



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
OCTOBER 18, 2021
7:00 PM**

Call to Order

Attendance Roll Call

Open Forum: To participate in the open forum to address the HRA on items not on the current agenda; to participate remotely dial 612-861-0651.

Approval of the minutes of the regular Housing and Redevelopment meeting of September 20, 2021.

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 of a Resolution authorizing execution of a Developer Agreement with the West Hennepin Affordable Land Housing Trust, dba Homes Within Reach, for the acquisition, rehabilitation and sale of houses under the New Home Program.

Staff Report No. 34

3. Consideration of items, if any, removed from Consent Calendar

RESOLUTIONS

4. Consideration of a resolution approving Grant Agreements with Woodlawn Terrace Cooperative to provide funds for utility upgrades, demolition and rehabilitation work.
5. Consideration of an amendment to the Contract for Private Development with Cedar Point Investments, LLC, extending the contract deadline and allowing for the sale of market-rate townhomes.

Staff Report No. 36

OTHER BUSINESS

6. Consideration of the acceptance of the Richfield Housing and Redevelopment Authority Tax Increment Financing District Status Update.

Staff Report No. 37

HRA DISCUSSION ITEMS

7. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

8. Executive Director's Report

CLAIMS

9. Claims
10. 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 612-861-9738.



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

September 20, 2021

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; Sue Sandahl; Lee Ohnesorge and Erin Vrieze Daniels

HRA Members

Absent: None

Staff Present:

John Stark, Community Development Director/Executive Director; Julie Urban, Housing Manager; and LaTonia DuBois, Administrative Assistant.

Others Present:

Mike Burnett; Cedar Point Investments, LLC; Adam Seraphine, Cedar Point Investments, LLC; NCF representative; Tim Pabst, Metro Campus 1; Kevin Larson, homeowner 6331 Blaisdell Avenue South.

OPEN FORUM

No callers.

APPROVAL OF THE MINUTES

M/Regan Gonzalez, S/Sandahl to approve the minutes of the regular Housing and Redevelopment meeting of August 16, 2021; and the joint City Council and Housing and Redevelopment Authority meeting/tour on September 7, 2021.

Motion carried 5-0

Item #1

APPROVAL OF THE AGENDA

M/Regan Gonzalez, S/Sandahl to approve the agenda.

Motion carried 5-0

Item #2	CONSENT CALENDAR
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Executive Director Stark presented the Consent Calendar:

- A. Consider an adjustment to the payment standard for the Section 8 Housing Choice Voucher Program. (Staff Report No. 28)
- B. Consider the adoption of a resolution approving amended and restated documents related to the Chamberlain Project. (Staff Report No. 29)

HRA RESOLUTION NO. 1406

RESOLUTION APPROVING AMENDED AND RESTATED DOCUMENTS IN CONNECTION
WITH THE CHAMBERLAIN APARTMENTS PROJECT

M/Vrieze Daniels, S/Sandahl to approve the Consent Calendar.

Motion Carried 5-0

Item #3	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR
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None

Item #4	CONSIDER A RESOLUTION SUPPORTING AN INFRASTRUCTURE GRANT APPLICATION TO MINNESOTA HOUSING FOR WOODLAWN TERRACE. (S.R. NO. 30)
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Housing Manager Urban presented Staff Report No. 30.

Commissioner Vrieze Daniels expressed excitement for the development of the park.

Commissioner Sandahl expressed appreciation for the Cooperative's organization.

Commissioner Regan Gonzalez spoke of the sense of community in the Park and thanked the Cooperative leaders, community members, Northcountry Cooperative Foundation and Minnesota Housing.

Chair Supple spoke of the use of the pooled Tax Increment Financing (TIF) for this project meeting the spirit of what the HRA is trying to accomplish by preserving affordable housing.

M/Regan Gonzalez, S/Vrieze Daniels to adopt the attached resolution approving support for an infrastructure grant application to Minnesota Housing by the Woodlawn Terrace Cooperative in support of utility improvements at Woodlawn Terrace.

Motion carried 5-0

HRA RESOLUTION NO. 1407

RESOLUTION APPROVING SUPPORTING INFRASTRUCTURE GRANT APPLICATION
FOR WOODLAWN TERRACE MOBILE HOME PARK

Item #5	CONSIDER A PRELIMINARY DONATION AGREEMENT WITH METRO CAMPUS 1, LLC TO EXPLORE THE DONATION OF THE OFFICE BUILDING AND PROPERTY AT 1600 78TH STREET EAST TO THE HOUSING AND REDEVELOPMENT AUTHORITY. (S.R. NO. 31)
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Executive Director Stark presented Staff Report No. 31

Commissioner Vrieze Daniels inquired about what types of uses the property may be used for.

Executive Director Stark explained potential opportunities to explore and the next steps that would occur.

Commissioner Regan Gonzalez inquired about the Metro Sales property.

Executive Director informed the commissioners that he has expressed the HRA's interest in the property to Metro Sales.

Commissioner Regan Gonzalez expressed appreciation for the donation and the potential for the area.

Commissioner Sandahl asked for clarification about the Metro Sales location and the property to be donated.

Executive Director Stark explained building locations and previous construction delays on the property being considered for donation.

Chair Supple inquired about demolishing and the TIF rules.

Executive Director explained the time constraints that go along with TIF rules and demolishing the property.

Commissioner Vrieze Daniels inquired about a billboard on the property.

Executive Director Stark explained the requirements and the preferences of the future positions of the billboard.

M/Sandahl, S/Regan Gonzalez to approve the attached Preliminary Donation Agreement with Metro Campus 1, LLC to explore the acceptance of property at 1600 78th Street East.

Motion carried 5-0

HRA RESOLUTION NO. 1408

RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF A PRELIMINARY
DONATION AGREEMENT WITH METRO CAMPUS 1 LLC

Item #6	CONSIDERATION OF PROPOSED CHANGES TO THE CONTRACT FOR PRIVATE DEVELOPMENT WITH CEDAR POINT INVESTMENTS, LLC, EXTENDING THE CONTRACT DEADLINE AND ALLOWING FOR THE SALE OF MARKET-RATE TOWNHOMES. (S.R. NO 32)
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Housing Manager Urban presented Staff Report No. 32

Commissioner Regan Gonzalez asked Housing Manager Urban to walk through the financing changes.

Housing Manager explained how the expenses would be covered and the different scenarios.

Executive Director Stark explained the HRA would not incur any additional costs and that an entire eight unit pod would have to be sold as affordable in order to be put back into the TIF District.

Commissioner Vrieze Daniels inquired asked for clarification regarding the initial 32 units.

Housing Manager Urban explained the initial 32 units have been sold.

Commissioner Vrieze Daniels inquired about how the additional 32 units could be sold at a higher rate than the identical previous units.

Mike Burnett, Cedar Point Investments, LLC explained the uncertainties with the outcome, but stated that there are buyers out there.

Commissioner Vrieze Daniels inquired about the effect of the additional units being market rate and the shift in balance of market rate and affordability.

Housing Manager Urban explained.

Housing Manager Urban also explained this item would be brought before the HRA at the next meeting.

Commissioner Vrieze Daniels stated she would like to refrain from extending the deadline in order to incentivize bringing the project to completion.

Adam Seraphine, Cedar Point Investments, LLC explained the bottlenecks they've experienced and problems with supply chain, but they are moving sales along as quickly as possible within their control.

M/Sandahl, S/Regan Gonzalez to provide feedback for the proposed changes to the RF64 townhome development and direct staff to prepare an amendment to the Contract for Private Development with Cedar Point Investments, LLC.

Motion carried 5-0

Item #7	CONSIDERATION OF A REQUEST FOR A SUBORDINATION OF A HOUSING AND REDEVELOPMENT AUTHORITY TRANSFORMATION PROGRAM LOAN AT 6331 BLAISDELL AVENUE SOUTH. (S.R. NO. 33)
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Housing Manager Urban presented Staff Report No. 33

Commissioner Regan Gonzalez thanked the applicant and staff for working together to bring this item to the HRA.

M/Vrieze Daniels, S/Sandahl to approve the request for a subordination of a Housing and Redevelopment Authority Transformation Program loan at 6331 Blaisdell Avenue South.

Motion carried 5-0

Item #9	HRA DISCUSSION ITEMS
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Chair Supple thanked staff for their work at Penn Fest and encouraged listeners to read an article in the Star Tribune regarding the shortage of housing and explained the HRA's goal to find creative solutions to the issue.

Item #10	EXECUTIVE DIRECTOR'S REPORT
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Executive Director Stark provided an update about the Enclave's Lynk65 development.

Executive Director Stark reported the retirement of Chief Building Official, Rick Regnier to the HRA and spoke of the diligent inspections work he completed throughout the years and thanked him for his years of service and dedication.

Item #11	CLAIMS
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M/Sandahl, S/Ohnesorge that the following claims be approved:

U.S. BANK	9/20/2021
Section 8 Checks: 133103 - 133191	\$ 177,999.10
HRA Checks: 34072 - 34084	\$ 91,622.36
TOTAL	\$ 269,621.46

Motion carried 5-0

Item #12	ADJOURNMENT
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The meeting was adjourned by unanimous consent at 7:55 p.m.

Date Approved: October 18, 2021

Mary B. Supple
HRA Chair

LaTonia DuBois
Administrative Assistant

John Stark
Executive Director



STAFF REPORT NO. 34
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/18/2021

REPORT PREPARED BY: Kate Aitchison, Housing Specialist
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
10/12/2021

ITEM FOR COUNCIL CONSIDERATION:

Consideration of a Resolution authorizing execution of a Developer Agreement with the West Hennepin Affordable Land Housing Trust, dba Homes Within Reach, for the acquisition, rehabilitation and sale of houses under the New Home Program.

EXECUTIVE SUMMARY:

The Housing and Redevelopment Authority (HRA) works with the West Hennepin Affordable Land Housing Trust (WHAHLT), dba Homes Within Reach, to purchase and rehabilitate homes to be sold to income-qualifying households. WHAHLT is a Community Land Trust that allows moderate-income buyers to achieve affordable homeownership by holding ownership of the land, and reducing the burden of down payment and large mortgage payments on the homeowner. The model ensures ongoing affordability throughout the lifetime of the property and with multiple owners.

WHAHLT is seeking to continue providing affordable housing in Richfield through this model. The proposed Developer Agreement (Agreement) between the HRA and WHAHLT details the terms of this continued partnership through 2022. Under the terms of the Agreement, the HRA would provide up to \$400,000 to WHAHLT for the purchase and rehabilitation of up to five single-family homes. WHAHLT would then resell the homes to households earning no more than 80 percent of the Area Median Income (AMI). Funding for this work will come from pooled Tax Increment Financing (TIF) in the Housing and Redevelopment Fund. The Housing and Redevelopment Fund can be used to fund the acquisition and rehabilitation of substandard homes for future affordable housing.

RECOMMENDED ACTION:

By motion: Approve a Resolution authorizing the execution of a Developer Agreement with the West Hennepin Affordable Land Housing Trust, dba Homes Within Reach, for the acquisition, rehabilitation and sale of up to five houses under the New Home Program.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- Under the New Home Program, the HRA has worked with several developers over the years to either build new homes or purchase and rehabilitate existing homes. These homes are then sold to households earning no more than 80 percent of the AMI.
- Since 2002, WHAHLT has successfully purchased, rehabilitated and sold 14 homes in Richfield.
- Funding for the work of the New Home Program has varied by year, with most recent projects funded with local Community Development Block Grant (CDBG) funds as well as pooled TIF.

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

- The objectives of the New Home Program are to:
 - Eliminate the blighting influence of substandard housing, thus improving residential neighborhoods;
 - Maintain and improve the existing housing stock while preserving housing affordability;
 - Develop quality housing with long-term affordability, to the greatest extent possible;
 - Coordinate with developers to provide affordable housing for families.
- Per the city's Inclusionary Housing Policy, at least 20 percent of newly constructed or substantially rehabilitated units must be sold to households earning at or below 115 percent AMI, when reviewed over a three year period.
 - For the years 2019-2021, 29 percent of the 14 new/substantially rehabilitated single-family units were sold to families at 80 percent AMI or less.
 - It is anticipated that for the years 2020-2022, 30 percent of the ten new/substantially rehabilitated single-family units will be sold to families at 80 percent AMI or less.
- Purchasing and rehabilitating homes to provide affordable housing carries out the policies of the City's Comprehensive Plan, including: Support the rehabilitation and upgrading of the existing housing stock; promote the development, management and maintenance of affordable housing in the City through assistance programs, alternative funding sources, and the creation of partnerships whose mission is to promote low to moderate income housing.

C. CRITICAL TIMING ISSUES:

- WHAHLT has been working to identify properties for purchase and rehabilitation in Richfield. Approval of the Agreement would allow the HRA and WHAHLT to complete the purchase and rehabilitation of any properties identified.
- The Agreement provides for HRA staff to approve the acquisition of the specific property and to review income documentation prior to the final sale. In addition, a qualifying substandard inspection will be required by HRA staff.

D. FINANCIAL IMPACT:

- In August, the HRA approved funding for this work with \$200,000 in the revised 2021 budget and an additional \$200,000 in the proposed 2022 budget.
- HRA funds can be used for the acquisition of the property or applied to rehabilitation. Maximum reimbursement under this Agreement is \$200,000 per year, for up to five homes during 2021 and 2022.

E. LEGAL CONSIDERATION:

- The Agreement was prepared by HRA legal counsel.
- Housing and Redevelopment funds can be used for the rehabilitation of substandard properties for affordable housing.
- A substandard inspection is required and will be conducted prior to purchase of the property.

ALTERNATIVE RECOMMENDATION(S):

- Do not approve a resolution authorizing execution of a Developer Agreement with the West Hennepin Affordable Land Housing Trust, dba Homes Within Reach, for the acquisition, rehabilitation and sale of up to five houses under the New Home Program.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter
□ Developer Agreement	Contract/Agreement

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

RESOLUTION NO. _____

**RESOLUTION APPROVING DEVELOPER AGREEMENT WITH WEST HENNEPIN
AFFORDABLE HOUSING LAND TRUST DBA HOMES WITHIN REACH**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority") intends to provide up to \$400,000 in pooled tax increment (the "Tax Increment") to the West Hennepin Affordable Housing Land Trust dba Homes Within Reach, a Minnesota nonprofit corporation ("WHAHLT"), for the purposes of acquiring and rehabilitating homes in the City of Richfield, Minnesota; and

WHEREAS, the Authority has proposed that WHAHLT use the Tax Increment to purchase, rehabilitate, and resell one or more properties to households earning at or below 80% of the area median income; and

WHEREAS, there has been presented before the Board of Commissioners of the Authority a Developer Agreement (the "Developer Agreement") to be executed by the Authority and WHAHLT, which sets for the terms of the Tax Increment to be provided to WHAHLT and the agreement by WHAHLT to purchase, rehabilitate, and resell the properties; 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 Developer Agreement is hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Director are hereby authorized and directed to execute the Developer Agreement for and on behalf of the Authority in substantially the form 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.

2. 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 and the Developer Agreement.

3. 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 18th day of October, 2021.

Mary B. Supple, Chair

Maria Regan Gonzalez, Secretary

DEVELOPER AGREEMENT
(West Hennepin Affordable Housing Land Trust dba Homes Within Reach)

THIS DEVELOPER AGREEMENT (the “Agreement”), made and entered into as of this __ of September, 2021 (“Effective Date”), by and between the **Housing and Redevelopment Authority in and for the City of Richfield** (“Authority” or “HRA”), a body corporate and politic under the laws of the State of Minnesota, having its principal office at 6700 Portland Avenue, Richfield, Minnesota (“HRA”) and the **West Hennepin Affordable Housing Land Trust dba Homes Within Reach**, a nonprofit corporation under the laws of Minnesota, having its principal office at 5101 Thimsen Ave, Suite 202, Minnetonka, MN 55345. (“Developer” or “WHAHLT”).

RECITALS

- A. The HRA intends to provide WHAHLT with up to \$400,000 in pooled tax increment (“Tax Increment”) for the purposes of acquiring and rehabilitating up to five substandard homes in the City of Richfield (the “City”) to be resold to people earning at or below 80% of the area median income.
- B. The HRA desires WHAHLT to purchase, rehabilitate, and resell up to five properties eligible to be purchased, rehabilitated and resold with Tax Increment (the “Eligible Properties”) and WHAHLT has agreed to do so pursuant to the terms and conditions of this Agreement.
- C. The City and the HRA have previously established a New Home Program pursuant to the authority granted in Minnesota Statutes, Sections 469.001 through 469.047.
- D. WHAHLT will utilize the Community Land Trust model to purchase, rehabilitate, and resell the property(ies) to an income-qualified buyer(s), and will retain ownership of the land to ensure long-term affordability.
- E. The grant of the Tax Increment to WHAHLT is for the purpose of providing affordable housing within the City and to assist in carrying out the objectives of the New Home Program, which are in the best interests of the City, and the health, safety and welfare of its residents and in accord with the public purposes and provisions of the applicable state and local laws and requirements.
- F. In performing its obligations under this Agreement, WHAHLT must adhere to the restrictions for the use of Tax Increment set forth in this Agreement.

AGREEMENT

1. Scope of Work.

A. Developer. The HRA hereby designates WHAHLT as a Developer to purchase, rehabilitate, and resell Eligible Properties in accordance with the terms and conditions of this Agreement.

B. Criteria. WHAHLT will identify Eligible Properties that WHAHLT would like to acquire under this Agreement. Once an Eligible Property is identified, the HRA will conduct a substandard inspection to determine whether tax increment can be used for the Eligible Property. To be eligible, properties must meet the definition of “structurally substandard”, as outlined in Minn. Stat. Section 469.174, subdivision 10, paragraphs 4(b) and (c). Following qualification with a substandard inspection, the HRA will provide written consent for the location of the home to be acquired by WHAHLT. Prior to the acquisition of an Eligible Property, WHAHLT shall provide the HRA with a Developer Pro Forma in the form set forth in EXHIBIT A.

C. Compliance with Required Programs. To the extent required by federal, state, and local law and regulation, WHAHLT agrees to comply with the program requirements of:

- 1) Equal opportunity and discrimination provisions of all applicable State and Federal laws, rules, and regulations;
- 2) Section 504 of the Rehabilitation Act of 1973, as amended;
- 3) Fair housing requirements of section 104(b) and section 109 of Title I of the Housing and Community Development Act of 1974, as amended, including Title VI of the Civil Rights Act of 1964, the Fair Housing Act, and other applicable fair housing laws.

WHAHLT further agrees to provide HRA with a timely certification that the requirements listed in this Section have been met.

D. Resale of Property. After WHAHLT completes the rehabilitation of an Eligible Property, WHAHLT will market said Eligible Property and execute a purchase agreement with an end buyer earning at or below 80% of the area median income.

F. Reports. WHAHLT shall provide HRA with a report of its activities on an as-needed basis, including but not limited to reports related to the income of the end buyer of each Eligible Property.

2. Term. This Agreement is effective as of the Effective Date and until December 31, 2022.

3. Acquisition, Relocation and Displacement. WHAHLT shall be responsible for carrying out all acquisitions of real property necessary for implementation of this Agreement. WHAHLT shall conduct all such acquisitions in its name and shall hold title to all real property purchased and shall be responsible for preparation of all notices, appraisals, and documentation required in conducting acquisition under the regulations of the Uniform Relocation Assistance and Real

Property Acquisition Act of 1970, as required under 49 CFR Part 24. WHAHLT shall also be responsible for providing all relocation notices, counseling, and services required by said regulations. In addition, WHAHLT shall comply with the acquisition and relocation requirements of the Minn. Stat. Sections 117.50 through 117.56 (the “Minnesota Relocation Act”).

4. Labor Standards, Employment and Contracting. WHAHLT shall notify the HRA prior to initiating any rehabilitation activities, including advertising for contractual services, which will include costs likely to be subject to the provisions of Federal Labor Standards and Equal Employment Opportunity and related implementing regulations.

5. Documentation. WHAHLT must maintain the following records and reports relating to Eligible Properties acquired pursuant to this Agreement: income documentation for buyer of property financed with Tax Increment, appraisals, environmental reports, purchase agreements, settlement statements, and deed document number/filing information per property. WHAHLT shall submit copies of the foregoing documentation to HRA with respect to any Eligible Property acquired pursuant to this Agreement prior to closing with the buyer. The HRA will issue a clear to close once documentation has been submitted.

6. Use of Tax Increment. In order to utilize TIF for the purchase of property, the purchase of a home, or the rehabilitation of a home, the property or home must be considered substandard. WHAHLT must provide a detailed list of expenditures for which TIF will be utilized and evidence of substandard conditions to the HRA prior to the purchase of a property or a home and prior to commencement of any rehabilitation work. The HRA will confirm in writing (which may be conveyed by email) within seven (7) business days as to whether the proposed expenditures may be paid with TIF.

