

REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING VIRTUAL MEETING HELD VIA WEBEX NOVEMBER 16, 2020 7:00 PM

Call to Order

Attendance Roll Call

Open Forum: Opportunity to address the HRA on items not on the Agenda; dial phone number 612-861-0651. As you call in, a moderator will assist you.

Approval of the minutes of the Regular Housing and Redevelopment Authority meeting of October 19, 2020.

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 revisions to the Housing and Redevelopment Authority's current Subordination Policy, last updated in 2012.

Staff Report No. 36

B. Consideration of the adoption of a resolution approving a Subordination Agreement related to the Cedar Point II apartments.

Staff Report No. 37

C. Consideration of the adoption of a resolution relating to the closing on the Cedar Point II apartment property.

Staff Report No. 38

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

RESOLUTIONS

4. Consider a resolution approving a Contract for Private Development with Lynk 65, LLC (formerly Enclave Development LLC) for redevelopment of properties at 65th Street and Lyndale Avenue and authorizing issuance of a Tax Increment Limited Revenue Note.

Staff Report No. 39

5. Consider the resolutions approving a modification to the Redevelopment Plan and approval of a Tax Increment Financing Plan for the 2020-3 Tax Increment Finance District: Lynk 65, and; authorizing

an Internal Loan for Advance of Certain Costs in connection with the 2020-3 Tax Increment Finance District: Lynk 65.

Staff Report No. 40

OTHER BUSINESS

6. Consideration of a resolution approving an Amended and Restated Preliminary Redevelopment Agreement with Penn Investments LLC for the development of 6501 Penn Avenue South and 6500 Oliver Avenue South.

Staff Report No. 41

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 October 19, 2020

CALL TO ORDER

The meeting was called to order by Chair Supple at 7:00 p.m. via Webex.

HRA Members

Mary Supple, Chair; Sue Sandahl; Maria Regan Gonzalez;

Present:

and Erin Vrieze Daniels.

HRA Members

Absent:

Pat Elliott.

Staff Present:

John Stark, Executive Director; Julie Urban, Housing Manager; Myrt Link, Community Development Accountant; and LaTonia DuBois, Administrative

Assistant.

Others Present:

HRA Financial Consultant, Rebecca Kurtz; Ehlers.

OPEN FORUM

No Callers.

APPROVAL OF THE MINUTES

M/Regan Gonzalez S/Vrieze Daniels to <u>approve the 1) Concurrent Housing and Redevelopment and City Council work session of September 21, 2020; 2) Regular Housing and Redevelopment Authority meeting of September 21, 2020; and 3) Special Housing and Redevelopment Authority meeting of September 29, 2020.</u>

Motion carried 3-0 Commissioner Sandahl was experiencing technical difficulties and was not present for the vote.

Item #1 APPROVAL OF THE AGENDA

M/Vrieze Daniels, S/Regan Gonzalez to approve the agenda.

Motion carried 3-0 Commissioner Sandahl was experiencing technical difficulties and was not present for the vote.

Item #2

CONSIDERATION OF THE ACCEPTANCE OF THE RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY TAX INCREMENT FINANCING DISTRICT STATUS UPDATE. (S.R. NO 34).

Community Development Accountant Link presented staff report No. 34.

HRA Financial Consultant Rebecca Kurtz; Ehlers, provided a summary of the Tax Increment Financing status update and offered explanations for the three types of obligations, Tax Increment Financing (TIF) Notes, Pooling, and highlighted a few TIF Districts.

Chair Supple clarified the obligations that would not be reviewed.

Chair Supple thanked Rebecca Kurtz for a thorough report.

Commissioner Vrieze Daniels also thanked Rebecca Kurtz for a thorough report. Inquired pooling balances on a couple of Districts.

Rebecca explained the pooling on the newer Districts.

Executive Director Stark stated that the HRA has asked Ehlers for assistance in diving deeper into pooling and resources available and that a memo would be distributed to the HRA in November.

Chair Supple Inquired about pooling monitoring.

Rebecca Kurtz explained that pooling would be further explained in a November memo to the HRA.

Commissioner Regan Gonzalez inquired about state policy around TIF.

Rebecca Kurtz stated legislature changes would allow TIF to be more flexible, but does not anticipate any dramatic change with legislature in the near future. Special legislation could be pursued. Ehlers is looking into further possible options.

Chair Supple inquired about the TIF map and the Cedar Corridor District splitting into another District.

Rebecca Kurtz explained there are no plans to split the Cedar Corridor District into another District.

Executive Director Stark explained why the Cedar Corridor District was established the way it was and that the possibility of taking some parcels out of the current District sometime in the future.

Chair Supple inquired about which projects a going forward without any TIF money.

Executive Director Stark explained the Novo and the Lunds projects are going forward without any TIF.

Chair Supple inquired about the effects of decertifying Districts.

Rebecca Kurtz explained the impacts on the HRA when Districts are decertified.

Executive Director Stark explained that when Districts are decertified the tax capacity is divided among the City, Hennepin County and Richfield Public Schools.

M/Sandahl, S/Vrieze Daniels to accept the Richfield Housing and Redevelopment Authority annual Tax Increment Financing District Status Update.

Motion carried 4-0

Item #3 CONSIDER A RESOLUTION APPROVING AN AMENDMENT TO THE CONTRACT FOR PRIVATE DEVELOPMENT WITH CPII DEVELOPMENT LLC FOR THE CEDAR POINT II APARTMENT DEVELOPMENT PROJECT. (S.R. NO. 35)

Housing Manager Urban presented staff report No. 35

M/Regan Gonzalez, S/Vrieze Daniels to <u>adopt a resolution approving an amendment to the Contract for Private Development with CPII Development LLC for the Cedar Point II apartment development project.</u>

Motion carried 4-0

Item #4	HRA DISCUSSION

None.

EXECUTIVE DIRECTOR'S REPORT

None.

Item #8

M/Sandahl, S/Vrieze Daniels that the following claims be approved:

U.S. BANK	10/19/2020
Section 8 Checks 132189-132272	\$180,778.24
HRA Checks 33900-33913	\$64,911.95
Total	\$245,690.19

Motion carried 4-0

Item #9	ADJOURNMENT			
The meeting was adjourned by unanimous consent at 7:52 p.m.				
Date Approv	ed: November 16, 2020			
		Mary B. Supple HRA Chair		
LaTonia DuB Administrativ		John Stark Executive Director		

AGENDA SECTION: AGENDA ITEM# Consent Calendar

2.A.



STAFF REPORT NO. 36 HOUSING AND REDEVELOPMENT AUTHORITY MEETING 11/16/2020

REPORT PREPARED BY: Kate Aitchison/Celeste McDermott, Housing Specialists

OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director

11/12/2020

ITEM FOR COUNCIL CONSIDERATION:

Consideration of revisions to the Housing and Redevelopment Authority's current Subordination Policy, last updated in 2012.

EXECUTIVE SUMMARY:

Staff is recommending some minor changes to the current Subordination Policy (Policy) that governs the Housing and Redevelopment Authority's (HRA) interests when a homeowner refinances with an HRA lien on the property.

Most of the HRA's loans carry a 30-year term. During the course of those years, homeowners will typically refinance at least once. The principal mortgage lender typically requires that its mortgage be in first position, ahead of any other liens on the property. The subordination process allows the new mortgage to be placed ahead of the HRA's lien, under the conditions outlined in the Policy.

These changes will make the Subordination Policy easier to understand and administer by including more detailed criteria in the form of a chart, and clarify the conditions under which the Executive Director will consider an Administrative Exception and what conditions require full HRA consideration.

The proposed clarifications concern the following criteria:

- Loan to value ratios: providing scenarios where loan to value ratios above 80% can be administratively
 approved in situations where refinancing improves the applicant's financial situation and prevents
 foreclosure, when the only increase is due to financing fees, and in cases of refinancing at the end of
 a large home improvement project;
- Cash-out/equity removal: allow up to \$2,000 cash-out by policy and increase the cash out limit to \$15,000 with HRA Executive Director's approval, and;
- Increase in debt amount: particularly for situations where applicants recently completed large home improvement projects and are refinancing at the end of the project.

RECOMMENDED ACTION:

By motion: Approve the proposed revisions to the Housing and Redevelopment Authority's Subordination Policy.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

The HRA's Subordination Policy was established in 2007 and last updated in 2012. At that point, the Policy was revised to allow more flexibility to homeowners who were refinancing following the crash of

the housing market in order to obtain a better interest rate or lower monthly payments.

