and Redevelopment Fund to cover these costs. The property qualifies as substandard, making it eligible for the use of these funds.

RECOMMENDED ACTION:

By motion: Adopt the attached resolution approving an amendment to the Grant Agreement with the Woodlawn Terrace Cooperative, increasing the funds for demolition and rehabilitation work up to a total of \$140,000, and authorizing the Chair and Executive Director to execute an amendment to the Grant Agreement.

BASIS OF RECOMMENDATION:

A. **HISTORICAL CONTEXT**

- The current residents of Woodlawn Terrace formed a Cooperative in 2021 and purchased the underlying property from the long-time owner. There are 32 existing units in Woodlawn Terrace, and the Cooperative plans to add 21 new for-sale units over the next three years.
- A conditions survey and analysis identified \$1.1 million in repairs and upgrades that should be done, including connecting the park to City water, lining the storm sewer pipes to extend their useful life, rehabilitation of several structures, and the removal of five abandoned mobile home units.
- In 2021, the HRA approved the use of \$350,000 in Housing and Redevelopment Funds for utility upgrades and an additional \$60,000 for rehabilitation work.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- Assistance to Woodlawn Terrace meets several policy objectives of the HRA and City: preserving existing affordable housing, providing affordable homeownership opportunities, providing affordable rental housing opportunities, maintaining and replacing aging infrastructure, alleviating blighted conditions, and rehabilitating the housing stock.
- The assistance committed by the HRA to-date is helping to preserve and improve 32 existing affordable homes and to add 21 new affordable homes in the community.

C. CRITICAL TIMING ISSUES:

- The Cooperative is seeking to complete the work in the next few months and be able to rent the currently vacant unit, which is part of their plan to be financially solvent.
- Difficulty finding a contractor and obtaining bids due to current economic conditions has caused delays in the work. Work has begun, however, and the Cooperative is seeking assistance from the HRA in order to complete the work.
- The amended Grant Agreement will extend the deadline for the Cooperative to spend the rehab and demolition funding from December 31, 2022, until December 31, 2023.

D. FINANCIAL IMPACT:

- The HRA agreed to provide up to \$60,000 for the demolition of the five abandoned units and rehabilitation funds for the two rental units. The Cooperative is requesting an additional \$49,000 for identified cost increases and up to an additional \$30,000 to cover any additional unexpected costs.
- There is funding available in the Housing and Redevelopment Fund to pay for the cost increase.

E. LEGAL CONSIDERATION:

- A substandard evaluation has been completed, confirming that both the demolition and rehabilitation work are eligible uses for the HRA's Housing and Redevelopment Fund (HRF) for structures that qualify as substandard.
- The HRA Attorney will approve the amendment to the Grant Agreement.

ALTERNATIVE RECOMMENDATION(S):

- Decide not to approve the amendment to the Grant Agreement.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Bev Adrian, President of the Woodlake Terrace Cooperative.

ATTACHMENTS:

Description	Type
☐ Resolution	Resolution Letter

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF RICHFIELD, MINNESOTA**

RESOLUTION NO. _____

**RESOLUTION APPROVING AN AMENDMENT TO THE GRANT AGREEMENT FOR THE
WOODLAWN TERRACE MANUFACTURED HOME PARK**

WHEREAS, Woodlawn Terrace Cooperative, a Minnesota nonprofit corporation (the “Cooperative”), purchased and operates a manufactured home park on property located at 7421 Lyndale Avenue South in the City of Richfield (the “Project”); and

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) has inspected the Project and has determined that there are blighted conditions at the Project; and

WHEREAS, on October 18, 2021, the Board of Commissioners of the Authority (the “Board”) adopted a resolution approving a Grant Agreement (the “Grant Agreement”) granting to the Cooperative the amount of \$60,000 (the “Demolition and Rehabilitation Grant”) to assist with the costs of: (i) the demolition of five (5) substandard units in the Project (estimated cost of \$20,000); (ii) the rehabilitation of unit 5 so that it can be rented (estimated cost of \$30,000); and (iii) the rehabilitation of unit 6 so that it can continue to be rented (estimated cost of \$10,000) (collectively, the “Project Costs”); and

WHEREAS, the Cooperative has requested an additional grant in an amount up to \$80,000 from the Authority (the “Demolition and Rehabilitation Grant as amended”) to assist with increased costs of the original scope of work (\$27,300), additional work relating to the rehabilitation of units 5 and 6 (\$21,700), and up to an additional \$31,000 in contingency funding for potential cost increases and unknown additions to the scope of work to be paid out only for actual work performed (collectively, the “Project Costs”); and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, as follows:

1. The Demolition and Rehabilitation Grant as amended of up to an additional \$80,000, for a total of \$140,000, to the Cooperative for the payment of the Project Costs is hereby approved.
2. The Demolition and Rehabilitation Grant as amended shall be funded with pooled tax increment from the Interchange West Tax Increment District (a redevelopment tax increment district).
3. The Chair and the Executive Director are hereby authorized and directed to execute an amendment to the Grant Agreement for and on behalf of the Authority as to be prepared by the HRA Attorney under the direction of the Executive Director.
4. This resolution shall be in full force and effect as of the date hereof.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 17th day of October, 2022.

Mary B. Supple, Chair

ATTEST:

Maria Regan Gonzalez, Secretary