7. Proof of Eligible Tax Increment Costs. WHAHLT will provide a detailed accounting to the HRA for expenditures paid with Tax Increment, which may include the purchase of property or a home, rehabilitation of a home, and the abatement of any hazardous contamination found on the property.

8. Suspension and Termination. If WHAHLT materially fails to comply with any term of this Agreement after written notice and an opportunity to cure, this Agreement may be terminated. The time period for said opportunity to cure will be dependent upon the relevant time period requirements of the applicable law, regulation, program, or otherwise.

9. Notice. All communications, notices, and demands of any kind which either party may be required or may desire to give to or serve upon the other shall be made in writing, and such notice shall be deemed sufficiently given if and when it is addressed to then other party as provided below and either (a) delivered personally, (b) deposited in the United States mail, registered or certified, with postage prepaid, (c) deposited with an overnight delivery service for next day delivery, or (d) telecopied:

To HRA: Richfield Housing and Redevelopment Authority
 Attention: John Stark, AICP, Executive Director
 6700 Portland Avenue

Richfield, Minnesota 55423-2599
Fax: (612) 861-8974

To WHAHLT: West Hennepin Affordable Housing Land Trust
Attention: Brenda Lano, Executive Director
5101 Thimsen Avenue
Suite 202
Minnetonka, MN 55345-4117

10. Data Practices. WHAHLT agrees to abide by the provisions of the Minnesota Government Data Practices Act and all other applicable State and Federal laws, rules, and regulations relating to data privacy and confidentiality, and as any of the same may be amended.
11. Access to Records. HRA shall have the authority to review any and all procedures and all materials, notices, and documents prepared by WHAHLT in implementation of this Agreement.
12. Indemnification. WHAHLT agrees to hold harmless, indemnify and defend HRA, its elected officials, officers, agents, and employees against any and all claims, losses, or damages, including attorneys' fees, arising from, allegedly arising from, or related to, the provision of services under this Agreement by WHAHLT, its employees, agents, officers, or volunteer workers.
13. Independent Contractor. Nothing in this Agreement is intended, nor may be construed, to create the relationship of partners or employer/employee between the parties. WHAHLT, its officers, agents, employees, and volunteers are, and will remain for all purposes and services under this Agreement, independent contractors.
14. Entire Agreement. The entire agreement of the parties is contained in this document. This Agreement supersedes all previous written and oral agreements and negotiations between the parties relating to the subject matter of this Agreement except as provided in paragraph 14 of this Agreement.
15. Severability. The invalidity, illegality or enforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall remain in full force and effect.
16. Assignment of Agreement. The parties shall not assign this Agreement without the express written consent of the other party.
17. Modification. No provision, term or clause of this Agreement shall be revised, modified, amended or waived except by an instrument in writing signed by both parties.
18. Counterparts. This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original, all of which, when taken together, shall constitute one agreement.

19. Headings. The titles to the sections and headings of various paragraphs of this Agreement are placed for convenience of reference only and in case of conflict, the text of this Agreement, rather than such titles or headings shall control.

20. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of each of the parties hereto.

21. Invalidity. If for any reason any portion or paragraph of this Agreement shall be declared void and unenforceable by any court of law or equity, it shall only affect such particular portion or paragraph of this Agreement, and the balance of this Agreement shall remain in full force and effect and shall be binding upon the parties hereto.

22. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Minnesota.

23. Electronic Signatures. This Agreement may be executed with electronic signatures.

(Signature page follows)

IN WITNESS WHEREOF, the Authority has caused this Agreement to be duly executed in its name and behalf and WHAHLT has caused this Agreement to be duly executed in its name and behalf as of the date first above written.

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

By _____
Its Chairperson

By _____
Its Executive Director

WEST HENNEPIN AFFORDABLE HOUSING LAND
TRUST

By _____
Its Executive Director

**EXHIBIT A
DEVELOPER PRO FORMA**

Sources & Uses - Preliminary					
Name of Property:					
Date:					
Sources:					Comments
Homebuyer Mortgage			\$		
20__ AHIF			\$		Project Costs
20__ Richfield Tax Increment			\$		Land & Project Costs
20__ HOME			\$		Land
20__ MH Impact			\$		Project Costs
20__ Bond Proceeds			\$		Land
20__ Met Council			\$		Rehab
		Total	\$		
Uses:					
Acquisition Costs			\$		
Closing Costs			\$		
Inspection/other			\$		
	Acquisition costs		\$		
Adm Fee			\$		Project Fee & HOME Fee
Holding/Closing Costs/ LC/ Taxes			\$		Special Assessments of \$_____
Rehab Costs			\$		
		Total	\$		



STAFF REPORT NO. 35
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/18/2021

REPORT PREPARED BY: Julie Urban, Housing and Redevelopment Manager
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
10/13/2021

ITEM FOR COUNCIL CONSIDERATION:

Consideration of a resolution approving Grant Agreements with Woodlawn Terrace Cooperative to provide funds for utility upgrades, demolition and rehabilitation work.

EXECUTIVE SUMMARY:

The residents of Woodlawn Terrace, a manufactured home community located at 7421 Lyndale Avenue South, formed the Woodlawn Terrace Cooperative (Cooperative) and are in the process of purchasing the property. The park provides affordable homeownership opportunities for low and moderate-income households, and self-ownership ensures that the park and its long-term affordability is preserved.

City staff have been working with the Cooperative on different ways the City can support the preservation of the 32 existing affordable homes and facilitate the addition of 21 new homes. In September, the Housing and Redevelopment Authority (HRA) adopted a resolution committing \$350,000 for utility upgrades. The funds would serve as a match to a Minnesota Housing grant the Cooperative has applied for. Staff is also working to identify resources for down payment assistance to new owners. As the Cooperative works toward closing on the property, they have identified a financing gap of \$100,000 and are asking the HRA to contribute additional funds to help fill that gap.

There are currently five mobile home units that are vacant and abandoned. The units are in poor condition and need to be demolished. In addition, there are two stick-built structures on the property, one of which is currently being rented and the second of which has the potential to be rented. Both units require rehabilitation work. The total estimated cost for all the work is approximately \$60,000.

Both demolition and rehabilitation work are eligible uses for the HRA's Housing and Redevelopment Fund (HRF) for structures that qualify as substandard. Staff is in the process of completing substandard evaluations of the structure; however, preliminary inspections completed by the Cooperative's consultant suggest that the structures are likely to qualify.

A Grant Agreement committing up to \$60,000 for demolition and rehabilitation work has been prepared and will enable the Cooperative to meet the requirements of the financing package and proceed to closing on the property yet this Fall.

At its meeting in September, the HRA approved \$350,000 for utility upgrades, contingent upon approval of a Grant Agreement. Consequently, a second Grant Agreement committing funds for

utility upgrades is also part of the recommended action.

RECOMMENDED ACTION:

By motion: Adopt the attached resolution approving a Grant Agreement with the Woodlawn Terrace Cooperative to provide funds for utility upgrades and a Grant Agreement for demolition and rehabilitation work.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The current residents of Woodlawn Terrace formed the Cooperative earlier this year and are working to purchase the underlying property.
- There are currently 32 housing units in the park, and the Cooperative plans to increase that number to 53, offering an opportunity for an additional 21 households to purchase homes. Staff and Northcountry Cooperative Foundation (NCF) are in the process of identifying possible funding sources to create a down payment assistance program that would offer assistance to households earning up to 50 percent of the Area Median Income (AMI).
- 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.
- Policymakers attended a work session at the property on September 7, 2021.
- On September 20, 2021, The HRA approved a resolution approving the use of Housing and Redevelopment Funds for utility upgrades, contingent upon the approval of a Grant Agreement.

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

- The City's Inclusionary Housing Policy (IHP) requires that projects containing the construction of at least five new units and receiving financial assistance from the HRA provide a percentage of the units as affordable. In the case of ownership developments, 20 percent of the units must be affordable at 115 percent of the AMI, 15 percent affordable at 100 percent of the AMI, or 10 percent affordable at 80 percent of the AMI. Of the current units at Woodlawn Terrace, 34 percent are owned by households earning less than 50 percent of the AMI, which greatly exceeds the requirements of the IHP. In addition, there will be 21 new units for sale, and any down payment assistance provided would be targeted to households earning less than 80 percent of the AMI, with the priority given to households earning less than 50 percent AMI. The actual number will be dependent upon the funds available.
- The Minnesota Housing grant requires the park to remain a manufactured home community for 25 years, to maintain lot rent affordable to low and moderate income households, and to cap rent increases at five percent annually.
- Both rental units that are being rehabilitated will be rented at very affordable rents.
- 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.

C. CRITICAL TIMING ISSUES:

- The Cooperative anticipates closing on the property in early November of 2021.
- The financing package that has been put together by the Cooperative and the primary lender, Minnesota Housing, requires that the abandoned units be demolished and the units rehabilitated and rented. Failure to address these needs and close the financing gap will delay closing on the property, which will delay work on bringing in new units and negatively impact the financial plan for the Cooperative.
- Demolition and rehabilitation work will commence once the Cooperative has closed on the property.
- The Cooperative will have until December 31, 2022, to spend the rehab and demolition funding and until December 31, 2023, to complete the utility work.

D. FINANCIAL IMPACT:

- Under the proposed Grant Agreement, the HRA would provide up to \$60,000 for the demolition of the five abandoned units and rehabilitation funds for the two rental units.
- Under the second proposed Grant Agreement, the HRA would provide \$350,000 for utility upgrades.
- There is funding available in the Housing and Redevelopment Fund.

E. LEGAL CONSIDERATION:

- The utility funding is contingent upon the Cooperative completing its purchase of the property and that the Minnesota Housing grant be awarded.
- A condition of the use of HRF monies is that the property qualify as substandard. Staff has inspected the property as a whole and determined it to meet the substandard test. Staff is in the process of evaluating the individual units to be demolished and rehabilitated; however, preliminary inspections completed by the Cooperative consultants suggest that the structures will qualify.

ALTERNATIVE RECOMMENDATION(S):

- Decide not to approve the Grant Agreements.

PRINCIPAL PARTIES EXPECTED AT MEETING:

A representative from NCF.

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter
□ Rehab and Demo Grant Agreement	Contract/Agreement
□ Utilities Grant Agreement	Contract/Agreement

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

RESOLUTION NO. _____

**RESOLUTION APPROVING GRANT AGREEMENTS FOR THE WOODLAWN TERRACE
MOBILE HOME PARK**

WHEREAS, Woodlawn Terrace Cooperative, a Minnesota nonprofit corporation (the “Cooperative”), intends to purchase and operate 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 September 20, 2021, the Board of Commissioners of the Authority (the “Board”) adopted a resolution approving a grant to the Cooperative in the amount of \$350,000 (the “Water and Sewer Grant”) for the purposes of assisting with water system and sanitary sewer system improvements at the Project; and

WHEREAS, the Cooperative has requested an additional grant in the amount of \$60,000 from the Authority (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 \$10,000); and (iii) the rehabilitation of unit 6 so that it can be rented (estimated cost of \$30,000) (collectively, the “Project Costs”); and

WHEREAS, there has been presented before the Board forms of the following documents (together, the “Grant Agreements”): (i) a Grant Agreement between the Authority and the Cooperative that provides for the Water and Sewer Grant from the Authority to the Cooperative for the water system and sanitary sewer system improvements; and (ii) a Grant Agreement between the Authority and the Cooperative that provides for the Demolition and Rehabilitation Grant for the payment of Project Costs in the amount of up to \$60,000; 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 of \$60,000 to the Cooperative for the payment of the Project Costs is hereby approved.
2. The Demolition and Rehabilitation Grant shall be funded with pooled tax increment from the Interchange West Tax Increment District (a redevelopment tax increment district).
3. The Grant Agreements are hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Director are hereby authorized and directed to execute the Grant Agreements 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. 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 18th day of October, 2021.

Mary B. Supple, Chair

ATTEST:

Maria Regan Gonzalez, Secretary

GRANT AGREEMENT

This Grant Agreement is made this ____ day of _____, 2021 (the "Agreement"), between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of the State of Minnesota (the "Authority"), and Woodlawn Terrace Cooperative, a Minnesota nonprofit corporation (the "Cooperative").

RECITALS

A. The Authority was created pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and was authorized to transact business and exercise its powers by a resolution of the City Council of the City of Richfield, Minnesota (the "City").

B. The Cooperative intends to purchase and operate a manufactured home park on property at 7421 Lyndale Avenue South in the City (the "Project") and has determined it is in the best interests of the residents of the Project to make improvements to the water system and sanitary sewer system that service the Project.

C. The Authority has inspected the Project and has determined that there are blighted conditions at the Project.

D. The Cooperative has requested a grant from the Authority to demolish five substandard units and rehabilitate two units.

E. On October 18, 2021, the Board of Commissioners of the Authority adopted a resolution approving a grant of \$60,000 (the "Authority Grant") to the Cooperative Agreement for the purposes of assisting with the costs of: (i) the demolition of five substandard units in the Project (estimated cost of \$20,000); and (iii) the rehabilitation of unit 5 so that it can be rented (estimated cost of \$10,000; and (iii) the rehabilitation of unit 6 so that it can be rented (estimated cost of \$30,000) (collectively, the "Project Costs").

ACCORDINGLY, the parties hereto agree as follows:

1. Authority Grant.

(a) Subject to and upon the terms and conditions of this Agreement, the Authority agrees to provide the Authority Grant to the Cooperative in the amount of \$60,000 for the payment of Project Costs.

(b) The Authority Grant shall be funded with pooled tax increment from the Interchange West Tax Increment District (a redevelopment tax increment district) within the City.

(c) Prior to renting out unit 5 and unit 6, the Cooperative must provide the Authority with evidence of receipt of a rental license for each unit.

2. Expenditures; Disbursements of Authority Grant Proceeds.

(a) The Cooperative shall use the proceeds of the Authority Grant to pay Project Costs.

(b) Proceeds of the Authority Grant shall be drawn down as needed to pay the contractors for the Project Costs. Prior to the disbursement of the proceeds by the Authority, the Cooperative shall submit payment requests, accompanied by supporting invoices from the payee, to the Authority. Within 10 (ten) business days of receipt of a payment request, the Authority shall (i) disburse the requested amount directly to the payee or (ii) notify the Cooperative of any issue with the payment request and how to remedy the defect. The parties understand that no disbursements of the Authority Grant shall be made directly to the Cooperative. Furthermore, in no event shall the total disbursements exceed \$60,000, and any requested disbursements in excess of the total amount of the Authority Grant shall be the responsibility of the Cooperative.

(c) The Cooperative must submit all payment requests from the Authority Grant to the Authority on or before December 31, 2022.

3. Representations and Warranties. The Cooperative represents and warrants to the Authority that:

(a) The Cooperative is a nonprofit corporation duly authorized and empowered to execute, deliver, and perform under this Agreement.

(b) The execution and delivery of this Agreement, and the performance by the Cooperative of its obligations hereunder, do not and will not violate or conflict with any provision of law and do not and will not violate or conflict with, or cause any default or event of default to occur under, any agreement binding upon the Cooperative.

(c) The execution and delivery of this Agreement has been duly approved by all necessary action of the Cooperative, and this Agreement has in fact been duly executed and delivered by the Cooperative and constitutes its lawful and binding obligation, legally enforceable against it.

(d) The Cooperative warrants that, while this Agreement is in effect, it shall keep and maintain books, records, and other documents relating directly to the receipt and disbursements of the proceeds of the Authority Grant and that any duly authorized representative of Authority shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of the Cooperative pertaining to the Authority Grant.

(e) The Cooperative warrants that it has fully complied with all applicable state and federal laws pertaining to its business and will continue to comply throughout the terms of this Agreement. If at any time the Cooperative receives notice of noncompliance from any governmental entity, the Cooperative agrees to take any necessary action to comply with the state or federal law in question.

4. No Business Subsidy. The parties hereto agree and acknowledge that the Authority Grant does not constitute a business subsidy under Minnesota Statutes, Sections 116J.993 to 116J.995, as amended, because the assistance is for housing.

5. Event of Default by Cooperative. Any one or more of the following shall constitute “Events of Default” under this Agreement:

(a) Any representation or warranty made by the Cooperative herein or in any document, instrument, or certificate given in connection with this Agreement is false when made.

(b) Any breach or failure of the Cooperative to perform any other term or condition of this Agreement not specifically described as an Event of Default in this Agreement and such breach or failure continues for a period of fifteen (15) days after the Authority has given written notice to the Cooperative specifying such default or breach, unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Cooperative within the applicable period and is being diligently pursued until the default is corrected, but no such extension shall be given for an Event of Default that can be cured by the payment of money (i.e., payment of taxes, insurance premiums, or other amounts required to be paid hereunder).

(c) Any breach by the Cooperative of any other agreement between the Cooperative and the Authority.

(d) Any event of default under any agreement between the Cooperative and Minnesota Housing in connection with the Minnesota Housing Grant.

6. Authority's Remedies upon Cooperative's Default. Upon an Event of Default by the Cooperative and after provision by the Authority of written notice, the Authority shall have the right to exercise any or all of the following remedies (and any other rights and remedies available to it):

(a) suspend its performance under this Agreement; or

(b) take any action provided for at law to enforce compliance by the Cooperative with the terms of this Agreement.

7. Authority's Costs of Enforcement of Agreement. If an Event of Default has occurred as provided herein, then upon demand by the Authority, the Cooperative shall pay or reimburse the Authority for all expenses, including all attorneys' fees and expenses incurred by the Authority in connection with the enforcement of this Agreement, or in connection with the protection or enforcement of the interests of the Authority in any litigation or in any action or proceeding relating in any way to the transactions contemplated by this Agreement.

8. Indemnification.

(a) The Cooperative shall and does hereby agree to indemnify against and to hold the Authority, and its officers, agents, and employees, harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against the Authority by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained herein.

(b) Should the Authority, or its officers, agents, or employees incur any such liability or be required to defend against any claims or demands pursuant to this Section, or should a judgment be entered against the Authority, including costs, expenses, and attorneys' fees, the Cooperative shall reimburse the Authority for the same immediately upon demand.

(c) This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the creation and payment of any indebtedness to the Authority. The Cooperative waives notice of the acceptance of this Agreement by the Authority.

(d) Nothing in this Agreement shall constitute a waiver of or limitation on any immunity from or limitation on liability to which the Cooperative is entitled under law.

9. Miscellaneous.

(a) Waiver. The performance or observance of any promise or condition set forth in this Agreement may be waived, amended, or modified only by a writing signed by the Cooperative and the Authority. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

(b) Assignment. This Agreement may not be assigned by either party.

(c) Governing Law. This Agreement is made and shall be governed in all respects by the laws of the State of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

(d) Severability. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

(e) Notice. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

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

To the Cooperative: Woodlawn Terrace Cooperative
 [ADDRESS]
 Attn: _____

(f) Termination. Upon the final disbursement of the proceeds of the Authority Grant, this Agreement shall terminate and neither party shall have any further obligation to the other.

(g) Entire Agreement. This Agreement constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning the Authority Grant.

(h) Headings. The headings appearing at the beginning of the several sections contained in this Agreement have been inserted for identification and reference purposes only and shall not be used in the construction and interpretation of this Agreement.

(i) Electronic Signatures; Execution in Counterparts. The electronic signature of the parties to this Agreement shall be as valid as an original signature of such party and shall be effective to bind the parties hereto. For purposes hereof, (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority and the Cooperative have executed this Grant Agreement 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

This document was drafted by:
Kennedy & Graven, Chartered (JAE)
150 South Fifth Street, Suite 700
Minneapolis, Minnesota 55402-1299
Telephone: 612-337-9300

Execution page of the Cooperative to the Grant Agreement, dated the date and year first written above.

WOODLAWN TERRACE COOPERATIVE

By _____
Its _____

GRANT AGREEMENT

This Grant Agreement is made this ____ day of _____, 2021 (the “Agreement”), between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”), and Woodlawn Terrace Cooperative, a Minnesota nonprofit corporation (the “Cooperative”).

RECITALS

A. The Authority was created pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and was authorized to transact business and exercise its powers by a resolution of the City Council of the City of Richfield, Minnesota (the “City”).

B. The Cooperative intends to purchase and operate a manufactured home park on property at 7421 Lyndale Avenue South in the City and has determined it is in the best interests of the residents of the Project to make improvements to the water system and sanitary sewer system that service the Project.

C. The Cooperative has applied to Minnesota Housing’s Manufactured Home Community Redevelopment Program for a grant (the “Minnesota Housing Grant”) to fund infrastructure improvements for the purposes of connecting the Project to the City’s water system and to line the existing sanitary sewer system.