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

The current Policy, proposed Administrative Exceptions (approved by HRA Executive Director), and proposed criteria for an HRA-level appeal are listed in the table below:

CRITERIA	POLICY	ADMINISTRATIVE EXCEPTION	HRAAppeal
Loan to Value	No greater than 80%	Greater than 80% if: • Amount of increase to mortgage is only due to financing charges (closing costs). or; • New mortgage improves the homeowner's ability to make monthly payments and avoid foreclosure and/or financial hardship. • Homeowner is refinancing a construction loan after a documented home improvement project. Refinance must be completed within one year of project completion.	Greater than 80%, if the Administrative Exception criteria do not apply
Cash-out/equity removal	Housing-related expenses allowed Up to \$2,000 in cash-out allowed at closing.	For non-housing-related cash out, must: Up to \$15,000 in cash-out, depending on use of funds, at the discretion of the Executive Director Must meet all other subordination criteria of the existing Policy.	 Non-housing related expenses beyond \$15,000, or; Denied an Administrative Exception
Increase in amount of superior debt	Can increase no more than 50%.	May increase more than 50%, when: Superior debt is unusually low and sufficient equity protection exists. Homeowner is refinancing a construction loan after a documented home improvement project. Refinance must be completed within 1 year of project completion.	Proposed increase of more than 50%, without the exceptions made for through an Administrative Exception.

C. **CRITICAL TIMING ISSUES:**

None

D. FINANCIAL IMPACT:

• The Subordination Policy is in place to protect the HRA's financial interests while offering homeowners the ability to refinance under certain conditions. The Policy continues to meet this goal.

E. **LEGAL CONSIDERATION:**

None

ALTERNATIVE RECOMMENDATION(S):

- 1. Do not approve the proposed changes.
- 2. Modify and approve the proposed changes.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

	Description	Type
D	Subordination Policy - Changes Redlined	Backup Material
D	Subordination Policy	Backup Material

RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY SUBORDINATION & SATISFACTION POLICY

EFFECTIVE JUNE 2013NOVEMBER 2020

Subordinations

Richfield Housing and Redevelopment Authority (HRA) loan recipients requesting subordination of the interest of the HRA in real property must submit a Subordination Request Form, the required supporting documentation, and a processing fee. Forms are available on the City of Richfield website (http://www.richfieldmn.gov/subordinations-cityofrichfield.org/) or by calling the Community Development Department at 612-861-9760. Requests will not be considered until all documents and the processing fee have been received.

Required Documents

The following information must be submitted with the Subordination Request Form:

- A typed letter dated and signed by the mortgagor or lender, stating the reason for the requested subordination and the use of any equity being removed as part of the loan transaction.
- 2. A copy of the current appraisal (dated within six months of application) or other evidence of market value of the property that is acceptable to the HRA.
- 3. A copy of current title work (must indicate all debt against the property).
- Explanation of any debts to be paid off or consolidated as part of the subordination process, along with supporting documentation (if applicable).remaining debts or liens with supporting documentation (i.e. most recent mortgage bill).
- 5. Estimated closing costs/settlement statement, where applicable.
- 6. A copy of the mortgagor's loan application.
- 7. Additional documentation may be required.

Evaluation Criteria

The Richfield HRA will subordinate its mortgage interest if all of the following conditions are met, to the extent that they are applicable:

- 1. Closing costs are reasonable. Generally this shall mean that the sum of all discount points, origination fees, and lender ancillary fees generally shall not exceed 3% of the new first mortgage amount.
- 2. If the HRA believes that the payment terms of the refinance are within the financial means of the borrower.
- The total debt secured by the property, including the HRA lien and all superior mortgages, does not exceed 80% of the documented market value of the property.
- 4. Any equity being removed beyond the cost of the loan transaction will be used to improve the property. A typed letter, dated and signed by the applicant, must be submitted stating the use of any equity being removed.
- The overall value of superior debt must not be increased by more than 50%.

- 6. If nNo more than one two subordination request has may be been approved by the HRA in the pastper five year periods.
- 7. Property taxes, if not escrowed by the superior mortgage holder, must be current.

The HRA will not subordinate to reverse mortgages. In most cases, interest-only loans or loans with interest-only options, revolving lines of credits or debt consolidation will not be allowed unless the HRA determines that an acceptable reason warrants this type of loan.

The HRA may approve other subordination requests not meeting the conditions above on a case-by-case basis that are clearly in the best interests of the HRA, where the security of the HRA loan remains acceptable and denial of the request will cause or contribute to a documented hardship on the part of the borrower.

As a condition of approval, the HRA may require the Borrower to receive financial counseling. While many courses are available at no charge, the Borrower is responsible for any costs associated with the counseling. The course must be approved by the HRA.

Appeal Process

In cases where a subordination request does not meet the Policy, the Executive Director may grant an Administrative Exception per the criteria listed in the table below.

If an application is denied an Administrative Exception, the applicant may request an appeal in writing. Appeals will be submitted by staff to the HRA at the next regularly scheduled meeting, provided the request is made at least 10 days prior to that meeting. The HRA meets on the third Monday of each month.

CRITERIA	POLICY	ADMINISTRATIVE EXCEPTION	HRA Appeal
Loan to Value	No greater than 80%	Greater than 80% if: Amount of increase to mortgage is only due to financing charges (closing costs), or; New mortgage improves the homeowner's ability to make monthly payments and avoid foreclosure and/or financial hardship. Homeowner is financing or refinancing or refinancing a documented home improvement project. Refinance must be completed within 1 year of project completion.	Greater than 80%, if the administrative exception criteria do not apply

Housing-related expenses allowed	For non-housing-related cash out: Up to \$15,000 in cash-out, subject to the approval of the Executive Director Must include explanation of use of funds Must meet all other subordination criteria of the existing policy. May increase more than 50%, when: Superior debt is unusually low and sufficient equity protection exists. Homeowner is financing or refinancing or refinancing a documented home improvement project. Refinance must be completed within 1 year of project completion.	 Non-housing related expenses beyond \$15,000, or; Denied an Administrative Exception Proposed increase of more than 50%, without the exceptions made for through an Administrative Exception.
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Fees

The fee for a subordination request is established by the HRA. If the subordination request is denied, the fee will be returned with a letter explaining the reason(s) for denial. An additional fee is required for an appeal to the HRA and is non-refundable.

Processing

Subordination requests will be processed by HRA staff, who will submit the request with a recommendation for action, to the Executive Director. The Executive Director has the authority to grant a subordination request when, based on his or her discretion, the subordination is reasonable based on the criteria set forth in this Policy. The Executive Director may request review and final decision by the HRA. Requests for subordination should be submitted 30 days prior to the date the agreement to subordinate is needed. Exceptions may be made on a case-by-case basis.

Appeal Process

In cases where a subordination request does not meet the Policy, the Executive Director may grant an administrative appeal under the following circumstances:

- Loan-to-value (LTV) ratio is greater than 80%, but no greater than 85%; or
- Equity being removed for anything other than property improvements does not exceed \$5000; or
- The amount of financing superior to the HRA lien does not increase more than the cost of settlement charges related to the refinancing; or

The overall superior debt increases more than 50% but the value of superior debt is unusually low and/or sufficient equity protection exists

If an application is denied, the applicant may request an appeal in writing. Appeals will be submitted by staff to the HRA at the next regularly scheduled meeting, provided the request is made at least 10 days prior to that meeting. The HRA meets on the third Monday of each month.

Satisfactions

When a loan made by the HRA is paid in full, a document satisfying the lien will be prepared by the HRA, executed by the Executive Director or his or her delegate and delivered to the borrower for recording. The borrower is responsible for the cost of recording the satisfaction.

More information can be found online at: http://www.richfieldmn.gov/subordinations

RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY SUBORDINATION & SATISFACTION POLICY

EFFECTIVE NOVEMBER 2020

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- 3. A copy of current title work (must indicate all debt against the property).
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- 2. If the HRA believes that the payment terms of the refinance are within the financial means of the borrower.
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- 5. The overall value of superior debt must not be increased by more than 50%.

- 6. No more than two subordination request may be approved by the HRA per five year period.
- 7. Property taxes, if not escrowed by the superior mortgage holder, must be current.

The HRA will not subordinate to reverse mortgages. In most cases, interest-only loans or loans with interest-only options, revolving lines of credits or debt consolidation will not be allowed unless the HRA determines that an acceptable reason warrants this type of loan.

The HRA may approve other subordination requests not meeting the conditions above on a case-by-case basis that are clearly in the best interests of the HRA, where the security of the HRA loan remains acceptable and denial of the request will cause or contribute to a documented hardship on the part of the borrower.

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Fees

The fee for a subordination request is established by the HRA. If the subordination request is denied, the fee will be returned with a letter explaining the reason(s) for denial. An additional fee is required for an appeal to the HRA and is non-refundable.

Processing

Subordination requests will be processed by HRA staff, who will submit the request with a recommendation for action, to the Executive Director. The Executive Director has the authority to grant a subordination request when, based on his or her discretion, the subordination is reasonable based on the criteria set forth in this Policy. The Executive Director may request review and final decision by the HRA. Requests for subordination should be submitted 30 days prior to the date the agreement to subordinate is needed. Exceptions may be made on a case-by-case basis.

Satisfactions

When a loan made by the HRA is paid in full, a document satisfying the lien will be prepared by the HRA, executed by the Executive Director or his or her delegate and delivered to the borrower for recording. The borrower is responsible for the cost of recording the satisfaction.

More information can be found online at: http://www.richfieldmn.gov/subordinations

AGENDA SECTION: AGENDA ITEM# Consent Calendar

2.B.



STAFF REPORT NO. 37 HOUSING AND REDEVELOPMENT AUTHORITY MEETING 11/16/2020

REPORT PREPARED BY: Julie Urban, Housing and Redevelopment Manager

OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director

11/12/2020

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the adoption of a resolution approving a Subordination Agreement related to the Cedar Point II apartments.

EXECUTIVE SUMMARY:

On September 17, 2018, the Housing and Redevelopment Authority (HRA) approved a Contract for Private Development (Contract) with NHH Companies, LLC, now doing business as CPII Development, LLC (Developer), to redevelop a portion of the Cedar Point II redevelopment area (63rd to 65th Street and 16th Avenue to Richfield Parkway) with 218 market-rate apartment units. The number of units increased to 237 in an amendment to the Contract approved by the HRA on October 19, 2020.

As part of the Contract, the HRA agreed to sell the HRA-owned property located along Richfield Parkway to the Developer. The Contract includes a Right of Reverter (Reverter) provision and Right of Purchase and Right of First Refusal Agreement (Agreement) to ensure that in the event of default by the Developer, the HRA would have the right to regain title of the property.

The Developer plans to close on a portion of its construction financing this month in order to acquire the property from the HRA and begin site work. The lender is requesting a subordination of the Reverter and Agreement in order to close on the property acquisition and site work portion of the loan. Under the terms of the Contract, the Developer may request that the HRA subordinate the Agreement to the construction and/or permanent financing loan.

RECOMMENDED ACTION:

By motion: Adopt a resolution approving a Subordination Agreement related to construction financing for the apartment component of the Cedar Point II redevelopment project.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The HRA entered into a Contract to provide assistance to the apartment portion of the redevelopment project on September 17, 2018. The Contract was amended on September 16, 2019, and October 19, 2020.
- The Developer is seeking acquisition and site work funds from its construction lender in order to acquire the HRA property for the development.
- The lender is requiring that the HRA approve a subordination of the Reverter provided for in Section 9.4 and Right of Purchase and Right of First Refusal Agreement provided for in Section 9.9 of the Contract prior to issuing the loan.

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

• Under the terms of the Contract, the Developer may request that the HRA subordinate the Reverter and Agreement to the construction and/or permanent financing loan.

C. CRITICAL TIMING ISSUES:

• The Developer is anticipating closing on a portion of their construction financing and the HRA's property by November 30. Prior to making the loan, their lender is requiring a Subordination Agreement from the HRA, subordinating the Reverter and Agreement to the construction loan.

D. FINANCIAL IMPACT:

• The Agreement and Reverter will be subordinate to the construction loan. If the project were to default on the Contract, and the HRA had to employ the right to re-purchase the land, the land would revert to the HRA but be subject to the lien from the construction loan.

E. LEGAL CONSIDERATION:

- The HRA retains its rights under the Contract.
- The HRA Attorney will approve the final form to be executed by the HRA Chair and Executive Director.

ALTERNATIVE RECOMMENDATION(S):

• Deny the Subordination Agreement request.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

DescriptionType□ResolutionResolution Letter□Subordination AgreementContract/Agreement

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

RESOL	UTION NO.	

RESOLUTION APPROVING SUBORDINATION AGREEMENT WITH BRIDGEWATER BANK

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority") entered into a Contract for Private Development, dated September 17, 2018 (the "Original Agreement"), with NHH Companies, L.L.C. ("NHH"), as assigned by NHH to CPII Development LLC, a Minnesota limited liability company (the "Developer"), pursuant to an Assignment of Contract for Private Development, dated January 15, 2019, as amended by the First Amendment to Contract for Private Development, dated September 16, 2019, between the Authority and the Developer, and as further amended by the Second Amendment to Contract for Private Development, dated October 24, 2020 (collectively, the "Development Agreement"); and

WHEREAS, pursuant to the Development Agreement, the Developer will acquire property within the Cedar Avenue Tax Increment Financing District, a redevelopment district within the Richfield Redevelopment Project, from the Authority (the "Development Property") and construct a development which will include (i) multifamily housing with approximately 237 units; (ii) a parking ramp with approximately 188 spaces; and (iii) necessary public infrastructure, including streets and utilities (the "Minimum Improvements"); and

WHEREAS, in order to achieve the objectives of the Redevelopment Plan for the Richfield Redevelopment Project and make the Minimum Improvements economically feasible for the Developer to construct, the Authority is prepared to convey the 14 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, to provide financing for the Minimum Improvements, Bridgewater Bank (the "Lender") has agreed to provide the Developer with a mortgage loan in the amount of \$2,175,000 (the "Senior Loan"); and

WHEREAS, as a condition to providing the Senior Loan to the Developer, the Lender will require that the Authority subordinate its rights under the Development Agreement, including the Authority's right of reverter and right of repurchase of the Development Property (the "Authority's Rights"), to the rights of the Lender under the loan documents prepared in connection with the Senior Loan (collectively, the "Senior Loan Documents"); and

WHEREAS, there has been presented before the Board of Commissioners of the Authority a form of a Subordination Agreement (the "Subordination Agreement") between the Authority and the Lender, pursuant to which the Authority will subordinate the Authority's Rights under the Development Agreement to the rights of the Lender under the Senior Loan Documents; 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 Authority's Rights under the Development Agreement are hereby subordinated to the rights of the Lender under the Senior Loan Documents.

- 2. The Authority Documents are hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Director are hereby authorized and directed to execute the Authority Documents 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.
- 3. The Chair and the Executive Director are hereby authorized to execute and deliver all additional documents deemed necessary to carry out the intentions of this resolution.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 16^{th} day of November, 2020.

le, Chair

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT ("Agreement") is made and entered into this day of November, 2020, by and between 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 BRIDGEWATER BANK, a Minnesota banking corporation ("Bridgewater").

RECITALS

WHEREAS, Bridgewater is making a mortgage loan to CPII Development LLC, a Minnesota limited liability company ("Borrower") in the amount of Two Million One Hundred Seventy-Five Thousand and 00/100 Dollars (\$2,175,000.00) (the "Senior Loan"), which Senior Loan is secured by a Combination Mortgage, Security Agreement, Fixture Filing and Assignment of Leases and Rents granted by Borrower of even date herewith, to be recorded with the Hennepin County Recorder's Office (the "Senior Mortgage") as a first mortgage lien against the fee simple interest in real property located in the City of Richfield, County of Hennepin, State of Minnesota (the "Property"), as legally described in Exhibit A attached hereto.

WHEREAS, Authority and NHH Companies L.L.C., a Minnesota limited liability company ("Developer") have entered into a Contract for Private Development dated September 17, 2018, as assigned and assumed by the Borrower pursuant to an Assignment of Contract for Private Development, dated January 15, 2019, between the Authority, the Developer, and the Borrower, as amended by the First Amendment to Contract for Private Development, September 16, 2019, between the Borrower and the Authority, and as further amended by the Second Amendment to Contract for private Development, dated October ___, 2020 (the "Development Contract"), between the Borrower and the Authority, which provides for certain obligations and rights of the Borrower and Authority in connection with the development of the Property, specifically the Authority's right of reverter contained in Section 9.4 of the Development Contract and right of repurchase contained in Section 9.9 of the Development Contract (the "Authority Rights").

WHEREAS, Borrower is the successor in interest to the rights and obligations of the Developer under the Development Contract as it relates to the Property as it has or is concurrently herewith purchasing the Property from the Developer; and

WHEREAS, that as a condition of Bridgewater making the Senior Loan as of the date hereof, Authority must execute and deliver this Subordination Agreement agreeing to subordinate the Authority Rights contained in the Development Contract with respect to the Property, all as more fully set forth herein; and

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, it is hereby agreed as follows:

- 1. <u>Subordination</u>. The Authority Rights held by the Authority with respect to the Property are hereby subjected and subordinated and shall remain in all respects and for all purposes subject, subordinate, and junior to the lien of the Senior Mortgage, and to the rights and interest of the holder of the Senior Mortgage, as fully and with the same effect as if the Senior Mortgage had been duly executed, acknowledged, and recorded, and the indebtedness secured thereby had been fully disbursed prior to the execution of the Development Contract containing the Authority Rights.
- 2. <u>HRA Rights and Remedies</u>. Notwithstanding the foregoing, except with respect to the Authority's right of reverter and its right of repurchase, nothing in this Agreement shall limit the Authority's ability to exercise its rights and remedies under the Development Contract.
- 3. <u>Successors and Assigns</u>. This Agreement and each and every covenant, agreement, and other provisions hereof shall be binding upon the parties hereto and their respective successors and assigns, including without limitation each and every holder of the Senior Mortgage or any other person having an interest therein and shall inure to the benefit of the Bridgewater and its successors and assigns.
- 4. <u>Choice of Law</u>. This Agreement is made and executed under and in all respects is to be governed and construed by the laws of the State of Minnesota.
- 5. <u>Captions and Headings</u>. The captions and headings of the various sections of this Agreement are for convenience only and are not to be construed as confirming or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular, and the masculine, feminine, and neuter shall be freely interchangeable.
- 6. <u>Notices</u>. Any notice which any party hereto may desire to may be required to give to any other party shall be in writing and shall be deemed given two (2) business days after mailing thereof by first class mail, or equivalent, to the addresses as set forth below, or to such other places any party hereto may by notice in writing designate shall constitute service of notice hereunder.