D. The Authority has inspected the Project and has determined that there are blighted conditions at the Project.

E. On September 20, 2021, the Board of Commissioners of the Authority adopted a resolution approving a grant of \$350,000 (the “Authority Grant”) to the Cooperative Agreement for the purposes of assisting with the water system and sanitary system improvements at the Project subject to (i) the Cooperative having purchased the Project; (ii) the Cooperative having obtained the Minnesota Housing Grant; and (iii) the Authority and the Cooperative having entered into this Agreement.

ACCORDINGLY, the parties hereto agree as follows:

1. Authority Grant.

(a) Subject to and upon the terms and conditions of this Agreement, the Authority agrees to provide the Authority Grant to the Cooperative in the amount of \$350,000.

(b) The Authority Grant shall be funded with pooled tax increment from the Interchange West Tax Increment District (a redevelopment tax increment district) within the City.

2. Expenditures; Disbursements of Authority Grant Proceeds.

(a) The Cooperative shall use the proceeds of the Authority Grant to assist with the water system and sanitary sewer system improvements at the Project.

(b) Proceeds of the Authority Grant shall be drawn down as needed to pay the contractors for the construction of the improvements to the Project. Prior to the disbursement of the proceeds by the Authority, the Cooperative shall submit payment requests, accompanied by supporting invoices from the payee, to the Authority. Within 10 (ten) business days of receipt of a

payment request, the Authority shall (i) disburse the requested amount directly to the payee or (ii) notify the Cooperative of any issue with the payment request and how to remedy the defect. The parties understand that no disbursements of the Authority Grant shall be made directly to the Cooperative. Furthermore, in no event shall the total disbursements exceed \$350,000, and any requested disbursements in excess of the total amount of the Authority Grant shall be the responsibility of the Cooperative.

(c) The Cooperative must submit all payment requests from the Authority Grant to the Authority on or before December 31, 2023.

3. Representations and Warranties. The Cooperative represents and warrants to the Authority that:

(a) The Cooperative is a nonprofit corporation duly authorized and empowered to execute, deliver, and perform under this Agreement.

(b) The Cooperative has received the Minnesota Housing Grant in the amount of \$_____.

(c) The execution and delivery of this Agreement, and the performance by the Cooperative of its obligations hereunder, do not and will not violate or conflict with any provision of law and do not and will not violate or conflict with, or cause any default or event of default to occur under, any agreement binding upon the Cooperative.

(d) The execution and delivery of this Agreement has been duly approved by all necessary action of the Cooperative, and this Agreement has in fact been duly executed and delivered by the Cooperative and constitutes its lawful and binding obligation, legally enforceable against it.

(e) The Cooperative warrants that, while this Agreement is in effect, it shall keep and maintain books, records, and other documents relating directly to the receipt and disbursements of the proceeds of the Authority Grant and that any duly authorized representative of Authority shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of the Cooperative pertaining to the Authority Grant.

(f) The Cooperative warrants that it has fully complied with all applicable state and federal laws pertaining to its business and will continue to comply throughout the terms of this Agreement. If at any time the Cooperative receives notice of noncompliance from any governmental entity, the Cooperative agrees to take any necessary action to comply with the state or federal law in question.

4. No Business Subsidy. The parties hereto agree and acknowledge that the Authority Grant does not constitute a business subsidy under Minnesota Statutes, Sections 116J.993 to 116J.995, as amended, because the assistance is for housing.

5. Event of Default by Cooperative. Any one or more of the following shall constitute "Events of Default" under this Agreement:

(a) Any representation or warranty made by the Cooperative herein or in any document, instrument, or certificate given in connection with this Agreement is false when made.

(b) Any breach or failure of the Cooperative to perform any other term or condition of this Agreement not specifically described as an Event of Default in this Agreement and such breach or failure continues for a period of fifteen (15) days after the Authority has given written notice to the Cooperative specifying such default or breach, unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Cooperative within the applicable period and is being diligently pursued until the default is corrected, but no such extension shall be given for an Event of Default that can be cured by the payment of money (i.e., payment of taxes, insurance premiums, or other amounts required to be paid hereunder).

(c) Any breach by the Cooperative of any other agreement between the Cooperative and the Authority.

(d) Any event of default under any agreement between the Cooperative and Minnesota Housing in connection with the Minnesota Housing Grant.

6. Authority's Remedies upon Cooperative's Default. Upon an Event of Default by the Cooperative and after provision by the Authority of written notice, the Authority shall have the right to exercise any or all of the following remedies (and any other rights and remedies available to it):

(a) suspend its performance under this Agreement; or

(b) take any action provided for at law to enforce compliance by the Cooperative with the terms of this Agreement.

7. Authority's Costs of Enforcement of Agreement. If an Event of Default has occurred as provided herein, then upon demand by the Authority, the Cooperative shall pay or reimburse the Authority for all expenses, including all attorneys' fees and expenses incurred by the Authority in connection with the enforcement of this Agreement, or in connection with the protection or enforcement of the interests of the Authority in any litigation or in any action or proceeding relating in any way to the transactions contemplated by this Agreement.

8. Indemnification.

(a) The Cooperative shall and does hereby agree to indemnify against and to hold the Authority, and its officers, agents, and employees, harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against the Authority by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained herein.

(b) Should the Authority, or its officers, agents, or employees incur any such liability or be required to defend against any claims or demands pursuant to this Section, or should a judgment be entered against the Authority, including costs, expenses, and attorneys' fees, the Cooperative shall reimburse the Authority for the same immediately upon demand.

(c) This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the creation and payment of any indebtedness to the Authority. The Cooperative waives notice of the acceptance of this Agreement by the Authority.

(d) Nothing in this Agreement shall constitute a waiver of or limitation on any immunity from or limitation on liability to which the Cooperative is entitled under law.

9. Miscellaneous.

(a) Waiver. The performance or observance of any promise or condition set forth in this Agreement may be waived, amended, or modified only by a writing signed by the Cooperative and the Authority. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

(b) Assignment. This Agreement may not be assigned by either party.

(c) Governing Law. This Agreement is made and shall be governed in all respects by the laws of the State of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

(d) Severability. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

(e) Notice. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

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

To the Cooperative: Woodlawn Terrace Cooperative
 [ADDRESS]
 Attn: _____

(f) Termination. Upon the final disbursement of the proceeds of the Authority Grant, this Agreement shall terminate and neither party shall have any further obligation to the other.

(g) Entire Agreement. This Agreement constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning the Authority Grant.

(h) Headings. The headings appearing at the beginning of the several sections contained in this Agreement have been inserted for identification and reference purposes only and shall not be used in the construction and interpretation of this Agreement.

(i) Electronic Signatures; Execution in Counterparts. The electronic signature of the parties to this Agreement shall be as valid as an original signature of such party and shall be effective to bind the parties hereto. For purposes hereof, (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

IN WITNESS WHEREOF, the Authority and the Cooperative have executed this Grant Agreement 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

This document was drafted by:
Kennedy & Graven, Chartered (JAE)
150 South Fifth Street, Suite 700
Minneapolis, Minnesota 55402-1299
Telephone: 612-337-9300

Execution page of the Cooperative to the Grant Agreement, dated the date and year first written above.

WOODLAWN TERRACE COOPERATIVE

By _____
Its _____



STAFF REPORT NO. 36
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/18/2021

REPORT PREPARED BY: Julie Urban, Housing & Redevelopment Manager
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
10/12/2021

ITEM FOR COUNCIL CONSIDERATION:

Consideration of an amendment to the Contract for Private Development with Cedar Point Investments, LLC, extending the contract deadline and allowing for the sale of market-rate townhomes.

EXECUTIVE SUMMARY:

Cedar Point Investments, LLC (Developer), is constructing 64 townhome units in the Cedar Point II Housing area (63rd to 65th Streets, 16th Avenue to Richfield Parkway). The Housing and Redevelopment Authority (HRA) approved a Contract for Private Redevelopment (Contract) for the project, creating a Tax Increment Financing (TIF) District, requiring that ninety-five percent (61 units) of the units must be sold to income-qualified buyers at 100 percent (1-2 person household) or 115 percent (3 or more person household) of the Area Median Income (AMI). The HRA assisted the project financially by approving two TIF Notes in the amount of \$900,000 per 32 units and by providing a loan of \$630,000 for acquisition costs to be repaid through tax increment generated by the project.

Construction and sales of the first 32 units are nearing completion; however, cost increases are impacting the affordability of the project. Significant cost increases in materials and labor, along with delays caused by the pandemic and shortages and delays in the supply chains, have raised the sale price of the units to over \$400,000, which is out of the range of affordability for the targeted buyers.

Given the current unaffordability of the units, the Developer is requesting an amendment to the Contract that would allow them to construct the remaining 32 units as either affordable or market-rate.

In order to allow the project to proceed, the Contract would be amended as follows:

- The Developer would be able to sell the remaining 32 units as market-rate or affordable.
- The decision regarding affordability would be made by groups or "pods" of eight units.
- At the conclusion of construction, any pods of eight sold as market-rate would be removed from the TIF District.
- If all 32 units are removed from the TIF District, the second of the two TIF Notes would not be issued.
- If any of the 32 units are sold affordably, the TIF Note would be sized accordingly (i.e., \$225,000 per pod of eight constructed).
- If units are removed from the TIF District, less increment will be generated to repay the HRA loan; therefore, at the sale of each unit, the Developer would place \$8,506 into an escrow account. At the conclusion of construction, the City's financial consultant would prepare an estimate of projected tax increment and determine the final amount to be paid to the HRA from the escrowed funds.
- The final construction date would be extended from December 31, 2022 to December 31, 2024.

RECOMMENDED ACTION:

By motion: Approve a resolution amending the Contract for Private Development with Cedar Point Investments, LLC and granting the Housing and Redevelopment Authority Attorney approval of the final form of the amended document.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- On August 20, 2018, the HRA approved a Contract with NHH Companies, LLC for the townhome portion of the development. The Contract was later assigned to Cedar Point Investments, LLC.
- The first eight townhomes had been reserved by buyers and construction was nearing completion when the pandemic began in 2020.
- Construction costs have risen 32 percent in the past year-and-a-half causing a rise in sale prices and restricting the pool of available qualified buyers.
- Construction has been completed on 24 units and sold to income-qualified buyers. Construction on the next eight units will be completed in December, and seven have been reserved by qualified buyers.
- On September 20, 2021, the HRA directed staff to prepare an amendment to the Contract, allowing for construction of market-rate townhomes.

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

- The RF64 development consists of both the townhomes as well as 237 units of market-rate apartments on the east side of the block. The development was negotiated and approved prior to the adoption of the City's Inclusionary Housing Policy. Affordability standards were; however, applied to the development, specifically 95 percent of the townhomes were expected to be affordable, 100 percent of the apartments would be market-rate but provide a 10 percent contribution in TIF to the City's Housing and Redevelopment Fund (HRF).

C. CRITICAL TIMING ISSUES:

- The Developer needs a decision in order to continue construction. A delay could result in losing the current builder from the project, which would further increase costs.

D. FINANCIAL IMPACT:

- Under the Contract, the HRA approved the issuance of two TIF notes in the amount of \$900,000 each. One note can be issued upon the completion and qualified sale of 32 units. If all of the remaining 32 units are sold as market rate, the second TIF note will not be issued. If a portion of the 32 units are sold affordably, the TIF note will be re-sized accordingly.
- Removing 32 units from the TIF District will reduce the amount of TIF collected by the HRA to repay the inter-fund loan by \$272,197. The proposed amendment would require the Developer to place money in escrow upon the sale of each market-rate unit. At the conclusion of construction, the City's financial consultant will prepare an estimate of projected tax increment that will be generated to repay the loan. The final amount to be paid by the Developer to the HRA will be based on that estimate.
- Market-rate units would immediately go on the tax rolls and would generate tax revenues for all taxing jurisdictions. The total estimated tax revenue generated by 32 townhomes valued at \$400,000 is approximately \$185,000.

E. LEGAL CONSIDERATION:

- HRA legal counsel prepared the Contract amendment.
- The HRA Attorney will approve the final form to be executed by the HRA Chair and Executive Director.

ALTERNATIVE RECOMMENDATION(S):

- Do not approve the amendment to the Contract for Private Development.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Representative(s) of Cedar Point Investments, LLC

ATTACHMENTS:

Description		Type
<input type="checkbox"/>	Resolution	Resolution Letter
<input type="checkbox"/>	Contract Amendment	Contract/Agreement
<input type="checkbox"/>	Contract for Private Development	Contract/Agreement

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

RESOLUTION NO. _____

**RESOLUTION APPROVING FIRST AMENDMENT TO CONTRACT FOR PRIVATE
DEVELOPMENT WITH CEDAR POINT II**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) established Tax Increment Financing District No. 2018-1 (a housing district) (the “TIF District”) within the Richfield Redevelopment Project pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), in order to facilitate redevelopment of certain property in the Redevelopment Project and promote the development of affordable housing within the City; and

WHEREAS, the Authority and Cedar Point Investments, LLC entered into a Contract for Private Development, dated September 17, 2018 (the “Original Agreement”), with respect to the development of parcels within the TIF District for owner-occupied townhomes; and

WHEREAS, Cedar Point II, a Minnesota limited liability company (the “Developer”), as the developer under the Original Agreement, proposed to acquire at least 15 parcels of property within the TIF District (the “Development Property”) and construct a development which was proposed to include (i) approximately 80 affordable owner-occupied townhomes (the “Owner-Occupied Housing”); (ii) two parking stalls per unit of Owner-Occupied Housing; and (iii) necessary public infrastructure, including streets and utilities (collectively, the “Minimum Improvements”); and

WHEREAS, to make the Minimum Improvements economically feasible for the Developer to construct, the Authority conveyed four of the parcels that make up the Development Property to the Developer and agreed to reimburse the Developer for a portion of the land acquisition costs and certain site improvement costs related to the Minimum Improvements; and

WHEREAS, the Developer is in the process of finishing construction of 32 townhomes (“Phase I”) and has received a tax increment revenue note in the amount of \$900,000 for Phase I; and

WHEREAS, the Developer is now facing a significant increase in construction costs and may be unable to deliver all 80 affordable owner-occupied townhomes and has asked the Authority to allow some of the townhomes to be sold at market rates, which would require the property upon which such market rate townhomes are constructed to be removed from the TIF District; and

WHEREAS, there has been presented before this Board of Commissioners of the Authority a First Amendment to Contract for Private Development (the “First Amendment to Agreement”) between the Authority and the Developer, which amends the Original Agreement to allow for some of the townhomes to be sold at market rate; 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 First Amendment to Agreement is hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Director are hereby authorized and directed to execute the First Amendment to Agreement for and on behalf of the Authority in substantially the form 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.

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

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 18th day of October, 2021.

Mary B. Supple, Chair

ATTEST:

Maria Regan Gonzalez, Secretary

FIRST AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT

THIS FIRST AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT (the “First Amendment”), made as of the ____ day of October, 2021, between the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”), and CEDAR POINT II, a Minnesota limited liability company (the “Developer”), and amends the Contract for Private Development, dated September 17, 2018, between the Authority and Cedar Point Investments, LLC, .

WITNESSETH:

WHEREAS, the Authority established Tax Increment Financing District No. 2018-1 (a housing district) (the “TIF District”) within the Redevelopment Project pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”) in order to facilitate redevelopment of certain property in the Redevelopment Project and promote the development of affordable housing within the City; and

WHEREAS, the Developer proposed to acquire at least 15 parcels of property within the TIF District (the “Development Property”) and construct a development which was proposed to include (i) approximately 80 affordable owner-occupied townhomes (the “Owner-Occupied Housing”); (ii) two parking stalls per unit of Owner-Occupied Housing; and (iii) necessary public infrastructure, including streets and utilities (collectively, the “Minimum Improvements”); and

WHEREAS, in order to achieve the objectives of the Redevelopment Plan for the Redevelopment Project and make the Minimum Improvements economically feasible for the Developer to construct, the Authority conveyed four of the parcels that make up the Development Property to the Developer and agreed to reimburse the Developer for a portion of the land acquisition costs and certain site improvement costs related to the Minimum Improvements; and

WHEREAS, the Developer is in the process of finishing construction of 32 townhomes (“Phase I”) and has received a TIF Note in the amount of \$900,000 for Phase I;

WHEREAS, the Developer is now facing a significant increase in construction costs and may be unable to deliver all 80 affordable owner-occupied townhomes and has asked the Authority to allow some of the townhomes to be sold at market rates, which would require the property upon which such market rate townhomes are constructed to be removed from the TIF District; and

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

ARTICLE I

Amendments

Section 1.1. Amendments to Section 1.1 of the Original Agreement. The following definitions set forth in Section 1.1 of the Original Agreement are hereby amended as follows (deleted language is stricken, and new language is underlined):

“Agreement” means ~~this~~ collectively, the Original Agreement, as amended by the First Amendment ~~Contract for Private Development~~, as the same may be from time to time modified, amended, or supplemented.

“Available Tax Increment” means, on each Payment Date, the Tax Increment attributable to the Development Property located in the TIF District upon which the affordable townhomes and no more than one market rate townhome have been built and paid to the Authority by the County in the six months preceding the Payment Date after first deducting therefrom thirty percent (30%) of the Tax Increment to be used to reimburse the Authority for administrative expenses, to reimburse the Authority for interfund loans, and for the promotion of redevelopment and affordable housing. Available Tax Increment shall not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under this Agreement. If at least 24 affordable townhomes in addition to the 31 affordable townhomes that are currently being constructed, one additional market rate townhome property may remain in the TIF District.

“Phase II” means the construction of 32 townhomes on the Development Property (in addition to the 32 townhomes completed for Phase I). Phase II construction must be completed in pods of 8 townhomes that are, for each pod, all affordable townhomes or all market-rate townhomes.

Section 1.2. Additions to Section 1.1 of the Original Agreement. The following definitions are hereby added to Section 1.1. of the Original Agreement:

“First Amendment” means this First Amendment to Contract for Private Development.

“Original Agreement” means the Contract for Private Development, dated September 17, 2018, between the Authority and the Developer.

Section 1.3. Amendments to Section 3.6 of the Original Agreement. Section 3.6 of the Original Agreement is hereby amended as follows (deleted language is stricken, and new language is underlined):

Section 3.6. Issuance of Pay-As-You-Go TIF Notes.

(a) To reimburse the Developer for certain Public Redevelopment Costs incurred within the TIF District, the Authority shall issue and deliver and the Developer shall purchase up to three TIF Notes in the total principal amount of up to \$1,800,000 in substantially the form set forth in EXHIBIT B. The Authority and the Developer agree that the consideration from the Developer for the purchase of the TIF Notes shall consist of the Developer’s payment of the Public Redevelopment Costs in at least the principal amount of the TIF Notes.

The Authority shall deliver the TIF Notes in phases as follows:

Phase	Maximum Amount	When TIF Notes Issued
Phase I TIF Note	\$900,000	Construction of at least 32 townhomes commenced

Phase II TIF Note	\$900,000	Completion of construction of an additional 32 townhomes commenced (the Developer must build at least 8 townhomes in Phase II and sell the townhomes to persons who meet the affordability requires set forth in Section 4.5 hereof in order for the Phase II TIF Note to be issued)
Phase III TIF Note	\$600,000, subject to modification pursuant to Section 3.6(e)	Construction of final 16 townhomes commenced (unless the required number of townhomes is reduced pursuant to Section 4.9, in which event commencement of construction of only the required number of townhomes is necessary)

The delivery of each TIF Note is contingent upon delivery by the Developer of an investment letter in substantially the form attached to this Agreement as EXHIBIT C, together with evidence reasonably satisfactory to the Authority that the Developer has paid the Public Redevelopment Costs in at least the principal amount of the TIF Note. The principal of and interest on the TIF Notes shall be payable each Payment Date solely from Available Tax Increment derived from the Development Property located with the TIF District upon which 31 affordable townhomes and one market rate townhome have been built. The Phase II TIF Note ~~and the Phase III TIF Note~~ will be issued on a Payment Date. When more than one TIF Note is outstanding, the principal of and interest on the TIF Note shall be paid with Available Tax Increment on a parity basis based on the amount of principal outstanding for each TIF Note.

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

(c) The Authority acknowledges that the Developer may assign the TIF Notes to one or more lenders that provide part of the financing for the acquisition of the Development Property or the construction of the Minimum Improvements. Pursuant to the terms of the TIF Notes, the TIF Notes may be assigned if the assignee executes an investment letter in the form set forth in EXHIBIT C.

(d) The Developer understands and acknowledges that the principal amount of the TIF Notes are subject to reduction pursuant to the provisions of Section 4.8 hereof.

(e) The Developer understands and acknowledges that the Developer must build at least 8 affordable townhomes in Phase II in order for the Phase II TIF Note to be issued. The TIF Note will be issued after the Developer provides evidence that the purchasers of the townhomes satisfy the requirements of Section 4.5 hereof.