Bridgewater: Bridgewater Bank

4450 Excelsior Boulevard, Suite 100 St. Louis Park, Minnesota 55416

Attn: Tyler Manning

Authority: Housing and Redevelopment Authority

in and for the City of Richfield, Minnesota

6700 Portland Avenue South Richfield, Minnesota 55423 Attn: Executive Director

7. <u>Counterparts</u>. Each of the executed counterparts of this Agreement shall be original and all counterparts together shall constitute one and the same agreement.

8. <u>Term.</u> This Agreement shall continue in effect until the earlier of the Senior Loan being paid in full or the date that neither of the Authority Rights are any longer in effect.

[REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above written.

AUTHORITY:

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

	By:
	By: Printed Name:
	Its: Chair
	$\mathbf{R}_{\mathbf{V}}$
	By: Printed Name:
	Its: Executive Director
STATE OF MINNESOTA)	
) ss. COUNTY OF HENNEPIN)	
, , , , , , , , , , , , , , , , , , , ,	
On this day of,	2020, before me appeared, the
	Authority in and for the City of Richfield, Minnesota
on behalf of the Authority.	
	Notary Public
STATE OF MINNESOTA)	
) ss.	
COUNTY OF HENNEPIN)	
On this day of ,	2020, before me appeared, the
Executive Director of the Housing and	Redevelopment Authority in and for the City o
Richfield, Minnesota, on behalf of the Auth	iority.
	Notary Public

BRIDGEWATER:

BRIDGEWATER BANK, a Minnesota banking corporation

	By: Its:	Tyler Manning Vice President
STATE OF MINNESOTA)) ss. COUNTY OF) On this day of October, 2	020, be	efore me appeared Tyler Manning, the Vice
President of Bridgewater Bank, a Minnesota		

This instrument was drafted by:

MESSERLI & KRAMER P.A. (MRJ) 1400 Fifth Street Towers 100 South Fifth Street Minneapolis, MN 55402-4218 (612) 672-3718

EXHIBIT A

Legal Description

Lots 9 thru 14, Block 1 and Lots 9 thru 16, Block 2, Iverson's Second Addition, Hennepin County, Minnesota

Abstract Property

[CONFIRM LEGAL DESCRIPTION]

684596.v1

AGENDA SECTION: AGENDA ITEM# Consent Calendar

2.C.



STAFF REPORT NO. 38 HOUSING AND REDEVELOPMENT AUTHORITY MEETING 11/16/2020

REPORT PREPARED BY: Julie Urban, Housing and Redevelopment Manager

OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director

11/12/2020

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the adoption of a resolution relating to the closing on the Cedar Point II apartment property.

EXECUTIVE SUMMARY:

The Housing and Redevelopment Authority (HRA) approved contracts for private development with two separate legal development entities, comprised of the exact same individuals as principles to those entities, to develop apartments and townhomes in the Cedar Point II redevelopment area (63rd to 65th Street and 16th Avenue to Richfield Parkway).

The final plat for the project encompasses the entire development property, including lots for both the townhomes and the apartments, but was prepared and signed by Cedar Point Investments, LLC, the legal owner of the townhome development. In order to file the plat with Hennepin County, Cedar Point Investments needs to be the owner of all the property. The development team is requesting that the HRA agree to sell the apartment property to Cedar Point Investments, LLC, who will then sell the property to CPII Development, LLC, the legal owner of the apartment property. At the same time, a strip of property located between the two components, currently owned by Cedar Point Investments, LLC, will also be conveyed to CPII Development, LLC.

RECOMMENDED ACTION:

By motion: Adopt a resolution approving conveyance of the Cedar Point II apartment property to Cedar Point Investments LLC, for platting purposes.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- On August 20, 2018, the HRA approved a contract for private development (Townhome Contract) with NHH Companies, LLC, now doing business as Cedar Point Investments, LLC, to develop townhomes in the Cedar Point II development area (63rd to 65th Street and 16th Avenue to Richfield Parkway).
- On September 17, 2018, the HRA approved a contract for private development (Apartment Contract) with NHH Companies, LLC, now doing business as CPII Development, LLC (Developer), to develop apartments in the Cedar Point II redevelopment area.
- On July 7, 2020, the City Council approved the final plat for the development, which includes property for both the townhomes and apartments.
- On October 19, 2020, the HRA approved an amendment to the Apartment Contract increasing the number of apartments to 237.

 As part of the Apartment Contract, the HRA agreed to sell the HRA-owned property located along Richfield Parkway to the Developer.

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

NA

C. **CRITICAL TIMING ISSUES:**

- The HRA will close with Cedar Point Investments, LLC, the plat will be filed, and then Cedar Point Investments, LLC, will convey the apartment property plus the additional strip of property located between the two developments, to CPII Development, LLC.
- The deadline for closing on the apartments is November 30, 2020. Approval of this resolution will enable the Developer and HRA to meet this deadline.

D. FINANCIAL IMPACT:

• There is no impact on the financial components of the Apartment Contract. The HRA will be paid \$1.11 million for the apartment property at closing.

E. LEGAL CONSIDERATION:

- The HRA Attorney reviewed the proposed property conveyance.
- The terms of both contracts remain the same.

ALTERNATIVE RECOMMENDATION(S):

• Deny the resolution.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description Type

Resolution Resolution Letter
Final Plat Backup Material

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

RESOLUTION NO.	
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RESOLUTION APPROVING CONVEYANCE OF PROPERTY TO CEDAR POINT INVESTMENTS, LLC FOR PLATTING PURPOSES

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority") entered into a Contract for Private Development, dated September 17, 2018 (the "Original Agreement"), with NHH Companies, L.L.C. ("NHH"), as assigned by NHH to CPII Development LLC, a Minnesota limited liability company (the "Developer"), pursuant to an Assignment of Contract for Private Development, dated January 15, 2019, as amended by the First Amendment to Contract for Private Development, dated September 16, 2019, between the Authority and the Developer, and as further amended by the Second Amendment to Contract for Private Development, dated October 19, 2020 (collectively, the "Development Agreement"); and

WHEREAS, pursuant to the Development Agreement, the Developer will acquire property within the Cedar Avenue Tax Increment Financing District, a redevelopment district within the Richfield Redevelopment Project, from the Authority (the "Development Property") and construct a development which will include (i) multifamily housing with approximately 237 units; (ii) a parking ramp with approximately 188 spaces; and (iii) necessary public infrastructure, including streets and utilities (the "Minimum Improvements"); and

WHEREAS, on September 17, 2018, the Authority held a public hearing and approved the conveyance of the Development Property to NHH, which assigned its interests in and obligations of the Development Agreement to the Developer; and

WHEREAS, the plat for the property was prepared with the name of Cedar Point Investments, LLC (an entity owned by the three members of the Developer) due to the fact that this entity owned a portion of the property to be platted; and

WHEREAS, Developer has requested that the Authority agree to convey the Development Property to Cedar Point Investments, LLC in order to record the plat and once the plat is recorded, Cedar Point Investments, LLC will immediately convey the property to the Developer.

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 Authority hereby approves the conveyance of the Development Property to Cedar Point Investments, LLC, (an entity owned by the three members of the Developer), with the understanding that Cedar Point Investments, LLC will immediately convey the property to the Developer once the plat is recorded.
- 2. The Chair and the Executive Director are hereby authorized to execute and deliver all additional documents deemed necessary to carry out the intentions of this resolution.