(f) Any Tax Increment collected from the Phase II Development Property shall be held by the Authority until at least eight (8) townhomes have been constructed and the Developer provides notice to the Authority as to whether the townhomes will be affordable or sold at market rate. If the townhomes will be market rate, the Tax Increment collected from such properties shall be returned to the County and the properties will be removed from the TIF District. The same procedure will be utilized for each additional pod of eight (8) townhomes to be constructed by the Developer.

~~(e)(g) The Developer understands and acknowledges that, although the Phase III TIF Note may be issued in an original principal amount of up to \$600,000 (assuming construction of 16 townhomes is commenced within Phase III), the Phase III TIF Note will be issued in an original principal amount equal to \$37,500 multiplied by the number of townhomes for which construction is commenced in Phase III (up to a maximum of 16).~~

Section 1.4. Amendments to Section 3.9 of the Original Agreement. Section 3.2(e) of the Original Agreement is hereby amended as follows (deleted language is stricken, and new language is underlined):

Section 3.9. Reimbursement for Interfund Loans.

(a) The Authority provided the Developer with a forgivable loan in the amount of \$630,000 in order to assist with the purchase of three (3) of the parcels that make up the Developer Property. Pursuant to a Loan Agreement, dated August 1, 2018 (the "Loan Agreement"), between the Authority and the Developer, the Authority has agreed to forgive the loan and release the mortgage securing the loan for each parcel once certain conditions set forth in the Loan Agreement are met. The forgivable loan is currently outstanding in the amount of \$630,000. On July 16, 2018, the Board of the Authority approved Resolution No. 1300, an interfund loan resolution (which was amended by Resolution No. 08-20 adopted by the Board of the Authority on August 20, 2018) allowing the Authority to use available funds to make the loan of \$630,000 to the Developer to acquire property, to provide a land write-down to the Developer in the amount of \$100,000 as described in Section 3.2(e), and to use available funds to pay for costs related to the TIF District with the intent of reimbursing itself for such costs with Tax Increment generated by the TIF District, with interest in the amount of 4.0% per annum (the "2018 Land Interfund Loan"). The 2018 Land Interfund Loan has been paid in full. In addition, on March 16, 2015, the Board of the Authority approved Resolution 1199, an interfund loan resolution allowing the Authority to use available funds to pay for costs related to the TIF District with the intent of reimbursing itself for such costs with Tax Increment generated by the TIF District, with interest in the amount of 4.0% per annum (the "Administrative and Land Interfund Loan, and with the 2018 Land Interfund Loan, the "Interfund Loans"). The Administrative and Land Interfund Loan is outstanding in the amount of \$359,000 was used for land acquisition and has been paid in full. The Authority intends to reimburse itself for the cost of the Interfund Loans with HRA Tax Increment generated by the TIF District.

(b) If the Developer decides to build market rate townhomes, the property upon which such market rate townhomes will be built must be removed from the TIF District. Decreasing the property within the TIF District will decrease the amount of tax increment available to the Authority to repay its Interfund Loans. The Developer agrees that upon the sale of each market rate townhome in Phase II and Phase III, the Developer shall deposit \$8,506 in an escrow account held by the Authority to pay a portion of the estimated future Interfund Loan repayment shortfall (currently estimated to be \$272,197). At the conclusion of construction of Phase II, the Authority will estimate the amount, if any, of the future Interfund Loan repayment shortfall that will exist after application of Available Tax Increment to be received by the Authority. If the Authority determines there will be such a shortfall, the Authority will apply Developer's escrowed funds to the extent necessary to satisfy any such shortfall. The Authority will then promptly return any remaining accumulated funds to the Developer that were not needed to fund the Authority's Interfund Loan repayment shortfall.

Section 1.5. Amendments to Section 4.3 of the Original Agreement. Section 4.3 of the Original Agreement is hereby amended as follows (deleted language is stricken, and new language is underlined):

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer will commence construction of the Minimum Improvements on or before June

1, 2019, and be substantially complete with the construction of the Minimum Improvements on or before December 31, ~~2022~~2024.

Construction is considered to be commenced upon the beginning of physical improvements beyond grading. All work with respect to the Minimum Improvements to be constructed or provided by the Developer on the Development Property shall be in substantial conformity with the Construction Plans as submitted by the Developer and approved by the Authority.

The Developer agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that the Developer, and such successors and assigns, shall promptly begin and diligently prosecute to completion the development of the Minimum Improvements.

Section 1.5. Amendments to Section 4.8 of the Original Agreement. Section 4.8 of the Original Agreement is hereby amended as follows (deleted language is stricken, and new language is underlined):

Section 4.8. Disqualified Owner-Occupied Housing Units; Reduction of TIF Notes. If the Developer constructs 64 Owner-Occupied Housing units, it may sell up to two (2) additional ~~sells more than four (4)~~ units of Owner-Occupied Housing to persons who do not meet the income restrictions set forth in Section 4.5, each such unit will be an “Ineligible Unit.” For each Ineligible Unit, the Authority will remove the Ineligible unit from the TIF District. In addition, for each Ineligible Unit, the Developer shall pay the Authority \$7,875 to repay the Authority for the portion of the loan described in Section 3.9 allocable to the Ineligible Unit and the principal amount of the TIF Notes will be reduced by \$30,000 for each Ineligible Unit. The reduction of the Notes shall be done on a pro rata basis based on the amount of principal amount outstanding for each. The maximum number of Ineligible Units, including the four (4) units of Owner-Occupied Housing described in this Section 4.8, shall be twenty percent (20%) of all Owner-Occupied Housing units constructed.

The Developer has sold one Owner-Occupied Housing unit in Phase I to a person that does not meet the income restrictions set forth in Section 4.5. The Developer understands and acknowledges that, if it determines to construct market rate housing in Phase II, the Developer cannot sell any additional Owner-Occupied Housing units in Phase I to persons that do not meet the income restrictions set forth in Section 4.5.

Section 1.6. Global Amendments to Agreement Regarding Phase III. The Developer was unable to purchase the property necessary to complete Phase III. All references to Phase III and the Phase III TIF Note in the Agreement shall be disregarded.

ARTICLE II

Miscellaneous

Section 2.1. Definitions. Any capitalized terms used herein but not otherwise defined shall have the meanings assigned to such terms in the Original Agreement. Any references to the “Agreement” or “this Agreement” in the Original Agreement shall refer to the Original Agreement, as amended and supplemented by this First Amendment, and as may be further amended and supplemented.

Section 2.2. Effective Date. The amendments and supplements made to the Original Agreement by this First Amendment shall be effective as of October 18, 2021.

Section 2.3. Confirmation of Original Agreement. Except as specifically amended by this First Amendment, the Original Agreement is hereby ratified and confirmed and remains in full force and effect.

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

IN WITNESS WHEREOF, the Authority has caused this First Amendment to Contract for Private Development to be duly executed in its name and behalf and the Developer has caused this First Amendment to Contract for Private Development to be duly executed in its name and behalf 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 October ____, 2021, by Mary B. Supple, the Chair of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this October ____, 2021, by John Stark, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

THIS INSTRUMENT DRAFTED BY:
Kennedy & Graven, Chartered (JAE)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402-1299

Execution page of the Developer to the First Amendment to Contract for Private Development, dated as of the date and year first written above.

CEDAR POINT INVESTMENTS LLC

By _____
Its _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____, 2021, by _____, the _____ of Cedar Point Investments LLC, a Minnesota limited liability company, on behalf of the Developer.

Notary Public

EXHIBIT A
LEGAL DESCRIPTION

[Insert]

RC125-366 (JAE)
747050v1

**Eighth Draft
September 13, 2018**

**CONTRACT
FOR
PRIVATE DEVELOPMENT
between**

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

and

CEDAR POINT INVESTMENTS LLC

Dated: September 17, 2018

THIS INSTRUMENT WAS DRAFTED BY:
Kennedy & Graven, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402
(612) 337-9300

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CONTRACT FOR PRIVATE DEVELOPMENT

THIS CONTRACT FOR PRIVATE DEVELOPMENT (the “Agreement”), made as of the 17th day of September, 2018, between the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”), and CEDAR POINT INVESTMENTS, LLC, a Minnesota limited liability company (the “Developer”).

WITNESSETH:

WHEREAS, the Authority was created pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended (the “HRA Act”) and was authorized to transact business and exercise its powers by a resolution of the City Council of the City of Richfield (the “City”); and

WHEREAS, the Authority has undertaken a program to promote redevelopment and development of land that is underused or underutilized within the City, and in this connection the Authority administers a redevelopment project known as the Richfield Redevelopment Project (the “Redevelopment Project”) pursuant to the HRA Act; and

WHEREAS, pursuant to the HRA Act, the Authority is authorized to acquire real property, or interests therein, and to undertake certain activities to facilitate the redevelopment of real property by private enterprise and promote the development of affordable housing within the City; and

WHEREAS, the Authority plans to establish the Tax Increment Financing District No. 2018-1 (a housing district) (the “TIF District”) within the Richfield Redevelopment Project pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”) in order to facilitate redevelopment of certain property in the Redevelopment Project and promote the development of affordable housing within the City; and

WHEREAS, the Developer proposes to acquire at least 15 parcels of property within the TIF District (the “Development Property”) and construct a development which will include (i) the Owner-Occupied Housing (as defined herein); (ii) two parking stalls per unit of Owner-Occupied Housing; and (ii) necessary public infrastructure, including streets and utilities. (the “Minimum Improvements”); and

WHEREAS, in order to achieve the objectives of the Redevelopment Plan for the Redevelopment Project and make the Minimum Improvements economically feasible for the Developer to construct, the Authority is prepared to convey four of the parcels that make up the Development Property to the Developer and reimburse the Developer for a portion of the land acquisition costs and certain site improvement costs related to the Minimum Improvements; and

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

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

ARTICLE I

Definitions

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

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

“Apartments Project” means the development on property adjacent to the Development Property of (i) multifamily housing with approximately 218 units; (ii) a parking ramp with approximately 184 spaces; and (iii) necessary public infrastructure, including streets and utilities.

“Authority” means the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota.

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

“Available Tax Increment” means, on each Payment Date, the Tax Increment attributable to the Development Property located in the TIF District and paid to the Authority by the County in the six months preceding the Payment Date after first deducting therefrom thirty percent (30%) of the Tax Increment to be used to reimburse the Authority for administrative expenses, to reimburse the Authority for interfund loans, and for the promotion of redevelopment and affordable housing. Available Tax Increment shall not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under this Agreement.

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

“Certificate of Completion” means the certification provided to the Developer pursuant to Section 4.4 of this Agreement and set forth in EXHIBIT D.

“City” means the City of Richfield, Minnesota.

“Closing” has the meaning given such term in Section 3.2 hereof.

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

“County” means Hennepin County, Minnesota.

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

“Developer Property” means the portion of the Development Property to be acquired by the Developer from third parties other than the Authority, as described in EXHIBIT A attached hereto

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

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

“Holder” means the owner of a Mortgage.

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

“HRA Property” means the portion of the Development Property owned by the HRA, as described in EXHIBIT A attached hereto.

“HRA Property Purchase Price” has the meaning given in Section 3.2(e) hereof.

“HRA Tax Increment” means, on each Payment Date, the Tax Increment attributable to the Development Property located in the TIF District and paid to the Authority by the County in the six months preceding the Payment Date after first deducting therefrom thirty percent (30%) of the Tax Increment to be used to reimburse the Authority for administrative expenses, to reimburse the Authority for interfund loans, and for the promotion of redevelopment and affordable housing. Available Tax Increment shall not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under this Agreement.

“Ineligible Unit” has the meaning given in Section 4.8 hereof.

“Interfund Loans” has the meaning given in Section 3.9. hereof.

“Material Change” means a change in construction plans that adversely affects generation of tax increment or changes the number of units of Owner-Occupied Housing. A change in construction plans caused by the Developer’s inability to obtain at least nine of the Developer Parcels will not be considered a material change.

“Maturity Date” means the date that the TIF Notes have been paid in full or terminated, whichever is earlier.

“Minimum Improvements” means the development on the Development Property of (i) the Owner-Occupied Housing; (ii) two parking stalls per unit of Owner-Occupied Housing; and (ii) necessary public infrastructure, including streets and utilities.

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

“Owner-Occupied Housing” means the approximately 80 affordable owner-occupied townhomes to be constructed as part of the Minimum Improvements, subject to unit reduction as described in Section 4.9.

“Payment Date” means each February 1 and August 1.

“Phase” means Phase I, Phase II, or Phase III.

“Phase I” means the construction of 32 townhomes on the Development Property.

“Phase II” means the construction of 32 townhomes on the Development Property (in addition to the 32 townhomes completed for Phase I).

“Phase III” means the construction of 16 townhomes (subject to reduction in accordance with Section 4.9 herein) on the Development Property (in addition to the 64 townhomes completed for Phase I and Phase II); provided, however, if construction of 64 or less townhomes has been commenced on the Development Property prior to the completion date set forth in Section 4.3 herein, then the Minimum Improvements will not include a Phase III and any references herein to a “Phase” will only include Phase I and Phase II.

“Phase I TIF Note” has the meaning given in Section 3.6(a) hereof.

“Phase II TIF Note” has the meaning given in Section 3.6(a) hereof.

“Phase III TIF Note” has the meaning given in Section 3.6(a) hereof.

“Project Area” means the real property located within the boundaries of the Redevelopment Project.

“Public Redevelopment Costs” means costs related to the development of the Minimum Improvements and eligible to be reimbursed with Tax Increment, including but not limited to land acquisition costs, site improvement costs, public infrastructure, and the costs of the housing structures.

“PUD” means the planned unit development for the property that includes the Development Property, as approved by the City Council.

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

“Redevelopment Project” means the Richfield Redevelopment Project.

“Right of Purchase and Right of First Refusal Agreement” means the Right of Purchase and Right of First Refusal Agreement between the Authority and the Developer as described in Sections 3.2(h) and 9.9 hereof and substantially in the form set forth in EXHIBIT E.

“State” means the State of Minnesota.

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

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

“Tax Increment Plan” means the Tax Increment Financing Plan for the Tax Increment District No. 2018-1, as approved by the City Council of the City on August 20, 2018, as it may be amended and supplemented.

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

“TIF District” means the Tax Increment District No. 2018-1, a housing district established pursuant to the TIF Act.

“TIF Notes” means the Tax Increment Limited Revenue Notes, substantially in the form contained in EXHIBIT B, to be delivered by the Authority to the Developer pursuant to Section 3.6(b) hereof and payable from Available Tax Increment received from the TIF District.

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof, including delays which are the direct result of strikes, lockouts or other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, acts of any federal, state or local governmental unit (other than the Authority in properly exercising its rights under this Agreement) which directly result in delays, war, invasion, rebellion, revolution, insurrection, riots or civil war, or unavailability or shortage of supply of construction materials or construction labor, other than by reason of non-payment of costs of the same.

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ARTICLE II

Representations and Warranties

Section 2.1. Representations by the Authority. The Authority makes the following representations as the basis for the undertaking on its part herein contained:

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

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

(c) The activities of the Authority are undertaken to foster the redevelopment of certain real property which for a variety of reasons is presently underutilized, to eliminate current blighting factors and prevent the emergence of further blight at a critical location in the City, to create increased tax base in the City, to increase affordable owner-occupied housing opportunities in the City, and to stimulate further development of the TIF District and Redevelopment Project as a whole.

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

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

(f) No commissioner of the Board of the Authority or officer of the Authority has either a direct or indirect financial interest in this Agreement, nor will any commissioner or officer benefit financially from the Agreement within the meaning of Minnesota Statutes, Section 469.009.

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

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

(b) With the understanding the definition of the Minimum Improvements may change pursuant to the provisions of this Agreement, the Developer will construct, operate and maintain the Minimum Improvements in accordance with the terms of this Agreement, Redevelopment Plan and all local, state and

federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

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

(d) Subject to the provisions of Section 3.3 and contingent upon obtaining approvals from local governments in a timely fashion, if the Developer is able to purchase a sufficient number of the parcels included in the Development Property which would allow the Developer to commence construction of the Minimum Improvements, the Developer will use commercially reasonable efforts to obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

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

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

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

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ARTICLE III

Property Acquisition; Financing

Section 3.1. Status of Development Property. The Authority currently owns four of the 15 parcels that make up the Development Property as more fully described in EXHIBIT A and shall convey the HRA Property to the Developer pursuant to the provisions of Section 3.2 hereof. The Developer currently has executed purchase contracts for six of the 15 parcels that make up the Development Property. In addition, the HRA has provided a loan to the Developer to assist in purchasing three of the 15 parcels that make up the Development Property.

Section 3.2. Conveyance of HRA Property.

(a) The Authority will convey the HRA Property to the Developer via a quit claim deed. The conveyance of the HRA Property to the Developer is contingent on (i) the Board of the Authority holding a public hearing and approving the sale of the HRA Property; (ii) the City Council of the City holding a public hearing and approving the establishment of the TIF District and the TIF Plan; and (iii) the Board of the Authority approving the establishment of the TIF District and the TIF Plan. The Authority will cause the Board of the Authority and the City Council to hold such public hearings and consider such approvals no later than December 31, 2018. The HRA Property will be conveyed “as-is” and “where-is.” Within 60 days following execution of this Agreement, the Authority will provide the Developer with a commitment for title insurance from a title insurance company (the “Title Company”) acceptable to Developer. The Developer will be responsible for reimbursing the Authority for the cost of preparation of the commitment for title insurance. The Developer shall pay for the cost of obtaining a policy of title insurance.

(b) Within 60 days after the Developer’s receipt of the title commitment, the Developer may give the Authority written notice of any alleged defect(s) in the marketability of the Authority’s actual and/or record title to the HRA Property, or any portion thereof (“Objections”) and request that the Authority make the Authority’s title marketable or conforming. The Developer’s failure to object to defects in the marketability of Authority’s title to the HRA Property, in writing, within the time period set forth above or at any time prior to Closing, shall be deemed a waiver of the Developer’s right to require the Authority to cure such defects. If the Developer notifies the Authority of Objections within the time period set forth above, the Authority shall use good faith efforts to make the Authority’s actual and record title to the HRA Property marketable. The Authority shall have up to 45 days from the Authority’s receipt of the Developer’s Objections to use good faith efforts to make the Authority’s actual and record title to the HRA Property marketable. In no event will the Authority be required to expend more than \$1,000 in its good faith efforts to make the Authority’s actual and record title to the HRA Property marketable. If the Authority makes the Authority’s title marketable within the 45-day period, the Authority shall notify the Developer, in writing, and the parties shall close pursuant to the terms of this Agreement. If the Authority is unable to make title marketable within the 45-day period, the Developer may either: (i) terminate this Agreement by delivering written notice of termination to the Authority; or (ii) notify the Authority that the Developer waives Developer’s Objections. If the Developer waives the Developer’s Objections, the matters giving rise to such Objections shall be deemed a permitted encumbrance and the parties shall otherwise perform their obligations under this Agreement. The Authority shall have no obligation to take any action to clear defects in the title to the HRA Property other than the good faith efforts described above.

(c) Without limitation, the Developer is responsible for satisfying itself as to matters such as contamination, soils conditions and soil stability, and survey. The Authority shall have no obligation to cure any defect or other matter regarding contamination, soils conditions and soil stability, and survey, but agrees to cooperate, at no cost or expense to it, in any efforts by Developer to achieve such a cure.

(d) On the date the HRA Property is conveyed to the Developer (the "Closing"), the Authority will execute and deliver to the Developer the following, in form and content reasonably acceptable to the Developer:

- (i) A quit claim deed conveying the HRA Property to the Developer.
- (ii) A non-foreign affidavit, properly executed, containing such information as is required by Internal Revenue Code section 1445(b)(2) and its regulations.
- (iii) A standard form Seller's Affidavit.
- (iv) A well certificate in the form required by law.
- (v) Any affidavit and disclosures required by law pertaining to private sewage treatment systems.
- (vi) Any affidavits, certificates, or other documents that may be required under applicable law and/or that are reasonably determined by Developer or the Title Company to be necessary to transfer the HRA Property to Developer and to evidence that the Authority has duly authorized the transactions contemplated hereby.

(e) The Developer acknowledges that the Authority will be conveying the HRA Property to the Developer for a purchase price of \$184,000 (the "HRA Property Purchase Price") and the Developer shall pay \$84,000 of the HRA Property Purchase Price to the Authority on the date of the Developer's closing on the construction financing. The remainder of the HRA Property Purchase Price (\$100,000) will be paid by the Developer to the Authority no later than the date that the Developer sells at least eight (8) townhome units, plus interest in the amount of 4.0% per annum. If the Developer does not pay the full amount of the HRA Property Purchase Price on or before December 1, 2019, the Authority shall have the option to receive all Available Tax Increment on each Payment Date until the remainder of the HRA Property Purchase Price is paid, plus interest in the amount of 4.0% per annum.