Adopted by the Housing and Redevelopment this 16 th day of November, 2020.	Authority in and for the City of Richfield, Minnesota
ATTEST:	Mary Supple, Chair
Maria Regan Gonzalez, Secretary	
RC125-366 (JAE)	

686474v1

RF64

C.R. DOC. NO—

() F- [] / F("IVERSON'S SECOND ADDITION" 17TH AVENUE SOUTH (RICHFIELD PARKWAY) SE Corner of Block 1,
"IVERSON'S SECOND ADDITION" --! Right of Way Easement
Per Doc. No. A10157432
S00°16'58"W 1112.63 Right of Way Easement
Per Doc. No. A10157429 Right of Way Easement ---Per Doc. No. A10157430 17TH AVENUE SOUTH (RICHFIELD PARKWAY) C=56.55 C=30.33 $CB=N4^{\circ}30'41"W$ R=344.14 $\Delta=9^{\circ}25'32"$ N00°16'58"E 962.53 S00°14'02"W N00°14'02"E 103.77 --- N00°14'02"E 75.00 N00°14'02"E 348.74 S00°14'02"W 49.89 | **6** ^{U8°}13'32"E 58.48 42 53.37 **© H** 53.40 27.96 32.96 26.52 26.52 N89°50'10"E 92.14 N0°11'06"E N0°11'06"E N0°11'06"E N0°11'06"E N0°11'06"E ```N0°11'06"E `` 52.50 **9** 7 7 8 6 52.50 52.50**—** 5 49.86 20 F(F-1)/ ⁷ N0°11'06"E 2]∫ N0°11'06"Ē Ĉ ÖN0°11'06"E 🎖 📗 ¼'N0°11'06"E ☆**┃**፟፟፟፟፟፟ 4 N0°11,06.E 2 N0°11'06"E 24.84 8.54.84 8.54.84 8.54.84 8.64.84 7014/4/1/04/E-S N0°11'06"E ºN0°11'06"E ∾े**│** 【y N0。11,06.E & Ty|N0。11,06.E y】 ^N0°11'06"E ~ 53.44 49.82 Found 1/2 Inc 60

0	Westerly Line of Block 1, "IVERSON'S SECOND ADDITION"	"IVERSON'S SECOND ADDITION" Over All of OUTLOT E OVER ALL OF THE OUTLOT E	SOUTH	09
	2010 A DD - D A DZZZZZZZZZZZ	60	"NOKOMIS GARDENS REARRANGEMENT	
	17157-1512 - F7-1555 VIE- VV _I		OF BLOCK 7, 11, AND 12,	
		(6)	GIRARD PARKVIEW, HENNEFRIN COUNTY, MINNESOTA	

NW Corner of Block 2, "IVERSON'S SECOND ADDITION"

N00°11'06"E 962.13

Drainage & Utility Easement

Over All of OUTLOT F SW Corner of Block 1,

IOW ALL PERSONS BY THESE PRESENTS: That Cedar Point Investments, LLC, a Minnesota limited liability company, fee owner of the lowing described property situated in the State of Minnesota, County of Hennepin, to wit:	SURVEYORS CERTIFICATE I Rory L. Synstelien do hereby certify that this plat was prepared by me or under my direct supervision; that I am a duly Licensed Land Survey.
Lots 2 through 14, Block 1, and Lots 1 through 5 and 9 through 16, Block 2, "IVERSON'S SECOND ADDITION" Id	in the State of Minnesota; that this plat is a correct representation of the boundary survey; that all mathematical data and labels are correct designated on this plat; that all monuments depicted on this plat have been or will be set within one year; that all water boundaries and w lands, as defined in Minnesota Statutes, Section 505.01, Subd. 3, as of the date of this certificate are shown and labeled on this plat; and
All that part of vacated East 64th Street as dedicated in "IVERSON'S SECOND ADDITION", according to the recorded plat thereof, Hennepin County, Minnesota, lying westerly of a line drawn from the northeast corner of Block 2, said "IVERSON'S SECOND ADDITION", to the southeast corner of Block 1, said "IVERSON'S SECOND ADDITION"; and lying easterly of a line drawn from the northwest corner of said Block 2, to the southwest corner of said Block 1.	public ways are shown and labeled on this plat. Dated this day of , 20 .
OUTLOT C, RF64 TOWNHOMES.	Dated thisday of
s caused the same to be surveyed and platted as RF64 and dedicate to the public for public use the public way, and the easements for ainage and utility purposes as created by this plat.	Rory L. Synstelien, Licensed Land Surveyor Minnesota License No. 44565
witness whereof said Cedar Point Investments, LLC, a Minnesota limited liability company, has caused these presents to be signed by its oper officer thisday of	STATE OF MINNESOTA, COUNTY OF
gned: Cedar Point Investments, LLC	This instrument was acknowledged before me thisday of, 20, by Rory L. Synstelien
:	Notary Signature Notary Printed Name My Commission Expires:
OUNTY OF	Notary Public County,
is instrument was acknowledged before me thisday of, 20,	
, itsof Cedar Point Investments, LLC, a Minnesota limited liability mpany, on behalf of the company.	CITY COUNCIL, CITY OF RICHFIELD, MINNESOTA This plat of RF64 was approved and accepted by the City Council of the City of Richfield, Minnesota at a regular meeting held
inputty, on behalf of the company.	thisday of, 20, and said plat is in compliance with the provisions of Minneso Statutes, Section 505.03, Sub. 2.
tary Signature Notary Printed Name Commission Expires:	City Council, City of Richfield, Minnesota
tary Public County,	by, Mayor by, Manager
	,, ,, ,, ,

Drainage & Utility Easement

Over All of OUTLOT G

Drainage & Utility Easement

Over All of OUTLOT H

Drainage & Utility Easement

Over All of OUTLOT I

nat I am a duly Licensed Land Surveyor hematical data and labels are correctly ear; that all water boundaries and wet shown and labeled on this plat; and all	I hereby certify that taxes payable in 20and prior years have been paid for land described on this plat dated thisday of, 20 Mark V. Chapin, County Auditor
	By:Deputy
	SURVEY DIVISION, Hennepin County, Minnesota Pursuant to Minnesota Statutes Section 383B.565 (1969), this plat has been approved this
0, by Rory L. Synstelien.	Chris F. Mavis, County Surveyor By:
	COUNTY RECORDER, Hennepin County, Minnesota I hereby certify that the within plat of RF64 was recorded in this office thisday of, 20, ato'clock m.
gular meeting held nce with the provisions of Minnesota	Martin McCormick, County Recorder

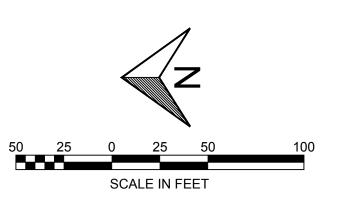
RESIDENT AND REAL ESTATE SERVICES, Hennepin County, Minnesota

Drainage & Utility Easement

Over All of OUTLOT B

--Drainage & Utility Easement

Over All of OUTLOT C



Bearings are based on the westerly line of Block 1, "IVERSON'S SECOND ADDITION" having an assumed bearing of N00°11'06"E

- Found Iron Monument (see map for type)
- O 1/2 inch by 14 inch Iron Monument Set Marked "RLS 44565"



AGENDA SECTION: AGENDA ITEM# RESOLUTIONS

4.



STAFF REPORT NO. 39 HOUSING AND REDEVELOPMENT AUTHORITY MEETING 11/16/2020

REPORT PREPARED BY: Melissa Poehlman, Asst. Community Development Director

OTHER DEPARTMENT REVIEW: N/A

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director

11/12/2020

ITEM FOR COUNCIL CONSIDERATION:

Consider a resolution approving a Contract for Private Development with Lynk 65, LLC (formerly Enclave Development LLC) for redevelopment of properties at 65th Street and Lyndale Avenue and authorizing issuance of a Tax Increment Limited Revenue Note.

EXECUTIVE SUMMARY:

On September 24, 2019, representatives of Enclave Development, LLC, now, Lynk 65, LLC (Developer) presented conceptual plans for a mixed use development at the corner of 65th Street and Lyndale Avenue to the Housing and Redevelopment Authority (HRA), City Council, and Planning Commission. Based on generally positive feedback received at that meeting, the HRA approved a Preliminary Development Agreement (Preliminary Agreement) with the Developer on February 18, 2020. This Preliminary Agreement provided for the support and cooperation of the HRA as the Developer worked to develop a financially feasible project that meets the goals of the City and HRA. Additionally, the preliminary development agreement provided the time and financial support for HRA staff and financial consultants (Ehlers) to quantify the potential public assistance available to cover any cost "gap" that the Developer's feasibility analysis identified. The original Preliminary Agreement was subsequently extended due to the impact of the Coronavirus pandemic.

Since the Preliminary Agreement was approved by the HRA in February, the Developer has worked with HRA staff, Ehlers, and the HRA Attorney to develop a financially feasible project that would meet the goals of the HRA and City Council. These efforts have included:

- Submittal of a revised pro forma for review;
- Meet with existing tenants to explore opportunities for tenancy in the new building or relocation. Provide
 existing tenants with access to a commercial broker and a list of available and comparable space
 nearby;
- Submittal of preliminary plans (those presented in to policymakers in July) for staff-level sketch plan review. Revisions included walk-up units along 65th Street to address street-frontage concerns.