(f) The Developer's obligation to consummate the Closing is expressly conditioned on satisfaction of each of the following conditions: (i) on or before December 31, 2018, Developer shall have determined that the matters and conditions disclosed by the reports, investigations and tests received or performed by Developer relating to the Development Property are satisfactory to Developer and Developer has otherwise found the Development Property to be in a condition satisfactory to proceed to Closing, (ii) on the date of Closing, Title Company shall be irrevocably committed to issue to Developer an owner's policy of title insurance with respect to the Development Property in form and substance and containing such endorsements as shall be acceptable to Developer (the "Title Policy"), and (iii) on the date of Closing, the Developer shall have obtained all necessary land use approvals from the City (including final approval of the PUD). If any of the foregoing conditions are not timely satisfied, Developer may terminate this Agreement. Notwithstanding the foregoing, the Closing will not take place until the Developer has applied for all necessary land use approvals from the City (including final approval of the PUD) and has acquired the rights to purchase or purchased at least six contiguous parcels and either the northernmost parcel or the southernmost parcel within the Developer Property, in order to construct the Minimum Improvements, as described in Section 3.3 hereof.

(g) Subject to Section 3.3 hereof, in the event that the Closing has not taken place by December 31, 2018, and unless extended by mutual agreement of the parties, this Agreement shall terminate and be of no further force and effect, and the parties will be relieved of any further obligations hereunder.

(h) The Developer shall grant the Authority the right to repurchase the HRA Property and purchase the Developer Property pursuant to the Right of Purchase and Right of First Refusal Agreement as described in Section 9.9 hereof and EXHIBIT E.

Section 3.3. Acquisition of Remaining Developer Property.

(a) The Developer will make its best efforts to acquire the rights to purchase or purchase the eleven (11) parcels that make up the Developer Property. If the Developer is unable to acquire the rights to purchase or purchase all of the remaining parcels of the Developer Property but has acquired the rights to purchase or purchased at least eight (8) of the remaining parcels, the deadline for Closing set forth in Section 3.2(g) of this Agreement may be postponed for up to 90 days by mutual agreement of the Developer and the Authorized Representative of the Authority. If the Developer wants to move forward with purchasing the HRA Property but is unable to acquire the rights to purchase or purchase the remaining parcels of the Developer Property, the Developer shall submit to the Authority a redesign of the layout of the Minimum Improvements with the number of units the Developer is able to construct. The Authority has no obligation to acquire any portion of the Developer Property, and has played no role in the Developer's acquisition activities.

(b) If the Developer proceeds with a redesigned version of the Minimum Improvements, and the Developer does not develop all the properties in the TIF District, the Authority may withhold Available Tax Increment from the parcels that the Developer did not use for the Minimum Improvements.

Section 3.4. Grants. The Authority and the Developer will work cooperatively to apply for grants from the Department of Employment and Economic Development and the Metropolitan Council in the amount of up to \$1,700,000 for the costs of the public infrastructure needed for the Minimum Improvements.

Section 3.5. Relocation. For each parcel of the Development Property acquired by the Developer, the Borrower is obligated to deliver to the Authority a certification describing in detail the relocation services, payments, and benefits to be provided to the owner of such parcel.

Section 3.6. Issuance of Pay-As-You-Go TIF Notes.

(a) To reimburse the Developer for certain Public Redevelopment Costs incurred within the TIF District, the Authority shall issue and deliver and the Developer shall purchase up to three TIF Notes in the total principal amount of \$2,400,000 in substantially the form set forth in EXHIBIT B. The Authority and the Developer agree that the consideration from the Developer for the purchase of the TIF Notes shall consist of the Developer's payment of the Public Redevelopment Costs in at least the principal amount of the TIF Notes.

The Authority shall deliver the TIF Notes in phases as follows:

Phase	Maximum Amount	When TIF Notes Issued
Phase I TIF Note	\$900,000	Construction of at least 32 townhomes commenced
Phase II TIF Note	\$900,000	Construction of an additional 32 townhomes commenced
Phase III TIF Note	\$600,000, subject to modification pursuant to Section 3.6(e)	Construction of final 16 townhomes commenced (unless the required number of townhomes is reduced pursuant to Section 4.9, in which event commencement of construction of only the required number of townhomes is necessary)

The delivery of each TIF Note is contingent upon delivery by the Developer of an investment letter in substantially the form attached to this Agreement as EXHIBIT C, together with evidence reasonably satisfactory to the Authority that the Developer has paid the Public Redevelopment Costs in at least the principal amount of the TIF Note. The principal of and interest on the TIF Notes shall be payable each Payment Date solely from Available Tax Increment derived from the TIF District. The Phase II TIF Note and the Phase III TIF Note will be issued on a Payment Date. When more than one TIF Note is outstanding, the principal of and interest on the TIF Note shall be paid with Available Tax Increment on a parity basis based on the amount of principal outstanding for each TIF Note.

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

(c) The Authority acknowledges that the Developer may assign the TIF Notes to one or more lenders that provide part of the financing for the acquisition of the Development Property or the construction of the Minimum Improvements. Pursuant to the terms of the TIF Notes, the TIF Notes may be assigned if the assignee executes an investment letter in the form set forth in EXHIBIT C.

(d) The Developer understands and acknowledges that the principal amount of the TIF Notes are subject to reduction pursuant to the provisions of Section 4.8 hereof.

(e) The Developer understands and acknowledges that, although the Phase III TIF Note may be issued in an original principal amount of up to \$600,000 (assuming construction of 16 townhomes is commenced within Phase III), the Phase III TIF Note will be issued in an original principal amount equal to \$37,500 multiplied by the number of townhomes for which construction is commenced in Phase III (up to a maximum of 16).

Section 3.7. Termination of TIF District. At any time following the reimbursement of the Authority for the HRA Property Purchase Price and the payment in full of the principal of and interest on the TIF Notes, the Authority may use the remaining Tax Increment derived from the TIF District for any other authorized uses set forth in the Tax Increment Plan or may terminate the TIF District.

Section 3.8. Payment of Administrative Costs. Pursuant to a Preliminary Development Agreement, dated March 19, 2018, between the Authority, the City, and the Developer, the Developer has deposited with the Authority \$15,000 to pay Administrative Costs. The Authority will use such deposit to pay "Administrative Costs," which term means out of pocket costs incurred by the Authority, together with staff and consultant costs of the Authority, all attributable to or incurred in connection with the negotiation, preparation or modification of this Agreement, the TIF Plan, and other documents and agreements in connection with the establishment of the TIF District and development of the Development Property, and not previously paid by Developer. At the Developer's request, but no more often than monthly, the Authority will provide the Developer with a written report including invoices, time sheets or other comparable evidence of expenditures for Administrative Costs and the outstanding balance of funds deposited. At any time the deposit drops below \$5,000, the Developer shall replenish the deposit to the full \$15,000 within 30 days after receipt of written notice thereof from the HRA. If at any time the Authority determines that the deposit is insufficient to pay Administrative Costs, the Developer is obligated to pay such shortfall within 15 days after receipt of a written notice from the Authority containing evidence of the unpaid costs. If Administrative Costs incurred, and reasonably anticipated to be incurred are less than the deposit by the Developer, the Authority shall return to the Developer any funds not anticipated to be needed.

Section 3.9. Reimbursement for Interfund Loans. The Authority provided the Developer with a forgivable loan in the amount of \$630,000 in order to assist with the purchase of three (3) of the parcels that make up the Developer Property. Pursuant to a Loan Agreement, dated August 1, 2018 (the “Loan Agreement”), between the Authority and the Developer, the Authority has agreed to forgive the loan and release the mortgage securing the loan for each parcel once certain conditions set forth in the Loan Agreement are met. On July 16, 2018, the Board of the Authority approved Resolution No. 1300, an interfund loan resolution (which was amended by Resolution No. 08-20 adopted by the Board of the Authority on August 20, 2018) allowing the Authority to use available funds to make the loan of \$630,000 to the Developer to acquire property, to provide a land write-down to the Developer in the amount of \$100,000 as described in Section 3.2(e), and to use available funds to pay for costs related to the TIF District with the intent of reimbursement itself for such costs with Tax Increment generated by the TIF District, with interest in the amount of 4.0% per annum (the “2018 Land Interfund Loan”). In addition, on March 16, 2015, the Board of the Authority approved Resolution 1199, an interfund loan resolution allowing the Authority to use available funds to pay for costs related to the TIF District with the intent of reimbursing itself for such costs with Tax Increment generated by the TIF District, with interest in the amount of 4.0% per annum (the “Administrative and Land Interfund Loan, and with the 2018 Land Interfund Loan, the “Interfund Loans”). The Administrative and Land Interfund Loan is outstanding in the amount of \$359,000 for land acquisition. The Authority intends to reimburse itself for the cost of the Interfund Loans with HRA Tax Increment generated by the TIF District.

Section 3.10. Records. The Authority and its representatives shall have the right at all reasonable times after reasonable notice to inspect, examine and copy all books and records of Developer relating to the Minimum Improvements and the costs for which the Developer has been reimbursed with Available Tax Increment.

Section 3.11. Purpose of Assistance. The parties agree and understand that the purpose of the Authority’s financial assistance to the Developer is to facilitate development of housing, and is not a “business subsidy” within the meaning of Minnesota Statutes, Sections 116J.993 to 116J.995.

Section 3.12. Public Art. The Developer shall incorporate one or two pieces of public art within the Minimum Improvements that are visible to the general public and are mutually agreeable to both the Developer and the Authority. Examples of public art include a sculpture, a water fountain, or a mural. Notwithstanding the foregoing, if a total of three pieces of public art are installed as part of the Minimum Improvements or the Apartments Project, the requirements of this provision will be satisfied.

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ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Improvements. Following the conveyance of the HRA Property to the Developer, the Developer agrees that it will construct the Minimum Improvements on the Development Property substantially in accordance with the Construction Plans as approved pursuant to Section 4.2, and at all times prior to the Maturity Date, will operate and maintain, preserve and keep the Minimum Improvements or cause such improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition. The Authority shall have no obligation to operate or maintain the Minimum Improvements. Notwithstanding the foregoing, the Developer and the Authority agree that, for any Owner-Occupied Housing unit that is sold to a member of the general public, the Developer's obligation to maintain, preserve, and keep such unit shall terminate upon the date on which such unit is so sold to a member of the general public.

Section 4.2. Construction Plans.

(a) Before commencement of construction of the Minimum Improvements, the Developer shall submit the Construction Plans for the Minimum Improvements to the Authority. The Authority Representative will approve the Construction Plans in writing if: (i) the Construction Plans are in material compliance with the PUD and all other land use approvals received for the Minimum Improvements; (ii) the Construction Plans conform to the terms and conditions of this Agreement; (iii) the Construction Plans conform to the goals and objectives of the Redevelopment Plan, as modified; (iv) the Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (v) the Construction Plans are adequate to provide for construction of the Minimum Improvements; (vi) the Construction Plans do not provide for expenditures in excess of the funds available to the Developer from all sources (including Developer's equity) for construction of the Minimum Improvements; and (vii) no uncured Event of Default has occurred. Approval may be based upon a review by the City's Building Official of the Construction Plans. No approval by the Authority Representative shall relieve the Developer of the obligation to comply with the terms of this Agreement or of the Redevelopment Plan, the PUD, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the Authority Representative shall constitute a waiver of an Event of Default. If approval of the Construction Plans is requested by the Developer in writing at the time of submission, such Construction Plans shall be deemed approved unless rejected in writing by the Authority Representative, in whole or in part. Such rejections shall set forth in detail the reasons therefor, and shall be made within 30 days after the date of their receipt by the Authority. If the Authority Representative rejects any Construction Plans in whole or in part, the Developer shall submit new or corrected Construction Plans within 30 days after written notification to the Developer of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the Authority. The Authority Representative's approval shall not be unreasonably withheld, delayed or conditioned. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements constructed in accordance with said plans) comply to the Authority's satisfaction with the provisions of this Agreement relating thereto.

(b) If the Developer desires to make any Material Change in the Construction Plans after their approval by the Authority, the Developer shall submit the proposed change to the Authority for its approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section 4.2 with respect to such previously approved Construction Plans, the Authority shall approve the proposed change and notify the Developer in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the Authority unless rejected, in whole or in part, by written

notice by the Authority to the Developer, setting forth in detail the reasons therefor. Such rejection shall be made within 30 days after receipt of the notice of such change. The Authority's approval of any such change in the Construction Plans may be conditioned on amendment to provisions of this Agreement if such amendments will mitigate the materiality of such proposed changes.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer will commence construction of the Minimum Improvements on or before June 1, 2019, and be substantially complete with the construction of the Minimum Improvements on or before December 31, 2022.

Construction is considered to be commenced upon the beginning of physical improvements beyond grading. All work with respect to the Minimum Improvements to be constructed or provided by the Developer on the Development Property shall be in substantial conformity with the Construction Plans as submitted by the Developer and approved by the Authority.

The Developer agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that the Developer, and such successors and assigns, shall promptly begin and diligently prosecute to completion the development of the Minimum Improvements.

Section 4.4. Certificate of Completion.

(a) Promptly after completion of each the Minimum Improvements in accordance with those provisions of the Agreement relating solely to the obligations of the Developer to construct the Minimum Improvements, the Authority Representative will furnish the Developer with a Certificate of Completion shown as EXHIBIT D.

(b) If the Authority Representative shall refuse or fail to provide any certification in accordance with the provisions of this Section 4.4, the Authority Representative shall, within 30 days after written request by the Developer, provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts will be necessary, in the opinion of the Authority, for the Developer to take or perform in order to obtain such certification.

(c) Regardless of whether a Certificate of Completion is issued by the Authority, the construction of the Minimum Improvements shall be deemed to be complete upon issuance of a certificate of occupancy by the City.

Section 4.5. Owner-Occupied Housing Affordability Covenants; Qualification of the TIF District. The Developer agrees that the Owner-Occupied Housing constructed within the TIF District is subject to the following affordability covenants: In accordance with Section 469.1761, subdivision 2 of the TIF Act, ninety-five percent (95%) of the units of Owner-Occupied Housing must be initially purchased and occupied by persons whose income is no greater than one hundred fifteen percent (115%) of median gross income. If any units of Owner-Occupied Housing will be occupied by fewer than three (3) people, those units must be initially purchased and occupied by persons whose income is no greater than one hundred percent (100%) of median gross income. For the purposes of this Agreement, median gross income is the greater of (i) the median gross income of the County; or (ii) the statewide median gross income, as determined by the secretary of the United States Department of Housing and Urban Development for the calendar year of each home sale. Prior to the initial sale of each home, the Developer must submit to the City the application in substantially the form in EXHIBIT F attached hereto, showing that the purchaser meets the income limits under this Section 4.6 (a "Qualified Purchaser"). The parties agree and understand that the Developer will review

applications and will certify to the City that each buyer of a unit of Owner-Occupied Housing is a Qualified Purchaser using the form set forth in EXHIBIT F attached hereto.

Section 4.6. Disqualification of TIF District. If the Authority or the City receives notice from the State Department of Revenue, the State Auditor, any Tax Official or any court of competent jurisdiction that the TIF District does not qualify as a “housing district,” such event shall be deemed an Event of Default under this Agreement; provided, however, that the Authority may not exercise any remedy under this Agreement so long as such determination is being contested and has not been finally adjudicated. In addition to any remedies available to the Authority and the City under Article IX hereof, the Developer shall indemnify, defend and hold harmless the Authority and the City for any damages or costs resulting therefrom. Such indemnification and hold harmless will include the immediate payment to the Authority for any portion of the value of the HRA Property not already reimbursed by the Developer of from tax increment as described in Section 3.2(e).

Section 4.7. Affordable Housing Reporting. At least annually and until all units within the Minimum Improvements have been sold to owner-occupants, no later than April 1 of each year commencing on the April 1 first following the issuance of the Certificate of Completion, the Developer shall provide a report to the Authority evidencing that the Developer complied with the income affordability covenants set forth in Section 4.5 hereof during the previous calendar year.

Section 4.8. Disqualified Owner-Occupied Housing Units; Reduction of TIF Notes. If the Developer sells more than four (4) units of Owner-Occupied Housing to persons who do not meet the income restrictions set forth in Section 4.5, each such unit will be an “Ineligible Unit.” For each Ineligible Unit, the Authority will remove the Ineligible unit from the TIF District. In addition, for each Ineligible Unit, the Developer shall pay the Authority \$7,875 to repay the Authority for the portion of the loan described in Section 3.9 allocable to the Ineligible Unit and the principal amount of the TIF Notes will be reduced by \$30,000 for each Ineligible Unit. The reduction of the Notes shall be done on a pro rata basis based on the amount of principal amount outstanding for each. The maximum number of Ineligible Units, including the four (4) units of Owner-Occupied Housing described in this Section 4.8, shall be twenty percent (20%) of all Owner-Occupied Housing units constructed.

Section 4.9. Reduction of Number of Owner-Occupied Housing Units. The Developer has agreed to construct eighty (80) Owner-Occupied Housing units as part of the Minimum Improvements. However, due to circumstances beyond its control, including the Developer’s inability to assemble all of the necessary real property or to generate sufficient sales activity, the Developer may not be able to substantially complete all eighty (80) Owner-Occupied Housing units on or before the completion date set forth in Section 4.3 hereof. Notwithstanding anything herein to the contrary, the Developer agrees the Minimum Improvements will include a minimum of sixty-four (64) Owner-Occupied Housing units. If, for any reason, the Developer fails to substantially complete any of the 16 remaining Owner-Occupied Housing units on or before the completion date set forth in Section 4.3 hereof, the principal amount of the Phase III TIF Note described in Section 3.6(a) hereof will be reduced pursuant to the provisions of Section 3.6(e). Notwithstanding anything herein to the contrary, failure by the Developer to construct more than sixty-four (64) Owner-Occupied Housing units as part of the Minimum Improvements will not be considered an Event of Default hereunder.

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ARTICLE V

Insurance

Section 5.1. Insurance.

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

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

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

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

(b) Upon completion of construction of the Minimum Improvements, the Developer shall maintain, or cause to be maintained for each unit of the Minimum Improvements owned by the Developer, at its cost and expense, and from time to time at the request of the Authority shall furnish proof of the payment of premiums on, insurance as follows:

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

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

(iii) Such other insurance, including workers' compensation insurance respecting all employees, if any, of the Developer, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Developer may be self-insured with respect to all or any part of its liability for workers' compensation.

(c) All insurance required in this Article V shall be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the Authority policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article V each policy shall contain a provision that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Developer at least 30 days before the

cancellation or modification becomes effective. If such a notice is received by the Developer, it will provide notice to the Authority. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer shall deposit with the Authority a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) For the portion of the Minimum Improvements that the Developer owns, the Developer agrees to notify the Authority immediately in the case of damage exceeding \$100,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In such event the Developer will forthwith repair, reconstruct and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Developer will apply the Net Proceeds of any insurance relating to such damage received by the Developer to the payment or reimbursement of the costs thereof. The Developer has no duty to repair, reconstruct, or restore any portion of the Minimum Improvements that is not owned by it.

The Developer shall complete the repair, reconstruction and restoration of the portion of the Minimum Improvements owned by the Developer, whether or not the Net Proceeds of insurance received by the Developer for such purposes are sufficient to pay for the same. Any Net Proceeds remaining after completion of such repairs, construction and restoration shall be the property of the Developer.

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

(f) The Developer and the Authority agree that all of the insurance provisions set forth in this Article V shall terminate upon (i) the date on which any unit within the Owner-Occupied Housing is sold to a member of the general public; and (ii), in the case of a rental, the termination of this Agreement.

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

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ARTICLE VI

Tax Increment; Taxes

Section 6.1. Right to Collect Delinquent Taxes. The Developer acknowledges that the Authority is providing substantial aid and assistance in furtherance of the redevelopment through issuance of the TIF Notes. The Developer understands that the Tax Increments pledged to payment of the TIF Notes are derived from real estate taxes on the Development Property, which taxes must be promptly and timely paid. To that end, the Developer agrees for itself, its successors and assigns, in addition to the obligation pursuant to statute to pay real estate taxes, that it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes assessed against the Development Property and the Minimum Improvements until the Maturity Date. The Developer acknowledges that this obligation creates a contractual right on behalf of the Authority to sue the Developer or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any such suit, the Authority shall also be entitled to recover its costs, expenses, and reasonable attorney fees.

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

The Developer also agrees that it will not, during the period of time that it owns any portion of the Minimum Improvements: (i) seek exemption from property tax for the Development Property; or (ii) convey or transfer or allow conveyance or transfer of the Development Property to any entity that is exempt from payment of real property taxes under State law.

Section 6.3. Suspension or Reduction of Payments on TIF Notes. The Developer or any owner of an Owner-Occupied Housing unit may seek through petition or other means to have the County Assessor's estimated market value for all or a portion of the Development Property reduced. Upon receiving notice or otherwise learning of the intent to seek a decrease in the market value of the Development Property, the Authority may suspend or reduce payments due under the TIF Notes until the actual amount of the reduction is determined, whereupon the Authority will make the suspended or reduced payments less any amount that the Authority is required to repay the County as a result of any reduction in market value of the Development Property. During the period that the payments are subject to suspension or reduction, the Authority may make partial payments on the TIF Notes if it determines, in its sole and absolute discretion, that the amount retained will be sufficient to cover any repayment which the County may require.

The Authority's suspension or reduction of payments on one or both of the TIF Notes pursuant to this Section shall not be considered a default under Section 9.1 hereof.

Section 6.4. Qualifications. Notwithstanding anything herein to the contrary, the parties acknowledge and agree that upon Transfer of the Development Property to another person or entity, the Developer will remain obligated under Sections 6.1 and 6.2 hereof until the Maturity Date, unless the Developer is released from such obligations in accordance with the terms and conditions of Section 8.2(b) or 8.3 hereof. Sections 6.1, 6.2, and 6.3 shall not be applicable to individual units of Owner-Occupied housing once each individual unit of Owner-Occupied Housing is old to a member of the general public.

ARTICLE VII

Financing

Section 7.1. Mortgage Financing.

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

(b) If the Authority finds that the financing is sufficiently committed and adequate in amount to pay the costs specified in paragraph (a) then the Authority shall notify the Developer in writing of its approval. Such approval shall not be unreasonably withheld and either approval or rejection shall be given within 30 days from the date when the Authority is provided the evidence of financing. A failure by the Authority to respond to such evidence of financing shall be deemed to constitute an approval hereunder. If the Authority rejects the evidence of financing as inadequate, it shall do so in writing specifying the basis for the rejection. In any event the Developer shall submit adequate evidence of financing within 30 days after such rejection.

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

Section 7.3. Modification; Subordination. In order to facilitate the Developer obtaining financing for the development of the Minimum Improvements, the Authority agrees to subordinate its rights under this Agreement to the Holder of any Mortgage securing construction, acquisition, or permanent financing, under terms and conditions reasonably acceptable to the Authority and the entity requesting the subordination. An agreement to subordinate this Agreement must be approved by the Board of the Authority. Upon request, the Authority will provide an estoppel certificate affirming factual matters related to this Agreement.

Section 7.4. Termination. All the provisions of this Article VII (except the provisions of Section 7.3) shall terminate with respect to the Minimum Improvements, upon delivery of the Certificate of Completion for the Minimum Improvements. The Developer or any successor in interest to the Minimum Improvements or portion thereof, may sell or engage in financing or any other transaction creating a mortgage or encumbrance or lien on the Minimum Improvements or any portion thereof for which a Certificate of Completion has been obtained, without obtaining prior written approval of the Authority as described in Section 7.1, provided that such sale, financing or other transaction creating a mortgage or encumbrance shall not be deemed as resulting in any subordination of the Authority's rights under this Agreement unless the Authority expressly consents to such a subordination pursuant to Section 7.3. Subordination agreements approved by the Authority prior to the Certificate of Completion will not be affected by the provisions of this Section.

ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

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

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

(a) Except only by way of security for, and only for, the purpose of obtaining financing necessary to enable the Developer or any successor in interest to the Development Property, or any part thereof, to perform its obligations with respect to constructing the Minimum Improvements under this Agreement, and any other purpose authorized by this Agreement, the Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to the Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same (except a lease to a residential occupant), without the prior written approval of the Authority unless the Developer remains liable and bound by this Agreement in which event the Authority's approval is not required. Any such transfer shall be subject to the provisions of this Agreement. In addition, the Developer must provide the Authority with prior notice of a sale of the Minimum Improvements pursuant to Section 4.5 hereof.

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

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

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

absence of specific written agreement by the Authority to the contrary, no such transfer or approval by the Authority thereof shall be deemed to relieve the Developer or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Minimum Improvements, from any of its obligations with respect thereto.

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

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

(c) The prohibition against transfer shall not be applicable to the sale of individual units of Owner-Occupied Housing to the general public.

Notwithstanding anything to the contrary in this Agreement, after issuance of the Certificate of Completion for the Minimum Improvements, the Developer may, without the Authority's consent, transfer or assign the Development Property related to the completed Minimum Improvements or the Developer's interest in this Agreement related to the completed Minimum Improvements and the transferee or assignee is bound by all the Developer's remaining obligations hereunder with respect to the Minimum Improvements. The Developer shall submit to the Authority written evidence of any such transfer or assignment, including the transferee or assignee's express assumption of the Developer's obligations under this Agreement. Upon receipt by the Authority of such written evidence of transfer or assignment, the Developer shall be released from all of its remaining obligations under this Agreement. If the Developer fails to provide such evidence of transfer and assumption, the Developer shall remain bound by all its obligations under this Agreement.

Section 8.3. Release and Indemnification Covenants.

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

(b) Except for any willful misrepresentation, gross negligence or any willful or wanton misconduct of the Authority, or its board members, officers, agents or employees, the Developer agrees to protect and defend the Authority and its governing body members, officers, agents, servants and employees thereof, now or forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, maintenance and operation of the Minimum Improvements; provided, however, this provision will not apply to any claims arising from or related to the ownership, use, or enjoyment of any unit of Owner-Occupied Housing after the Developer sells such unit to a member of the general public. As to any willful misrepresentation, gross negligence or any willful or wanton misconduct of the Authority, or its board members, officers, agents or employees, the Authority agrees to protect and defend the Developer, its officers, agents, servants and employees and hold the same harmless from any such proceedings.

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

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

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ARTICLE IX

Events of Default

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

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

(b) The Developer:

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

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

(iii) fails to pay real estate taxes on the Development Property or the Minimum Improvements as they become due;

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

(v) is adjudicated as bankrupt or insolvent; or

(vi) if the Developer does not substantially complete construction of at least 64 Owner-Occupied Housing Units on the Development Property on or before the completion date set forth in Section 4.3 hereof.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 of this Agreement occurs and is continuing, the non-defaulting party may exercise its rights under this Section 9.2 after providing 30 days’ written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said 30 days or, if the Event of Default is by its nature incurable within 30 days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible:

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

(b) Cancel and rescind or terminate the Agreement, subject to the provisions of Section 9.3 hereof.

(c) Upon a default by the Developer, the Authority may suspend payments under the TIF Notes or terminate the TIF Notes and the TIF District, subject to the provisions of Section 9.3 hereof.

(d) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

Section 9.3. Termination or Suspension of TIF Notes. After the Authority has issued a TIF Note attributable to any Phase of the Minimum Improvements, the Authority may exercise its rights under Section 9.2 for such TIF Note only for the following Events of Default:

(a) the Developer fails to pay real estate taxes or assessments for the portion of the Development Property on which such Phase is constructed, or any part thereof (excluding, however, any portion of such Development Property on which an Owner-Occupied Housing unit that has been sold to a member of the general public is located), when due, and such taxes or assessments shall not have been paid, or provision satisfactory to the Authority made for such payment, within 18 months after written demand by the Authority to do so; or

(b) the Developer fails to comply with Developer's obligation to operate and maintain, to preserve and to keep the portion of the Minimum Improvements constructed within such Phase or cause the portion of the Minimum Improvements within such Phase to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition, pursuant to Sections 4.1 and 5.1; provided that, upon such a failure by the Developer to comply with its obligations under Section 4.1 or 5.1, if uncured after 30 days' written notice to the Developer of such failure, the Authority may only suspend payments under the TIF Note attributable to such Phase until such time as the Developer complies with said obligations. If the Developer fails to comply with said obligations for a period of 18 months, the Authority may terminate the respective TIF Note.

Section 9.4. Revesting Title in Authority Upon Happening of Event Subsequent to Conveyance to Developer. In the event that subsequent to conveyance of the HRA Property to the Developer, the Developer, subject to Unavoidable Delays, fails to commence construction of the Minimum Improvements by the date specified in Section 4.3 hereof, and such failure to commence the Minimum Improvements is not cured within 90 days after written notice from the Authority to the Developer to do so; then the Authority shall have the right to re-enter and take possession of the HRA Property and to terminate and revest in the Authority the HRA Property, it being the intent of this provision, together with other provisions of the Agreement, that the conveyance of the HRA Property to the Developer shall be made upon, and that the deeds shall contain a condition subsequent to the effect that in the event of any default on the part of the Developer in performance of the obligations specified in this Section 9.4 and failure on the part of the Developer to remedy, end, or abrogate such default within the period and in the manner stated in this Section, the Authority at its option may declare a termination in favor of the Authority of the title, and of all the rights and interests in and to the HRA Property and that such title and all rights and interests of the Developer, and any assigns or successors in interest to and in the HRA Property, shall revert to the Authority, as applicable, but only if the events stated in this Section have not been cured within the time periods provided above.

Notwithstanding the foregoing, if the Authority determines to exercise its rights to revest title to the HRA Property after the Developer has platted the Development Property, the Developer and the Authority agree that the Developer will be obligated to only convey to the Authority 20,000 square feet of the Development Property that is contiguous, subject to any easements or similar rights granted or created in connection with the Apartments Project, and the Developer will not be required to convey to the Authority the HRA Property in the form it was originally conveyed to Developer. Sections 9.4 and 9.5 shall apply to the 20,000 square feet of the Development Property conveyed to the Authority as if such property was the HRA Property.

Section 9.5. Resale of Reacquired Property; Disposition of Proceeds. Upon the reversion in the Authority of title to and/or possession of the HRA Property, the Authority shall, pursuant to their responsibilities under law, use their best efforts to sell the HRA Property and in such manner as the Authority to a qualified and responsible party or parties (as determined by the Authority) who will assume the obligation of making or completing the Minimum Improvements or such other improvements in their stead as shall be satisfactory to the Authority in accordance with the uses specified for the HRA Property in this Agreement. During any time while the Authority has title to and/or possession of a parcel of property obtained by reverter, the Authority will not disturb the rights of any tenants under any leases encumbering such parcel. Upon resale of the HRA Property, the proceeds thereof shall be applied:

(a) First, to reimburse the Authority for all costs and expenses incurred by them, including but not limited to salaries of personnel, in connection with the recapture, management, and resale of the HRA Property (but less any income derived by the Authority from the property or part thereof in connection with such management); all taxes, assessments, and water and sewer charges with respect to the HRA Property or part thereof (or, in the event the HRA Property is exempt from taxation or assessment or such charge during the period of ownership thereof by the Authority, an amount, if paid, equal to such taxes, assessments, or charges (as determined by the Authority assessing official) as would have been payable if the HRA Property were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the HRA Property, or part thereof at the time of reversion of title thereto in the Authority, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the subject improvements or any part thereof on the HRA Property; and any amounts otherwise owing the Authority by the Developer and its successor or transferee; and

(b) Second, to reimburse the Developer, its successor or transferee, up to the amount equal to the portion of the HRA Property Purchase Price paid by the Developer under Section 3.2 and the amount actually invested by it in making any of the subject improvements on the HRA Property or part thereof, less any gains or income withdrawn or made by it from the Agreement or the HRA Property.

Any balance remaining after such reimbursements shall be retained by the Authority as its property.

Section 9.6. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or the Developer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it, it shall not be necessary to give notice, other than the notices already required in Sections 9.2, 9.3, 9.4, 9.9, or as otherwise expressly provided in this Agreement.

Section 9.7. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 9.8. Attorney Fees and Costs. Whenever any Event of Default occurs and if the Authority employs attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, and the Authority prevails in the action, the Developer agrees that it will, within ten days of

written demand by the Authority, pay to the Authority the reasonable fees of the attorneys and the other expenses so incurred by the Authority.

Section 9.9. Right of Purchase and Right of First Refusal Agreement. Following the conveyance of the HRA Property to the Developer, if the Developer, subject to Unavoidable Delays, fails to commence construction of the Minimum Improvements by the date specified in Section 4.3 hereof, and such failure to commence is not cured within 90 days after written notice from the Authority to the Developer to do so, then the Authority shall have the right to repurchase the HRA Property for the price the Developer paid for the HRA Property (the HRA Property Purchase Price) or purchase all of the Development Property from the Developer for the price the Developer paid for the Developer Property. In addition, prior to the issuance of a Certificate of Completion for of the Minimum Improvements, if the Developer determines to sell all or any part of the Development Property within the Minimum Improvements, the Authority shall have the right to purchase the portion of the Development Property to be sold to a third party by the Developer for the lower of (i) the price the third party has agreed to pay for such property or (ii) the price the Developer paid for such property, including relocation benefits. To memorialize the Authority's right of purchase and right of first refusal, the Developer and the Authority shall enter into a Right of Purchase and Right of First Refusal Agreement in substantially the form set forth in EXHIBIT E, which shall be recorded against the Development Property acquired by the Developer.

Notwithstanding the foregoing, if the Authority determines to exercise its rights to repurchase the HRA Property after the Developer has platted the Development Property, the Developer and the Authority agree that the Developer will be obligated to only convey to the Authority 20,000 square feet of the Development Property that is contiguous, subject to any easements or similar rights granted or created in connection with the Apartments Project, and the Developer will not be required to convey to the Authority the HRA Property in the form it was originally conveyed to Developer. Section 9.9 shall apply to the 20,000 square feet of the Development Property conveyed to the Authority as if such property was the HRA Property.

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

ARTICLE X

Additional Provisions

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

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

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

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

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

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

(a) in the case of the Developer, is addressed to or delivered personally to the Developer at 7455 France Avenue South, Suite 351, Edina, Minnesota 55435, Attn: Adam Seraphine; and

(b) in the case of the Authority, is addressed to or delivered personally to the Authority at 6700 Portland Ave. So., Richfield, MN 55423, Attn: Community Development Director;

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

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

Section 10.8. Recording. The Authority may record a memorandum of this Agreement and any amendments thereto with the County Recorder or the Registrar of Titles of the County, as the case may be. The Developer shall pay all costs for recording.

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

Section 10.10. Preliminary Development Agreement. On the date of this Agreement, the provisions of the Preliminary Development Agreement, dated March 19, 2018, between the Authority, the City, and the Developer that relate to the Minimum Improvements shall terminate.

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

IN WITNESS WHEREOF, the Authority has caused this Agreement to be duly executed in its name and behalf and the Developer has caused this Agreement to be duly executed in its name and behalf as of the date first above written.

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

(SEAL)

By _____
Its Chair

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____, 2018, by Mary B. Supple, the Chair of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____, 2018, by Steven L. Devich, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

CEDAR POINT INVESTMENTS LLC

By _____
Its _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____, 2018, by _____, the _____ of Cedar Point Investments LLC, a Minnesota limited liability company, on behalf of the Developer.

Notary Public

(Signature Page of Developer to the Contract for Private Development)

EXHIBIT A
DEVELOPMENT PROPERTY

Development Property owned by HRA

Lots 3 and 6, Block 1, Iverson's Second Addition, according to the recorded plat thereof, Hennepin County, Minnesota

Lots 1 and 2, Block 2, Iverson's Second Addition, according to the recorded plat thereof, Hennepin County, Minnesota

Development Property to be acquired by Developer

Lots 2, 4, 5, 7, and 8, Block 1, Iverson's Second Addition, according to the recorded plat thereof, Hennepin County, Minnesota

Lots 3, 4, 5, 6, 7, and 8, Block 2, Iverson's Second Addition, according to the recorded plat thereof, Hennepin County, Minnesota

The parties understand and acknowledge that final platted legal description for the Townhomes will result in less square footage of property than the legal descriptions above.

EXHIBIT B
FORM OF TIF NOTES

UNITED STATE OF AMERICA
STATE OF MINNESOTA
COUNTIES OF HENNEPIN
HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE
CITY OF RICHFIELD

No. R-1 \$ _____

TAX INCREMENT LIMITED REVENUE NOTE
SERIES _____

<u>Rate</u>	<u>Date</u> <u>of Original Issue</u>
_____ %	_____

The Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority"), for value received, certifies that it is indebted and hereby promises to pay to Cedar Point Investments LLC, or registered assigns (the "Owner"), the principal sum of \$_____ and to pay interest thereon at the rate of _____ percent per annum, as and to the extent set forth herein.

1. Payments. Principal and interest ("Payments") shall be paid on August 1, 2021, and each February 1 and August 1 (each a "Payment Date") and thereafter to and including February 1, 20____, in the amounts and from the sources set forth in Section 3 herein. Payments shall be applied first to accrued interest, and then to unpaid principal.

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

2. Interest. Interest at the rate stated herein shall accrue on the unpaid principal, commencing on the date of original issue. Interest shall accrue on a simple basis and will not be added to principal. Interest shall be computed on the basis of a year of 360 days and charged for actual days principal is unpaid.

3. Available Tax Increment. Subject to the provisions of Section 10 below, payments on this Note are payable on each Payment Date in the amount of and solely payable from "Available Tax Increment," which will mean, on each Payment Date, seventy percent (70%) of the Tax Increment (as defined in the Agreement) attributable to the Development Property (as defined in the Agreement) and paid to the Authority by Hennepin County in the six months preceding the Payment Date, all as the terms are defined in the Contract for Private Development, dated _____, 2018 (the "Agreement"), between the Authority and Owner. The principal of and interest on this Note shall be payable each Payment Date solely from Available Tax Increment. Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under the Agreement.

The Authority shall have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Available Tax Increment, and the failure of the Authority to pay the entire amount of principal or interest on this Note on any Payment Date shall not constitute a default hereunder as long as the Authority pays principal and interest hereon to the extent of Available Tax Increment. The Authority shall have no obligation to pay unpaid balance of principal or accrued interest that may remain after the payment of Available Tax Increment from the last payment of Tax Increment the Authority is entitled to receive from Hennepin County with respect to the Development Property.

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

5. Termination. At the Authority's option, this Note shall terminate and the Authority's obligation to make any payments under this Note shall be discharged upon the occurrence of an Event of Default on the part of the Developer as defined in Section 9.1 of the Agreement, but only if the Event of Default has not been cured within the applicable time periods provided in the Agreement and the Authority has the right to terminate the Note under Sections 9.2 and 9.3 of the Agreement.

6. Nature of Obligation. This Note is issued to aid in financing certain public development costs and administrative costs of a housing project undertaken by the Authority pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the Authority on _____, 2018, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 through 469.1794, as amended. This Note is a limited obligation of the Authority which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution. This Note and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

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

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

8. Registration. This Note is issuable only as a fully registered note without coupons.

9. Transfer. As provided in the Resolution, and subject to certain limitations set forth therein, this Note is transferable upon the books of the Authority kept for that purpose at the principal office of the City Clerk of the City of Richfield. Upon surrender for transfer of the TIF Note, including any assignment or exchange thereof, duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, and the payment by the Owner of any tax, fee, or governmental charge required to be paid by or to the Authority with respect to such transfer or exchange,

the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

Notwithstanding the foregoing, the TIF Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the Authority has been provided with an investment letter in a form substantially similar to the investment letter in EXHIBIT C of the Agreement or a certificate of the transferor, in a form satisfactory to the Executive Director of the Authority, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

The Owner may assign the TIF Note to a lender that provides all or part of the financing for the acquisition of the Development Property or the construction of the Minimum Improvements. The Authority hereby consents to such assignment, conditioned upon receipt of an investment letter from such lender in substantially the form attached in the Agreement as EXHIBIT C, or other form reasonably acceptable to the Executive Director of the Authority. The Authority also agrees that future assignments of the TIF Note may be approved by the Executive Director of the Authority without action of the Authority's Board, upon the receipt of an investment letter in substantially the form of EXHIBIT C of the Agreement or other investment letter reasonably acceptable to the Authority from such assignees.

This Note is issued pursuant to a resolution of the Board of the Authority and is entitled to the benefits thereof, which Resolution is incorporated herein by reference.

10. Parity Obligation. This Note is one of three TIF Notes issued in the total principal amount of \$2,400,000 and on a parity basis. When more than one TIF Note is outstanding, the principal of and interest on this Note shall be paid with Available Tax Increment on a parity basis based on the amount of principal outstanding for each TIF Note.

11. Principal Reduction. The principal of this Note is subject to reduction pursuant to the provisions of Section 4.8 of the Agreement.

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

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

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

Executive Director

Chair

REGISTRATION PROVISIONS

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

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Executive Director</u>
<hr/>	Cedar Point Investments LLC Federal ID # <hr/>	<hr/>

EXHIBIT C

INVESTMENT LETTER

To the Housing and Redevelopment Authority in and for the City of Richfield (the “Authority”)
Attention: Executive Director

Re: \$_____ Tax Increment Limited Revenue Note, Series 20____

The undersigned, as Owner of \$_____ in principal amount of the above captioned Note (the “Note”) pursuant to a resolution of the Authority adopted on _____, 2018 (the “Resolution”), hereby represents to you and to Kennedy & Graven, Chartered, Minneapolis, Minnesota, development counsel, as follows:

1. We understand and acknowledge that the TIF Note is delivered to the Owner as of this date pursuant to the Resolution and the Contract for Private Development, dated _____, 2018 (the “Contract”), between the Authority and the Owner.