As both the Developer and the HRA have now met all of the obligations of the Preliminary Agreement, HRA consideration of a Contract for Private Development (Contract) is now being sought. This Contract was drafted by HRA Legal Counsel (Julie Eddington of Kennedy and Graven) and has been reviewed and edited by both HRA staff and the Developer. Among the provisions of the Contract are:

- The Developer will make improvements totaling at least \$37.71 million to include construction of a new 5-story mixed use building to include 157 apartment units and approximately 8,000 square feet of commercial space:
- The Developer will pay and/or reimburse the HRA's up-front costs to create this Contract, to establish

- a Tax Increment Financing (TIF) District and other administrative costs;
- The development will include 10, 2-bedroom apartments that are affordable to households with incomes
 of 60% or lower than the Area Median Income (AMI) for the life of the TIF District (projected to be 17
 years);
- The HRA would withhold the first 10% of Tax Increment for reimbursement of its ongoing administrative
 costs throughout the life of the District. The Developer would receive a diminishing percentage of the
 TIF over the life of the District with the difference being "pooled" as a contribution the City's Housing
 and Redevelopment Fund, as follows:

Years in which TIF Received	Increment to Developer	Increment to HRA
Year 1 - 12	90%	10%
Year 12.5 - 15	70%	30%
Year 15.5 - 17	21%	79%

- The maximum TIF that would be available to the Developer is \$5,723,074. Staff and the HRA's Financial have concluded that the development could not occur "But For" this level of assistance;
- As a reminder, in a TIF District, the property owner continues to pay taxes on the pre-redevelopment
 property values to all of the taxing jurisdictions (City, County & School District) as had been the case
 prior to the establishment of a TIF District. The property owner also pays normal property taxes on the
 value of the new construction; these "new" taxes can be returned to the developer to reimburse them
 for costs necessary to make the project financially feasible while still meeting affordability
 requirements.

RECOMMENDED ACTION:

By motion: Approve a resolution approving a Contract for Private Development with Lynk 65, LLC and authorizing the issuance of a Tax Increment Limited Revenue Note.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- In 1997-1998, a large scale visioning process for the area bounded by 62nd and 67th Streets and Pleasant Avenue and 35W took place. The resulting Lakes at Lyndale Master Plan (Plan) envisioned a thriving urban downtown area made up of a variety of multi-family housing types, commercial uses, and natural elements. The evolution of this area has continued since the adoption of that Plan.
- In 2011, the north half of this block was redeveloped into what is now Lyndale Plaza. Investment and revitalization in this area has continued with the Lyndale Station commercial development to the south and the former Lyndale Garden Center to the west.
- On September 24, 2019 representatives of Lynk 65, LLC presented conceptual plans for a mixed use development to the City Council, HRA, and Planning Commission.
- The HRA approved a Preliminary Development Agreement with the Developer on February 18, 2020.
- Revised conceptual plans were presented to the City Council, HRA, and Planning Commission on July 20, 2020.

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

- The Preliminary Agreement between the Developer and the HRA was originally approved by the HRA on February 18. That Preliminary Agreement states that "the parties [the HRA and the Developer] will attempt in good faith to negotiate the terms of a contract for private development..."
- In a Redevelopment TIF District there are no statutory requirements related to affordability. The HRA and City's Inclusionary Housing Policy states that rental housing developments that receive financial assistance must either:
 - Reserve 20% of the units for households earning 60% or less of the Area Median Income;
 OR

•

- Contribute 15% of the available Tax Increment generated to the Richfield Housing and Redevelopment Fund.
- The proposed agreement would provide 10 larger (2-bedroom) affordable units (6.4% of total units) plus a 15% contribution to the City's Housing and Redevelopment Fund (in addition to the 10% retained for administration of the District). This contribution has present value of \$812,421.

C. CRITICAL TIMING ISSUES:

- This Agreement does not constitute approval of land use applications.
- Land use approvals and building permits are required prior to construction.
- Construction must commence by August 31, 2021 and be substantially complete by August 31, 2023.

D. FINANCIAL IMPACT:

- The Contract calls for the Developer to receive up to \$5,723,074 in Tax Increment Financing (TIF).
 - That TIF would be provided in the form of a "Pay-As-You-Go" Note and would not pose a
 financial risk to the HRA (the risk would be to the Developer if the property failed to pay
 adequate property taxes).
 - The development property would continue to pay property taxes to all of the current taxing jurisdictions (City, County and School District) on the "base value" of the property.
 - The Developer would be obligated to reimburse the HRA for legal and financial costs associated with drafting this Contract and with evaluating and establishing a TIF District.
 - Over the life of the District, the HRA will receive \$691,716 in administrative funds and an \$812,421 contribution to the City's Housing and Redevelopment Fund.

E. **LEGAL CONSIDERATION:**

• The HRA Attorney drafted the Agreement.

ALTERNATIVE RECOMMENDATION(S):

- 1. Do not approve the Agreement.
- 2. Approve the Agreement with modifications.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Brian Bochman - Enclave Development / Lynk 65, LLC

ATTACHMENTS:

DescriptionType□ResolutionResolution Letter□Development AgreementContract/Agreement

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

RESOL	UTION NO.	
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RESOLUTION APPROVING CONTRACT FOR PRIVATE DEVELOPMENT WITH LYNK 65, LLC AND AUTHORIZING THE ISSUANCE OF A TAX INCREMENT LIMITED REVENUE NOTE

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (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"); and

WHEREAS, on the date hereof, the Authority approved a modification of the Redevelopment Plan and approved a tax increment financing plan (the "TIF Plan") for the 2020-3 Tax Increment Financing District: Lynk 65 (the "TIF District"), a redevelopment district to be established within the Redevelopment Project, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"); and

WHEREAS, the City Council of the City is expected to adopt a resolution on November 24, 2020, approving the modification of the Redevelopment Plan and the TIF Plan for the TIF District, in accordance with the TIF Act; and

WHEREAS, Lynk 65, LLC, a North Dakota limited liability company (the "Developer"), intends to acquire certain property from the Authority (the "Development Property") and construct thereon approximately 157 units of housing, with ten (10) affordable two-bedroom units, and approximately 8,000 square feet of retail space (the "Minimum Improvements"); and

WHEREAS, there has been presented before this Board of Commissioners of the Authority (the "Board") a Contract for Private Development (the "Development Agreement") between the Authority and the Developer, pursuant to which the Developer will agree to construct the Minimum Improvements, and the Authority will agree to reimburse the Developer for certain public redevelopment costs associated with the Minimum Improvements (the "Public Redevelopment Costs"); and

WHEREAS, pursuant to Minnesota Statutes, Section 469.178, the Authority is authorized to issue and sell its bonds for the purpose of financing a portion of the Public Redevelopment Costs, and such bonds shall be payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds; and

WHEREAS, pursuant to the Development Agreement, the Authority has proposed to issue a Tax Increment Limited Revenue Note to the Developer (the "TIF Note") in the maximum principal amount of \$______ to reimburse the Developer for the Public Redevelopment Costs; and

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

Section 1. <u>The Development Agreement</u>. The Development 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 Development 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.

Section 2. The TIF Note.

- 2.01. The Authority hereby approves and authorizes the Chair and Executive Director to execute the TIF Note upon the Executive Director's determination that the conditions for issuance of the TIF Note set forth in Section 3.3 of the Development Agreement have been met. The TIF Note shall be sold to the Developer with such terms provided in the Development Agreement. The Authority hereby delegates to the Executive Director the determination of the date on which the TIF Note is to be delivered. The Authority shall receive in exchange for the sale of the TIF Note the agreement of the Developer to pay or cause to be paid the Public Redevelopment Costs.
- 2.02. The TIF Note shall be in substantially the form set forth in Exhibit B attached to the Development Agreement, with the blanks to be properly filled in and the principal amount and payment schedule adjusted as of the date of issue.
- 2.03. The TIF Note shall be issued as a single typewritten note numbered R-1. The TIF Note shall be issuable only in fully registered form. Principal of the TIF Note shall be payable by check or draft issued by the registrar described herein. Principal of the TIF Note shall be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date (as defined in the Development Agreement), whether or not such day is a business day.
- 2.04. The Authority hereby appoints the Executive Director of the Authority to perform the functions of registrar, transfer agent and paying agent (the "Registrar") for the TIF Note. The effect of registration and the rights and duties of the Authority and the Registrar with respect thereto shall be as follows:
- (a) The Registrar shall keep at its office a bond register in which the Registrar shall provide for the registration of ownership of the TIF Note and the registration of transfers and exchanges of the TIF Note.
- (b) Upon surrender for transfer of the TIF Note 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, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new TIF Note or Notes of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the TIF Note shall not be transferred to any person other than an affiliate, or other related entity, of the Developer unless the Authority has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Developer or a certificate of the transferor, in a form satisfactory to 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.
- (c) Any TIF Note surrendered upon any transfer shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the Authority.
- (d) If the TIF Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such TIF Note or separate instrument of transfer is

legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

- (e) The Authority and the Registrar may treat the person in whose name the TIF Note is at any time registered in the bond register as the absolute owner of such TIF Note, whether the TIF Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of such TIF Note and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the Authority upon such TIF Note to the extent of the sum or sums so paid.
- (f) For every transfer or exchange of the TIF Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to such transfer or exchange.
- shall deliver a new TIF Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of such mutilated TIF Note or in lieu of and in substitution for such TIF Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of the TIF Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that such TIF Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the Authority and the Registrar shall be named as obligees. The TIF Note so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the Authority. If the mutilated, lost, stolen, or destroyed TIF Note has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new TIF Note prior to payment.
- 2.05. The TIF Note shall be prepared under the direction of the Executive Director and shall be executed on behalf of the Authority by the signatures of its Chair and Executive Director. In case any officer whose signature shall appear on the TIF Note shall cease to be such officer before the delivery of the TIF Notes, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. When the TIF Note has been so executed, it shall be delivered by the Executive Director to the Developer in accordance with the Development Agreement.

Section 3. <u>Security Provisions of the TIF Note.</u>

- 3.01. The Authority hereby pledges to the payment of the principal of the TIF Note all Available Tax Increment (as defined in the Development Agreement and as further described in the TIF Note). Available Tax Increment shall be applied to payment of the principal of the TIF Note in accordance with the terms of Development Agreement and the form of TIF Note.
- 3.02. Until the date the TIF Note is no longer outstanding and no principal thereof (to the extent required to be paid pursuant to this resolution) remains unpaid, the Authority shall maintain a separate and special "Bond Fund" for the TIF Note to be used for no purpose other than the payment of the principal of the TIF Note. The Authority irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment, subject to the terms of the Development Agreement. Any Available Tax Increment remaining in either Bond Fund shall be transferred to the Authority's account for the TIF District upon the payment of all principal to be paid with respect to the TIF Note.

Section 4. Miscellaneous.

- 4.01. 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 Development Agreement.
- 4.02. The officers of the Authority are hereby authorized and directed to prepare and furnish to the Developer certified copies of all proceedings and records of the Authority, and such other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the TIF Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall be deemed representations of the Authority as to the facts recited therein.
- 4.03. The approval of the Development Agreement is contingent upon the City's approval of the establishment of the TIF District and the related documents.
 - 4.04. This resolution shall be effective upon full execution of the Development Agreement.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 16th day of November, 2020.

ATTEST:	Mary Supple, Chair	
Maria Regan Gonzalez, Secretary		

CONTRACT

FOR

PRIVATE DEVELOPMENT

between

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

and

LYNK 65, LLC

Dated November 24, 2020

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

Telephone: 612-337-9300

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CONTRACT FOR PRIVATE DEVELOPMENT

THIS CONTRACT FOR PRIVATE DEVELOPMENT, made as of the ___ day of _____, 2020 (the "Agreement"), is 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 LYNK 65, 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, Minnesota (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

WHEREAS, within the Redevelopment Project, the Authority has created the 2020-3 Tax Increment Financing District (the "TIF District"), a redevelopment district, in order to facilitate redevelopment of certain property in the Redevelopment Project; and

WHEREAS, the Developer intends on acquiring certain property (the "Development Property") within the TIF District and construct thereon approximately 157 units of housing, with ten (10) affordable two-bedroom units, and approximately 8,000 square feet of retail space (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 reimburse the Developer for a portion of the land acquisition costs, demolition and remediation costs, certain site improvement costs, and other costs related to the Minimum Improvements that may be reimbursed with tax increment; 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 of Minnesota 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. <u>Definitions</u>. In this Agreement, unless a different meaning clearly appears from the context, the following terms have the following meanings:
- "Agreement" means this Contract for Private Development, as the same may be from time to time modified, amended, or supplemented.
- "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 and paid to the Authority by the County in the six (6) months preceding the Payment Date after first deducting therefrom ten percent (10%) of the Tax Increment to be used to reimburse the Authority for administrative expenses and, subject to Section 4.5 hereof. 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. For the first seventeen (17) years of the TIF District, the percentage of Tax Increment to be provided to the Developer and the Authority will be allocated as follows:

Years in which Tax Increment Received	Tax Increment to Developer	Tax Increment to Authority
Year 1-12 (commencing August 1, 2023	90%	10%
and ending February 1, 2035)		
Year 12.5-15.5 (commencing August 1,	70%	30%
2035 and ending February 1, 2038)		
Year 16-17 (commencing August 1, 2038	21%	79%
and ending February 1, 2040)		

[&]quot;Board" means the Board of Commissioners of the Authority.

"Certificate of Completion" means the certification provided to the Developer pursuant to Section 4.4 hereof and set forth in EXHIBIT D.

"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.

[&]quot;City" means the City of Richfield, Minnesota.

[&]quot;City Council" means the City Council of the City.

[&]quot;Closing" has the meaning given such term in Section 3.2 hereof.

- "County" means Hennepin County, Minnesota.
- "Declaration of Restrictive Covenants" means the Declaration of Restrictive Covenants between the Authority and the Developer in substantially the form set forth in EXHIBIT E.
- "Developer" means Lynk 65, LLC, a Minnesota limited liability company, or its permitted successors and assigns.
 - "Development Property" means the real property described in EXHIBIT A.
 - "Event of Default" means an action by the Developer listed in Article IX hereof.
 - "Holder" means the owner of a Mortgage.
 - "HRA Act" means Minnesota Statutes, Sections 469.001 through 469.047, as amended.
- "Material Change" means a change in construction plans having a material adverse impact on the generation of Tax Increment.
- "Maturity Date" means the date that the TIF Note has been paid in full or terminated, whichever is earlier.
- "Minimum Improvements" means the demolition of blighted buildings on the Development Property and the development of approximately 157 units of market rate housing and approximately 8,000 square feet of retail space on the Development Property.
 - "Minimum Market Value" has the meaning set forth in Section 4.2(a)(vi) hereof.
- "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 hereof.
- "Payment Date" means each February 1 and August 1 on which principal of and interest on the TIF Note is paid.
 - "Project Area" means the real property located within the boundaries of the Redevelopment Project.
- "Preliminary Development Agreement" means the Preliminary Development Agreement, dated February 18, 2020, between the Authority and the Developer.
- "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 the costs of land acquisition costs, demolition, environmental investigation and remediation costs, utility relocation, site grading and excavation related to demolition and remediation, soil correction and shoring, construction of parking structure, and public infrastructure.
- "Redevelopment Plan" means the Redevelopment Plan for the Redevelopment Project approved and adopted by the Board and the City Council.
 - "Redevelopment Project" means the Richfield Redevelopment Project.

"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 TIF Act.

"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 Act" means the Tax Increment Financing Act, Minnesota Statutes, Sections 469.174 through 469.1794, as amended.

"TIF District" means the 2020-3 Tax Increment District – Lynk 65, a redevelopment district within the Redevelopment Project.

"TIF Note" means the Tax Increment Limited Revenue Note, substantially in the form attached hereto as EXHIBIT B, to be delivered by the Authority to the Developer pursuant to Section 3.3(a) hereof.

"TIF Plan" means the Tax Increment Financing Plan for the TIF District, as approved by the City Council of the City on November 24, 2020, as it may be amended and supplemented.

"Unavoidable Delays" means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of strikes 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; rioting; a declared state of emergency or public health emergency or pandemic (including, without limitation, Covid-19), government mandated quarantine, closures, or travel bans; disruption, breakdowns, delayed production of materials needed to construct the Minimum Improvements; interruptions to transportation networks or delivery systems, or the use of equipment, labor, or materials, including, without limitation, the closure of government buildings, airports, harbors, railroads, or pipelines, or other infrastructure due to worldwide or regional pandemic or other health related event disruptions; and any other cause not reasonably within the control of such party and which by the exercise of due diligence such party is unable, wholly or in part, to prevent or overcome or acts of any federal, state or local governmental unit (other than the Authority in exercising its rights under this Agreement) which directly result in delays.

ARTICLE II

Representations and Warranties

- Section 2.1. <u>Representations by the Authority</u>. 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, demolition and remediation costs, and site improvement 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 Authority finds that the Minimum Improvements are necessary to alleviate a shortage of decent, safe, and sanitary housing and promote redevelopment of blighted properties in the City.
- (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 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 this Agreement within the meaning of Section 469.009 of the HRA Act.

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

- (a) The Developer is a Minnesota limited liability company, duly organized and in good standing under the laws of the State of Minnesota and is duly authorized to transact business within the State, and has the power to enter into this Agreement.
- (b) The Developer will construct, operate and maintain the Minimum Improvements in accordance with the terms of this Agreement, the Redevelopment Plan, and all local, State, and federal laws and regulations (including, but not limited to, environmental, zoning, building code, labor, 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) The Developer will 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.