2. We understand that the TIF Note is payable as to principal and interest solely from Available Tax Increment (as defined in the TIF Note).

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

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

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

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

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

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

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

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

11. The Owner's federal tax identification number is: _____.

12. We acknowledge receipt of the TIF Note as of the date hereof.

(Remainder of this page intentionally left blank)

CEDAR POINT INVESTMENTS LLC

By _____
Its _____

Dated: _____, 20__

EXHIBIT D

CERTIFICATE OF COMPLETION

The undersigned hereby certifies that Cedar Point Investments LLC, a Minnesota limited liability company (the "Developer"), has fully complied with its obligations under Articles III and IV of that document titled "Contract for Private Development," dated _____, 2018 (the "Agreement"), between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota and the Developer, a memorandum of which was recorded in the Office of [County Recorder] [Registrar of Titles] of Hennepin County, Minnesota on _____, as Document No. _____, with respect to construction of the Minimum Improvements in accordance with Article IV of the Agreement, and that the Developer is released and forever discharged from its obligations with respect to acquisition of the HRA Property (as defined in the Agreement) and construction of the Minimum Improvements under Articles III and IV of the Agreement.

Dated: _____, 20__.

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

By _____
Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____, 20__, by _____, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
Kennedy & Graven, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402
(612) 337-9300

EXHIBIT E

RIGHT OF PURCHASE AND RIGHT OF FIRST REFUSAL AGREEMENT

THIS RIGHT OF PURCHASE AND RIGHT OF FIRST REFUSAL AGREEMENT (the “Agreement”) is given as of this ____ day of _____, 2018 (the “Effective Date”), by CEDAR POINT INVESTMENTS LLC, a Minnesota limited liability company (the “Developer”), to the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”).

1. Contract for Private Development. The Developer and the Authority have entered into a Contract for Private Development, dated _____, 2018 (the “Contract”), pursuant to which the Authority will convey certain real property to the Developer as legally described in SCHEDULE A (the “HRA Property”) and the Developer will obtain certain parcels adjacent to the HRA Property as legally described in SCHEDULE B (the “Developer Property”). Pursuant to the Contract, the Developer has agreed to construct on the HRA Property and the Developer Property (together, the “Development Property”) the Minimum Improvements (as defined in the Contract). All terms capitalized herein and not defined herein shall have the meaning given such term in the Contract.

2. Grant. For valuable consideration, and subject to the conditions set forth below, the Developer hereby grants to the Authority the right to purchase and the right of first refusal pursuant to the provisions of this Agreement.

3. Right to Purchase. Following the conveyance of the HRA Property to the Developer, if the Developer, subject to Unavoidable Delays, fails to commence construction of the Minimum Improvements by the date specified in Section 4.3 of the Contract, and such failure to commence is not cured within 90 days after written notice from the Authority to the Developer to do so, then the Authority shall have the right to repurchase the HRA Property for the price the Developer paid for the HRA Property or purchase all of the HRA Property and the Developer Property from the Developer for the price the Developer paid for such property. The Authority shall have 60 days following the 90-day cure period set forth in this Section to notify the Developer of its intent to repurchase the HRA Property or purchase all of the HRA Property and the Developer Property. The Authority shall have 120 days to complete the purchase of the HRA Property and, if applicable, the Developer Property.

4. Right of First Refusal. Prior to the receipt of a Certificate of Completion for each Phase of the Minimum Improvements, if the Developer determines to sell all or any part of the HRA Property and the Developer Property, the Authority shall have the right to purchase the portion of the Development Property to be sold to a third party by the Developer for the lower of (i) the price the third party has agreed to pay for such property or (ii) the price the Developer paid for such property (including the costs of any improvements to the property).

a. Notice of Acceptable Offer. If at any time prior to the receipt of a Certificate of Completion for each Phase of the Minimum Improvements, the Developer receives an offer acceptable to the Developer for the purchase of all or any part of the HRA Property or the Developer Property, then the Developer shall forthwith forward a copy of such offer (the “Acceptable Offer”) to the Authority.

b. Exercise by Authority. The Authority shall have a period of 30 days after receiving such copy of the Acceptable Offer within which to notify the Developer that the Authority elects to purchase the Property (or the portion thereof covered by the Acceptable Offer) (the “Sale Property”) on the terms contained therein. Any such notice from the Authority shall be accompanied by any

earnest money required under the terms of the Acceptable Offer, which shall then constitute a contract between the Developer and the Authority even though neither has signed it.

c. Waiver by Authority. If the Authority does not notify the Developer within the 30-day period described in Section 6 of the Authority's election to purchase such Sale Property, the Developer shall be free to sell such Sale Property to the person who submitted the Acceptable Offer (or to such person's permitted assigns) on the terms specified therein, and the Authority shall upon request execute and deliver an instrument in recordable form appropriate to evidence the Authority's relinquishment of its rights under this Agreement with respect to such transaction. Notwithstanding any such relinquishment, the Authority's rights under this Agreement shall remain in effect with respect to any part of the Property not covered by the Acceptable Offer, and, if the transaction contemplated by the Acceptable Offer fails for any reason to close, with respect to any subsequent offer to purchase all or any part of the Property covered by such Acceptable Offer.

5. Contract Restrictions on Transfer of Property. If the Authority determines to waive or is deemed to have waived its right to purchase the Sale Property pursuant to Section 4(c), the Developer remains obligated to comply with the requirements set forth in Section 8.2 of the Contract related to transfers of the Development Property and the assignment of the Contract.

6. Term. This Agreement shall commence on the Effective Date and terminate on the earlier of: (i) for each Phase of the Minimum Improvements, the date the Developer obtains a Certificate of Completion for such Phase; and (ii) upon sale of all of the HRA Property and the Developer Property pursuant to the terms of an Acceptable Offer for which the Authority has been provided notice and has not exercised its right to purchase such property in accordance with the provisions of this Agreement. Notwithstanding the foregoing, for any portion of the HRA Property or the Developer Property that is sold pursuant to an Acceptable Offer, this Agreement shall terminate with respect to such portion of HRA Property or the Developer Property at the end of the 30-day period described in Section 4 if the Authority does not notify the Developer of its election to purchase such portion of the Property. For any portion of the HRA Property or the Developer Property for which the Developer has received a Certificate of Completion for the Minimum Improvements to be constructed thereon, this Agreement shall terminate with respect to such portion of HRA Property or the Developer Property on the date of receipt of the Certificate of Completion.

7. Impact of Platting of Development Property. Notwithstanding anything herein to the contrary, if the Authority determines to exercise its rights under Sections 3 or 4 of this Agreement after the Developer has platted the Development Property, the Developer and the Authority agree that the Developer will be obligated to only convey to the Authority 20,000 square feet of the Development Property that is contiguous, subject to any easements or similar rights granted or created in connection with the Apartments Project, and the Developer will not be required to convey to the Authority the HRA Property in the form it was originally conveyed to Developer. Sections 3 and 4 shall apply to the 20,000 square feet of the Development Property conveyed to the Authority as if such property was the HRA Property.

8. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed given upon personal delivery or on the second business day after mailing by registered or certified United States mail, postage prepaid, to the appropriate party at its address stated below:

- a. If to Developer: Cedar Point Investments LLC
7455 France Avenue South
Suite 351
Edina, Minnesota 55435
Attn: Adam Seraphine

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

Either party may change its address for notices by notice to the other party as provided above.

9. Binding Effect and Transferability. The provisions of this Agreement shall bind and benefit the Developer and the Authority and their respective successors and assigns.

10. Assignment. The Authority may assign this Agreement only to a wholly owned subsidiary of the Authority.

11. Miscellaneous. This Agreement may be executed in counterparts, all of which shall constitute an original of this Agreement. This Agreement may be recorded by the Authority with the Hennepin County Recorder's Office and/or Hennepin County Registrar of Titles' Office. All disputes related to this Agreement shall be governed by Minnesota law without application to its internal choice of law statutes or doctrines. All actions commenced relating to this Agreement shall only be brought before the courts located in Hennepin County, Minnesota. In any action to enforce the terms of this Agreement, the prevailing party shall be entitled to an award of all its reasonably expended costs and attorneys' fees, including appeal and collection costs and fees. The Developer shall execute and deliver to the Authority all documents reasonably necessary to record this Agreement or to otherwise evidence the Authority's rights as contained herein.

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

IN WITNESS WHEREOF, the Authority and the Developer have executed this Agreement on the date set forth in the Developer's acknowledgement, intending it to take effect as of the date first mentioned above.

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

(SEAL)

By _____
Its Chair

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____, 2018, by Mary B. Supple, the Chair of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____, 2018, by Steven L. Devich, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
Kennedy & Graven, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402
(612) 337-9300

Execution page of the Developer to this Agreement, dated as of the date and year first above written.

CEDAR POINT INVESTMENTS LLC

By _____
Its _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____, 2018, by _____, the _____ of Cedar Point Investments LLC, a Minnesota limited liability company, on behalf of the Developer.

Notary Public

SCHEDULE A TO RIGHT OF PURCHASE AND RIGHT OF FIRST REFUSAL AGREEMENT

HRA PROPERTY DESCRIPTION

Development Property owned by HRA

Lots 3 and 6, Block 1, Iverson's Second Addition, according to the recorded plat thereof, Hennepin County, Minnesota

Lots 1 and 2, Block 2, Iverson's Second Addition, according to the recorded plat thereof, Hennepin County, Minnesota

SCHEDULE B TO RIGHT OF PURCHASE AND RIGHT OF FIRST REFUSAL AGREEMENT

DEVELOPER PROPERTY DESCRIPTION

Developer Property to be acquired by Developer

Lots 2, 4, 5, 7, and 8, Block 1, Iverson's Second Addition, according to the recorded plat thereof, Hennepin County, Minnesota

Lots 3, 4, 5, 6, 7, and 8, Block 2, Iverson's Second Addition, according to the recorded plat thereof, Hennepin County, Minnesota

EXHIBIT F
OWNER-OCCUPIED HOUSING FORM

PROPERTY INFORMATION

Legal description of property to be sold: Lot _____ Block _____
Subdivision _____

Parcel Identification No. _____

Postal Address of Parcel _____

PURCHASER INFORMATION

Name of Purchaser _____

Current Address _____

Current Phone # _____

Number of family/household members: _____

Annual Household Income* \$ _____

**Annual Household Income must be supported by documentation (i.e. copy of most current 1040's, etc.). Failure to provide verification will constitute a "non-qualifying family".*

INCOME LIMIT INFORMATION

<u>20_____Income Limits</u>	
<u>Family Size</u>	<u>Income</u>
1	
2	
3	
4	
5	
6	
7	
8	

Does the Purchaser meet these limits and has appropriate documentation been submitted?

_____ YES _____ NO

If No, purchaser is not eligible to acquire the home. If Yes, the purchaser is eligible to acquire the property.

Signature of Purchaser(s) _____ Date _____

Signature of Seller _____ Date _____
Reviewed and approved on behalf [HOUSING CONSULTANT]
By _____ Date _____



STAFF REPORT NO. 37
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/18/2021

REPORT PREPARED BY: Myrt Link, Community Development Accountant

OTHER DEPARTMENT REVIEW: N/A

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
10/13/2021

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the acceptance of the Richfield Housing and Redevelopment Authority Tax Increment Financing District Status Update.

EXECUTIVE SUMMARY:

The Tax Increment Financing (TIF) District Status Update is presented to the Richfield Housing and Redevelopment Authority (HRA) annually for review. There are currently 13 active TIF Districts. This year, the TIF Status Update shows that the HRA is able to meet all of its Pay-As-You-Go Note and General Obligation Tax Increment Bond obligations.

HRA staff and financial consultant, Rebecca Kurtz, will provide a brief summary of the TIF Status Update at this meeting.

RECOMMENDED ACTION:

By motion: Accept the Richfield Housing and Redevelopment Authority Annual Tax Increment Financing District Status Update.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The annual TIF Status Update is provided to the HRA to summarize tax increment financial activity and comment on the status of the HRA's ability to meet its tax increment obligations.

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

- The TIF Status Update is presented annually to keep the HRA informed of the ability to meet outstanding obligations.

C. CRITICAL TIMING ISSUES:

- None

D. FINANCIAL IMPACT:

- See detailed TIF Status Update document.

E. LEGAL CONSIDERATION:

- N/A

ALTERNATIVE RECOMMENDATION(S):

- None

PRINCIPAL PARTIES EXPECTED AT MEETING:

Rebecca Kurtz, Ehlers, Inc.

ATTACHMENTS:

Description	Type
📎 2021 Annual Status Update	Backup Material

October 18, 2021

Richfield Housing and Redevelopment Authority, Richfield, Minnesota

2021 Status Update Tax Increment Financing Districts



Prepared by:

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Tax Increment Financing District Summary

The City of Richfield and the Housing and Redevelopment Authority (“HRA”) have utilized Tax Increment Financing (“TIF”) for key redevelopment and housing projects in the City since the 1980s. Utilizing this tool to accomplish the various goals of the City and HRA has strengthened the overall diversity of housing options, land uses and tax base, while redeveloping blighted sites and increasing employment opportunities.

PROJECT AREA AND TIF DISTRICTS

The HRA has 13 active TIF districts:

- Urban Village (Oaks on Pleasant and Houlihan’s)
- Interchange West/Lyndale Gateway (Best Buy and Main Street Village)
- City Bella (City Bella Housing Cooperative)
- Lyndale Gateway West (Kensington Park)
- Cedar Corridor (Rya Apartments)
- 2010 - 1 Housing (Lyndale Plaza / Woodlake Housing)
- Lyndale Gardens (former Lyndale Gardens site with Lakewinds Co-op and the Henley)
- 2014-1 TIF District: RM Senior Housing
- 2017-1 TIF District: Chamberlain
- 2018-1 TIF District: RF64
- 2020-1 TIF District: Henley II
- 2020-2 TIF District: Emi
- 2020-3 TIF District: Lynk 65

All the Districts are located within the Richfield Redevelopment Project area. The boundaries of the Project Area are coterminous with the City boundaries, which provide the HRA a maximum area of tax increment spending authority.

OBLIGATIONS

Three types of obligations are associated with the HRA’s TIF districts:

1. **Pay-As-You-Go TIF Revenue Note.** Pay-As-You-Go Notes pledges to the note holder a certain percent of the available tax increment from the specific district or specific parcels. With this type of obligation, the developer pays for the expenses and is reimbursed with tax increment over the term of the TIF district. Less tax increment revenue results in lower pay-as-you-go note payments and the obligation may not be paid in full at the time of decertification of the TIF district. To the extent that

the increment is not available to make a payment, the HRA is not obligated to make up any shortfalls. This type of obligation provides the lowest risk to the City and HRA.

2. **General Obligation Tax Increment Bond.** General Obligation (“G.O.”) Bonds are intended to be paid with tax increment revenue; however, they are general obligations of the City and pledge the City’s full faith and credit. If on an annual basis there is not enough tax increment to pay the debt service payment, the City agrees to levy a property tax to pay the shortfall. This type of obligation provides the most risk to the City and taxpayers.
3. **Interfund Loan.** Interfund Loans are issued when the City or HRA provides up-front money from various sources to assist with projects. Most interfund loans have a maximum amount and are used to reimburse the HRA for administration and preliminary expenses. The outstanding loan may be less than the maximum set forth in the resolution and the outstanding balance may increase or decrease over time, depending on the status of the project.

An interfund loan resolution must be adopted prior to the expenditure in order to use tax increment to reimburse for the expenditure. The loans are normally repaid from tax increment or land sale revenue. This type of obligation provides some risk to the City and HRA that the loan may not be repaid in full. It is not a general obligation, so taxes do not need to be levied to pay the loan, and the City and HRA have the option to write-off the loan or unpaid balances.

ADMINISTRATION

In all Districts, the HRA may retain a maximum of 10% of the tax increment revenue for administration expenses. The revenue can only be spent on qualified administration expenses for the TIF districts, and the amount taken for administration is included in the maximum pooling limit. In addition, the HRA must have documentation of administration expenses.

POOLING IN THE HOUSING & REDEVELOPMENT FUND

The HRA may retain a maximum of 25% through pooling for *some* redevelopment TIF districts. These funds are redevelopment tax increment and *must* be spent on qualified redevelopment expenses. The funds may be spent outside the boundaries of the tax increment district but must be spent within the boundaries of the Project Area.

The 25% maximum includes the amount retained for administration. For example, if the HRA is retaining 10% for administration, an additional 15% of the tax increment from the District may be retained for activities outside the TIF district but within the Project Area. If less than 10% is retained for administration, the amount available for redevelopment expenditures may increase.

Currently, pooling funds are being used to fund the Housing and Redevelopment Fund, which in turn, is the funding source for the Richfield Rediscovered Program and for occasional purchases of other substandard properties. As TIF Districts that contribute to pooling are decertified, and the pooling ceases to be generated, the HRA will need to seek alternate funding sources for the Housing and Redevelopment Fund or will need to reduce project expenditures commensurately.

The Districts that contribute to pooling and their cash balance as of September 2021 follow:

TIF District	Balance as of 9/30/2021	Decertification Date
Urban Village	\$ 708,442	2025
Interchange West / Lyndale Gateway	2,476,413	2025
City Bella	349,503	2030
Cedar Corridor	0	2043
Lyndale Gardens	7,570	2039
2014-1 Tax Increment Financing District	13,852	2042

The cash balances in each component of the Housing and Redevelopment Fund must be expended on qualified costs prior to decertification of the associated TIF District. Otherwise, those funds need to be returned to Hennepin County for redistribution to all taxing jurisdictions.

Tax Increment Financing Districts

URBAN VILLAGE TIF DISTRICT

The Urban Village TIF District is a mixed-use redevelopment project located on the southeast corner of Lyndale and 66th Street. Development includes Houlihan's, the Oaks on Pleasant apartments, and BMO Bank. Tax increment revenue is pledged to assist with property acquisition and excess site development expenses.

- TIF District Adopted: November 23, 1998
- Certification Date: July 15, 1999
- First Year of Increment: 2000
- Decertification: 2025
- Administration and Pooling: Maximum of 25%

Obligations	Funding Source / Repayment Source
\$2,500,000 Tax Exempt Pay-As-You-Go Note, Series 2001A	Developer / TIF
\$7,000,000 Taxable Pay-As-You-Go Note, Series 2001B	Developer / TIF

Conclusions

The HRA will be able to meet all its Pay-As-You-Go obligations. The obligations are not general obligations of the City, so if the increment is not sufficient to pay the Note in full, the HRA is not required to pay the shortfall.

INTERCHANGE WEST / LYNDALE GATEWAY TIF DISTRICT

The Interchange West / Lyndale Gateway TIF District has two components: (1) Interchange West; and (2) Lyndale Gateway.

- TIF District Adopted: June 14, 1999
- Certification Date: July 29, 1999
- First Year of Increment: 2000
- Decertification: 2025
- Administration and Pooling: Maximum of 25%

Interchange West Component

The Interchange West component is comprised of the **Best Buy Corporate Headquarters** located on the intersection of I-494 and Penn Ave. The first year of full increment was 2004. Tax increments are pledged to the Best Buy project to assist with site assembly activities. The HRA retains 25% of the annual tax increment for administration (up to 10% maximum) and pooling.

Obligations	Funding Source / Repayment Source
\$6,355,000 Tax Exempt General Obligation Tax Increment Refunding Bonds, Series 2010B*	Bonds of 2001A / TIF
\$48,073,127 Pay-As-You-Go Note	Developer / TIF

**Refunded the \$8,350,000 Tax Exempt General Obligation Tax Increment Bond, Series 2001A*

Lyndale Gateway Component

The Lyndale Gateway component is comprised of the Richfield Senior Housing project (**Main Street Village**) and the Minnstar Builders, Inc. project (**Casteel Place Townhouses**). The first year of full increment was 2002. Tax increment revenue is pledged to the project to assist with site assembly expenses.

Obligations	Funding Source / Repayment Source
\$4,155,944 Pay-As-You-Go Note	Developer / TIF

The Contract for Private Redevelopment for the Casteel Place Townhomes included a “look back” provision that required a review of the developer’s costs. To the extent that certain costs would go up or down under the estimate, the associated Pay-As-You-Go Note would be reduced by a like amount. The “look back” provision analysis was completed in 2002, which called for a reduction in the Pay-As-You-Go Note from \$100,000 to \$19,985.23, and the obligation was paid in 2005. The cost savings of this tax increment is being used as additional gap funding for the Cornerstone/Kensington Park redevelopment project in the Lyndale Gateway West District.

Conclusions

The HRA will be able to meet all General Obligation Bond payments and Pay-As-You-Go obligations. The Development Agreement with Best Buy includes an Assessment Agreement with a minimum market value of \$118,500,000. It is projected that the minimum market value is sufficient to generate increment in excess of that required for the Bond payments.

It is anticipated that the Pay-As-You-Go Notes will not be paid in full. The Notes are not general obligations of the City, so if the increment is not sufficient to pay the Notes in full, the HRA is not required to pay the shortfall.

CITY BELLA TIF DISTRICT

The City Bella project is a redevelopment district consisting of a housing project with a retail component located on Lyndale Avenue and 66th Street. Tax increment revenue is pledged to the project to assist with property acquisition and site improvement expenses.

- TIF District Adopted: June 11, 2002
- Certification Date: May 8, 2003
- First Year of Increment: 2005
- Decertification: 2030
- Administration and Pooling: Maximum of 25%

Obligations	Funding Source / Repayment Source
\$8,473,460 Pay-As-You-Go Note	Developer / TIF

The Pay-As-You-Go Note was sold to a third party. The HRA continues to make tax increment payments based on the available increment per the original Development Agreement. The City and HRA made no representation that the increment collected would be sufficient to amortize the debt and gave no opinion to the structuring of the sale of the Note.

Conclusions

The HRA will be able to meet all its Pay-As-You-Go obligations. The obligations are not general obligations of the City, so if the increment is not sufficient to pay the Note in full, the HRA is not required to pay the shortfall.

LYNDALE GATEWAY WEST TIF DISTRICT

The Lyndale Gateway West TIF District is comprised of the Cornerstone / Kensington Park mixed-use redevelopment project located on Lyndale Avenue. Development in this District includes condominiums and townhomes along with Chipotle, Noodles & Company, Starbuck's, and Potbelly. Tax increment revenue is pledged to the project to assist with site assembly expenses.

- TIF District Adopted: December 10, 2002
- Certification Date: May 8, 2003
- First Year of Increment: 2004 (full increment in 2006)
- Decertification: 2029
- Administration: 10%

Obligations	Funding Source / Repayment Source
\$2,970,000 Taxable G.O. Tax Increment Refunding Bonds, Series 2012B*	Bond of 2003C / TIF
\$1,100,000 Interfund Loan	Bonds of 1996 / TIF
\$650,000 Interfund Loan	HRA General Fund/ TIF

** Refunded the 3,470,000 Taxable General Obligation Tax Increment Bonds, Series 2003C*

The \$1,100,000 Interfund Loan was originally two loans. It was anticipated that \$500,000 of the Loan would be paid by the developer in 2012 or at the time of refinancing; however, the project went into bankruptcy in 2012. The balance of \$600,000 of the Loan was to be paid from excess tax increment after the Bond payments. The interest on the entire Loan was to be paid from tax increment.

Fifteen percent (15%) of the tax increment from the Casteel Place town home project in the Lyndale Gateway District is being used to pay debt service on the General Obligation Bonds related to the Kensington project.

Conclusions

The HRA will be able to meet its debt obligation solely with tax increment funds for the Series 2012B bonds by the time the District is decertified. In past years the tax increment has not been sufficient to make the entire payment, so the HRA adopted an Interfund Loan Resolution to allow reimbursement of the shortfalls through future tax increments.

Currently the projected increment is sufficient to make the debt service payments and make payments on the Interfund Loan for the shortfalls. It is projected that by August 2022, the Interfund Loan for the shortfalls will be paid, and the increment will be sufficient to pay the debt service on the Bonds until they mature in February 2025.

Projections continue to show there will not be sufficient tax increment to pay the entire principal and interest on the \$1,100,000 Interfund Loan. However, it is projected there will be funds to pay the principal in full and a portion of the interest. Recent years' increases in market value have resulted in more favorable projections and increased the amount of interest that may be repaid. Future market values will impact the amount of interest that will be paid. The HRA is not required to repay the Loan in full.

CEDAR COORIDOR TIF DISTRICT

The Cedar Corridor TIF District is a redevelopment district comprised of the commercial/retail redevelopment in the Airport Noise Impact Area. This area is located **along Cedar Avenue and 66th Street**. The District was established in 2006 using Special Legislation from the *Laws of Minnesota 2005, Chapter 152, Article 2, Section 25*.

The District was modified in 2018 in response to the proposed development of 218 market rate apartment units for the Cedar Point II Development. The development is currently under construction and anticipated to be completed by 2022.

The term of the District was extended by 10 years through Special Legislation in 2017.

- TIF District Adopted: September 26, 2006
- Certification Date: May 21, 2007
- First Year of Increment: 2008
- Decertification: 2043 (extended from 2033)
- Administration and Pooling: Maximum of 25%

Obligations	Funding Source / Repayment Source
\$200,000 maximum Interfund Loan for administration and qualified costs	HRA General Fund / TIF Administration
\$3,960,000 (est.) Pay-As-You-Go (Anticipated)	Developer / TIF

Conclusions

The Note will not be issued until the developer submits documentation of qualified costs.

2010-1 HOUSING: WOODLAKE HOUSING TIF DISTRICT

The 2010-1 Housing TIF District is a housing district comprised of the **Lyndale Plaza / Woodlake Housing** development at the site of the former Woodlake Plaza Shopping Center site. The apartment complex contains 94 units of rental housing, including 19 units that are affordable to families at or below 50% of the area median income for Hennepin County, as determined annually by the Minnesota Housing Finance Agency. These units will remain affordable for the term of the Pay-As-You-Go Note.

- TIF District Adopted: September 13, 2011
- Certification Date: March 29, 2012
- First Year of Increment: 2014
- Decertification: 2039
- Administration: 10%

Obligations	Funding Source / Repayment Source
\$85,000 HRA Property Reimbursement Note for land acquisition (matures 2/1/2023)	HRA General Fund / TIF
\$822,000 Pay-As-You-Go Note A (matures 8/1/2031)	Developer / TIF
\$500,000 Pay-As-You-Go Note B	Developer / TIF
\$200,000 maximum Interfund Loan for administration and qualified costs	HRA General Fund / TIF Administration

Conclusions

The HRA will be able to meet its debt obligations. Tax increment is first pledged to the set semi-annual payment on the HRA Note. Second priority is the set semi-annual payment for the Pay-As-You-Go Note A. Any remaining increment is pledged to the Pay-As-You-Go Note B. Based on current projections, the obligations are on track to be paid in full prior to the required decertification date.

The HRA will continue to annually collect and monitor information on residents' income for compliance with the requirement that 20% of the units be available for persons at or below 50% of Area Median Income (AMI), per TIF Statutes and the Development Agreement.

LYNDALE GARDENS TIF DISTRICT

The Lyndale Gardens TIF District is a redevelopment district comprised of the former Lyndale Gardens site, located at 6400 Lyndale Avenue South. Development includes the Lakewinds Food Co-op, 30 owner occupied townhomes, the Henley apartment complex and 7 rental townhomes adjacent to public space and trail connections in a quasi-public setting. It is anticipated that future development will include a brewery and restaurant on the site. The impact of this development will be included in future reports after construction has commenced.

- TIF District Adopted: August 9, 2011
- Certification Date: March 29, 2013
- First Year of Increment: 2014
- Decertification: 2039
- Administration and Pooling: Maximum of 20%

Obligations	Funding Source / Repayment Source
\$2,742,400 Master Developer TIF Note	Developer / TIF
\$1,491,077 Secondary Developer TIF Note	Developer / TIF

Conclusions

The HRA will be able to meet all its Pay-As-You-Go obligations. The obligations are not general obligations of the City, so if the increment is not sufficient to pay the Notes in full, the HRA is not required to pay the shortfall.

2014-1 TAX INCREMENT FINANCING DISTRICT: RM SENIOR LIVING RICHFIELD LLC

The 2014-1 TIF District is a redevelopment district located on the **former City garage site** and adjacent parcels between 76th and 77th Streets and Pleasant and Pillsbury Avenues. The HRA has entered into an Agreement with Mesaba Capital Development for the development of 60 assisted living units and 28 memory care units.

- TIF District Adopted: March 18, 2014
- Certification Date: March 28, 2016
- First Year of Increment: 2018
- Decertification: 2042
- Administration and Pooling: Maximum of 25%

Obligations	Funding Source / Repayment Source
\$2,400,000 Pay-As-You-Go Note	Developer / TIF
\$300,000 maximum Interfund Loan for Administrative/Qualified Costs	HRA General Fund / TIF

Conclusions

The HRA will be able to meet all its Pay-As-You-Go obligation. The obligations are not general obligations of the City, so if the increment is not sufficient to pay the Note in full, the HRA is not required to pay the shortfall.

2017-1 TAX INCREMENT FINANCING DISTRICT: CHAMBERLAIN

The 2017-1 TIF District is a housing district located south of 66th Street near Cedar Avenue and includes the Chamberlain Apartments. The HRA entered into an Agreement with Inland Development Partners for the rehabilitation of 33 units of affordable, rental housing and 283 units of mixed income rental housing. The affordable units are affordable to families at or below 50% of the area median income for Hennepin County, as determined annually by the Minnesota Housing Finance Agency. These units will remain affordable for the term of the Pay-As-You-Go Note.

- TIF District Adopted: November 28, 2017
- Certification Date: June 29, 2018
- First Year of Increment: 2020
- Decertification: 2045
- Administration: 10%

Obligations	Funding Source / Repayment Source
\$8,492,000 Pay-as-you-go Note	Developer / TIF
\$1,411,445 Developer Surplus Cash Note	HRA / TIF or Kraus-Anderson
\$200,000 maximum Interfund Loan for Administrative/Qualified Costs	HRA General Fund / TIF

Conclusions

The HRA will be able to meet all its Pay-As-You-Go obligations. The obligations are not general obligations of the City, so if the increment is not sufficient to pay the Note in full, the HRA is not required to pay the shortfall.

The HRA will continue to annually collect and monitor information on residents' income for compliance with the requirement that 20% of the units be available for persons at or below 50% of Area Median Income (AMI), per TIF Statutes and the Development Agreement.

2018-1 TAX INCREMENT FINANCING DISTRICT: RF64

The 2018-1 TIF District is a housing district located north of 66th Street near Cedar Avenue. The HRA entered into an Agreement with NHH Development for the construction of 80 owner-occupied townhomes; current plans anticipate the development of 64 townhomes. Ninety-five percent of the units must be occupied by persons meeting State low- to moderate income requirements. Construction began in the Fall 2019.

- TIF District Adopted: August 21, 2018
- Certification Date: May 11, 2019
- First Year of Increment: est. 2022
- Decertification: est. 2046
- Administration: 10%

Obligations	Funding Source / Repayment Source
\$900,000 Pay-as-you-go Note issued after construction of 32 townhomes is commenced	Developer / TIF
(Anticipated) \$900,000 Pay-as-you-go Note issued after construction of an additional 32 townhomes is commenced	Developer / TIF
\$630,000 maximum Interfund Loan for property acquisition	Development Fund / TIF and Developer sale proceeds
\$100,000 maximum Interfund Loan for Administrative costs	HRA General Fund / TIF

Conclusions

The first Note has been issued. The second Note will not be issued until the developer submits documentation that the homes were sold to person at or below 100% area median income (AMI) for a family of one to two persons or 115% of AMI for a family of three or four persons and the development submits documentation of qualified costs.

2020-1 TAX INCREMENT FINANCING DISTRICT: HENLEY II

The 2020-1 TIF District is a housing district located in the at **6345 Lyndale Avenue South**. The HRA entered into an Agreement with 6345 Partners, LLC, for the construction of 82 units of rental housing and rehabilitation of 22 units of existing rental housing. At least 20% of the units will be available to persons at or below 50% of area median income for Hennepin County, as determined annually by the Minnesota Housing Finance Agency. These units will remain affordable for the term of the Pay-As-You-Go Note. Construction began in 2020 and is anticipated to be completed by December 2021.

- TIF District Adopted: September 22, 2020
- Certification Date: July 22, 2021
- First Year of Increment: est. 2022
- Decertification: est. 2047
- Administration: 10%

ANTICIPATED Obligations	Funding Source / Repayment Source
\$25,000 maximum Interfund Loan for Administrative costs	HRA General Fund / TIF
\$2,025,987 Pay-as-you-go Note	Developer / TIF

Conclusions

The HRA will be able to meet all its Pay-As-You-Go obligations. The obligations are not general obligations of the City, so if the increment is not sufficient to pay the Note in full, the HRA is not required to pay the shortfall.

The HRA will continue to annually collect and monitor information on residents' income for compliance with the requirement that 20% of the units be available for persons at or below 50% of Area Median Income (AMI), per TIF Statutes and the Development Agreement.

2020-2 TAX INCREMENT FINANCING DISTRICT: EMI

The 2020-2 TIF District is a redevelopment district located at 101 – 66th Street East. The District was established in response to a development proposal for a mixed-use project. However, the development was put on hold. The HRA has until March 16, 2026, to enter into an agreement and create an obligation for the District.

- TIF District Adopted: January 26, 2021
- Certification Date: March 16, 2021
- First Year of Increment: TBD
- Decertification: TBD
- Administration: 10%

ANTICIPATED Obligations	Funding Source / Repayment Source
\$100,000 maximum Interfund Loan for Administrative costs	HRA General Fund / TIF

2020-3 TAX INCREMENT FINANCING DISTRICT: LYNK 65

The 2020-3 TIF District is a redevelopment district located on the **6400 block of Lyndale Avenue South**. The HRA has entered into an Agreement with Link 65 LLC, for the construction of 157 units of rental housing and approximately 8,000 square feet of retail. At least 10 of the two-bedroom apartments will be available to persons at or below 60% of area median income. Construction began in 2021 and is anticipated to be completed by December 2022.

- TIF District Adopted: November 24, 2020
- Certification Date: March 16, 2021
- First Year of Increment: est. 2023
- Decertification: est. 2048
- Administration and Pooling: Maximum of 25%. Annual amount based on terms in Agreement.

ANTICIPATED Obligations	Funding Source / Repayment Source
\$100,000 maximum Interfund Loan for Administrative costs	HRA General Fund / TIF
\$5,723,074 Pay-as-you-go Note	Developer / TIF

Conclusions

The Note will not be issued until the developer submits documentation of qualified costs.

The HRA will continue to annually collect and monitor information on residents' income for compliance with the requirement that 10 of the units be available for persons at or below 60% of Area Median Income (AMI), per the Development Agreement.

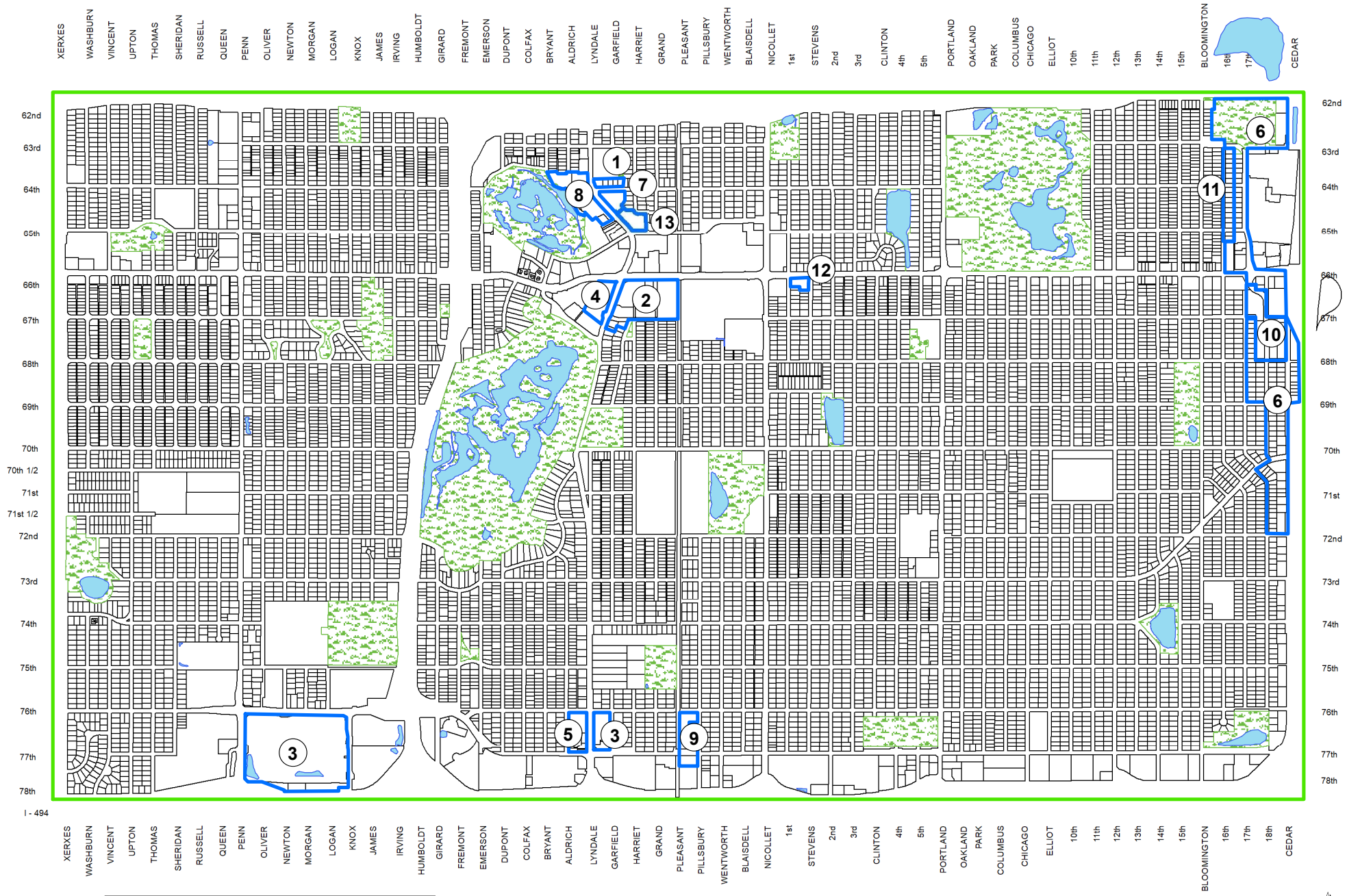
Decertified Tax Increment Financing Districts

The HRA has decertified eight TIF Districts.

District	Type	Decertified
Interchange	Redevelopment	2019
Gramercy	Redevelopment	2019
Interstate-Lyndale-Nicollet (ILN)	Redevelopment	2012
Pre-1999 Richfield Rediscovered	Scattered Site Redevelopment	2010
Post-1999 Richfield Rediscovered	Scattered Site Redevelopment	2010
Lyndale-Hub-Nicollet (LHN)	Redevelopment	2002
Cedar Avenue Business Area (CABA)* <i>*Accounting transactions to close the District were completed by December 31, 2000.</i>	Economic Development	1996
Penn Avenue and Sixty-Sixth Street (PASSS)** <i>** District was established in 1989 and terminated in 1996 due to a lack of feasible redevelopment opportunities</i>	Redevelopment	1996

Map of Richfield Redevelopment Project Area and TIF Districts

RICHFIELD REDEVELOPMENT PROJECT AREA BOUNDARY



Legend

- Richfield Redevelopment Project Area Boundary
- TIF Districts

TIF DISTRICTS:

- 1 - 2020-1 Henley II
- 2 - Urban Village
- 3 - Interchange West/Lyndale Gateway
- 4 - City Bella
- 5 - Lyndale Gateway West
- 6 - Cedar Corridor

- 7 - Housing District 2010-1 (Lyndale Plaza)
- 8 - Lyndale Garden
- 9 - 2014-1 (former City Garage/Mortuary)
- 10 - 2017-1 Chamberlain
- 11 - 2018-1 NHH Properties LLC
- 12 - 2020-2 Emi
- 13 - 2020-3 LYNK65



October 2020

What is Tax Increment Financing?

Governed by Minnesota Statutes 469.174-469.1794

Tax Increment Financing (TIF) is the ability to capture and use most of the **increase** in local property tax revenues from **new development** within a defined geographic area for a defined period of time **without** approval of the other taxing jurisdictions.

Prior to the establishment of a TIF district, properties have a “**base value**,” and tax revenues are distributed to the local units of governments. After the establishment of a TIF district, the “base value” continues to be disbursed to the City, County and School District for the term of the TIF district.

A portion of the increase is available to assist development and redevelopment projects.

Total Tax Capacity = 31,907



Original Tax Capacity = 1,729



New development increases Total Tax Capacity. **Increase in taxes is the tax increment available to assist development / redevelopment.**



Original tax revenues distributed to local taxing jurisdictions

During the term of the TIF district, property taxes are paid based on the current, assessed market value. A portion of the taxes – the annual gross TIF – is used to pay the HRA, City and/or developer obligations.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	567,517
less State-wide Taxes	(11,557)
less Fiscal Disp. Adj.	(15,655)
less Market Value Taxes	(43,173)
less Base Value Taxes	(53,184)
Annual Gross TIF	443,948

After the obligations of the TIF District have been paid, or at the end of the term of the TIF district, the taxing jurisdictions receive the full tax benefit of the property and development.