ARTICLE III

Property Acquisition; Financing

Section 3.1. <u>Status of Development Property</u>. An affiliate of the Developer has executed a purchase agreement for the Development Property and will acquire the parcels comprising the Development Property from a third party. The Authority has no obligation to acquire the Development Property.

Section 3.2. Environmental Conditions.

- (a) The Developer acknowledges that the Authority makes no representations or warranties as to the condition of the soils on the Development Property or the fitness of the Development Property for construction of the Minimum Improvements or any other purpose for which the Developer may make use of such property, and that the assistance provided to the Developer under this Agreement neither implies any responsibility by the Authority for any contamination of the Development Property nor imposes any obligation on such parties to participate in any cleanup of the Development Property.
- (b) Without limiting its obligations under Section 8.3 hereof, the Developer further agrees that it will indemnify, defend, and hold harmless the Authority and its governing body members, officers, and employees, from any claims or actions arising out of the presence, if any, of hazardous wastes or pollutants existing on or in the Development Property, unless and to the extent that such hazardous wastes or pollutants are present as a result of the actions or omissions of the indemnitees. Nothing in this Section will be construed to limit or affect any limitations on liability of the Authority under State or federal law, including without limitation Minnesota Statutes, Sections 466.04 and 604.02, as amended.

Section 3.3. <u>Issuance of Pay-As-You-Go TIF Note</u>.

(a) To reimburse the Developer for certain Public Redevelopment Costs, the Authority shall issue and deliver and the Developer shall purchase the TIF Note in the principal amount of \$5,723,074 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 Note shall consist of the Developer's payment of the Public Redevelopment Costs in at least the principal amount of the TIF Note.

The Authority shall deliver the TIF Note upon delivery by the Developer of an investment letter in substantially the form attached hereto 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 Note shall be payable each Payment Date solely with Available Tax Increment.

- (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 Note will be sufficient to pay the principal of and interest on the TIF Note. Any estimates of Tax Increment prepared by the Authority or its financial or municipal 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 Note to a lender that provides 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 Note, the TIF Note may be assigned if the assignee executes an investment letter in substantially the form set forth in EXHIBIT C.

Section 3.4. <u>Termination of TIF District</u>. At any time following payment in full of the principal of and interest on TIF Note, the Authority may use the remaining Tax Increment for any other authorized uses set forth in the TIF Plan or may terminate the TIF District.

Section 3.5. Payment of Administrative Costs. Pursuant to the Preliminary Development Agreement, the Developer has deposited with the Authority \$7,000 to pay Administrative Costs related to the Preliminary Development Agreement and will deposit with the Authority an additional \$15,000 to pay Administrative Costs. "Administrative Costs" are defined as 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 and preparation 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 \$1,000, the Developer shall replenish the deposit to the full \$15,000 within thirty (30) days after receipt of written notice thereof from the Authority. 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 fifteen (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 3.6. <u>Records</u>. 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 Tax Increment.

Section 3.7. <u>Purpose of Assistance</u>. The parties agree and understand that the purpose of the Authority's financial assistance to the Developer is to facilitate redevelopment of blighted properties and the development of housing and is not a "business subsidy" within the meaning of Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

ARTICLE IV

Construction of Minimum Improvements

Section 4.1. <u>Construction of Minimum Improvements</u>. Following the Developer's purchase of the Development Property, 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 hereof, and at all times prior to the Maturity Date, the Developer 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.

Section 4.2. Construction Plans.

- Before commencement of construction of the Minimum Improvements, the Developer shall submit the Construction Plans to the Authority. The Authority Representative will approve the Construction Plans in writing if (i) the Construction Plans conform to the terms and conditions of this Agreement; (ii) the Construction Plans conform to the goals and objectives of the Redevelopment Plan; (iii) the Construction Plans conform to all applicable federal, State, and local laws, ordinances, rules and regulations; (iv) the Construction Plans are adequate to provide for construction of the Minimum Improvements; (v) 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; (vi) the Construction Plans provide for the construction of Minimum Improvements having an estimated market value of at least \$37,710,000 (the "Minimum Market Value"); 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, 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 thirty (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 thirty (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 Representative 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 thirty (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. <u>Commencement and Completion of Construction</u>. Subject to Unavoidable Delays, the Developer will commence the construction of the Minimum Improvements by August 31, 2021, and substantially complete construction of the Minimum Improvements by August 31, 2023. 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. <u>Certificate of Completion</u>.

- (a) Promptly after completion of the Minimum Improvements in accordance with those provisions of this Agreement relating solely to the obligations of the Developer to construct the Minimum Improvements (including the dates for beginning and completion thereof), the Authority Representative will furnish the Developer with a Certificate of Completion (in recordable form) shown in EXHIBIT D hereof; provided, however, that prior to the issuance of the Certificate of Completion, the Developer must provide the Authority with evidence satisfactory to the Authority Representative that all contractors, subcontractors, and project laborers have been paid.
- (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 thirty (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 this 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. Affordability Covenants. The Developer agrees that at all times from initial occupancy of the Minimum Improvements constructed within the TIF District through the earlier of (i) the date that the TIF District is decertified and (ii) the date that is seventeen (17) years after the commencement of the Qualified Project Period (as defined in the Declaration) at least ten (10) two-bedroom units within the Minimum Improvements shall be reserved for occupancy by individuals whose income is sixty percent (60%) or less of the area's median gross income constructed and satisfy the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code. The Developer and the Authority shall execute the Declaration of Restrictive Covenants in substantially the form set forth in EXHIBIT E and record such agreement against the Development Property.

During the term of the Declaration, the Developer shall not adopt any policies specifically prohibiting or excluding any rental to tenants holding certificates/vouchers under Section 8 of the United Stated Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq., or its successor because of such prospective tenant's status as such a certificate/voucher holder.

Section 4.6. <u>Affordable Housing Reporting</u>. At least annually, 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. The income affordability reporting shall be on the form entitled "Tenant Income Certification" from the Minnesota Housing Finance Agency (MHFA HTC Form 14), or if unavailable, any similar form. The Authority may require the Developer to provide additional information reasonably necessary to assess the accuracy of such certification. Unless earlier excused by the Authority, the Developer shall send affordable housing reports to the Authority until TIF District is decertified. If the Developer fails to provide the annual reporting required under this Section, the Authority may withhold payments of Available Tax Increment under the TIF Note.

It is the intention of the parties hereto that if tax-exempt revenue obligations are issued by the City or the Authority for the benefit of the Developer, the annual report required under this Section may be used to satisfy the reporting requirements under a regulatory agreement between the City or the Authority, the Developer, and the trustee for such tax-exempt revenue obligations.

Section 4.7. <u>Notice of Sale of Minimum Improvements</u>. In consideration of the financial assistance provided to the Developer pursuant to Article III hereof, the Developer agrees to provide the Authority with at least ninety (90) days' notice of any sale of the Minimum Improvements.

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 satisfactory to the Authority;
 - (ii) comprehensive general 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 and prior to the Maturity Date, the Developer shall maintain, or cause to be maintained, 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 an additional insured; and
 - (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 and the Authority at least thirty (30) days before the cancellation or modification becomes effective. 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) The Developer agrees to notify the Authority immediately in the case of damage exceeding \$200,000 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 shall complete the repair, reconstruction, and restoration of the Minimum Improvements, 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 \$200,000 and the Developer fails to complete any repair, reconstruction or restoration of the Minimum Improvements within twenty-four (24) months from the date of damage, the Authority may, at its option, terminate the TIF Note as provided in Section 9.3(b) hereof. If the Authority terminates the TIF Note, 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 Note.
- (f) The Developer and the Authority agree that all of the insurance provisions set forth in this Article V shall terminate upon the termination of this Agreement.
- Section 5.2. <u>Subordination</u>. 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 hereof.

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 Note. The Developer understands that the Tax Increments pledged to payment of the TIF Note 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. 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 attorneys' fees.

Section 6.2. <u>Reduction of Taxes</u>. The Developer agrees that after the date of certification of the TIF 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 hereof.

The Developer also agrees that it will not, prior to the Maturity Date, (i) seek exemption from property tax for the Development Property; (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; or (iii) seek or agree to any reduction of the assessor's estimated market value to below the Minimum Market Value.

The Developer may, at any time following the issuance of the Certificate of Completion, seek through petition or other means to have the assessor's estimated market value for the Development Property reduced to not less than the Minimum Market Value. Such activity must be preceded by written notice from the Developer to the Authority indicating its intention to do so.

Upon receiving such notice, or otherwise learning of the Developer's intentions, the Authority may suspend or reduce payments due under the TIF Note except for the portion of such payments from Available Tax Increment based on the Minimum Market Value or the assessor's estimated market value for the year in which the Minimum Improvements have been completed, if less than Minimum Market Value, until the actual amount of the reduction in market value is determined, whereupon the Authority will make the suspended payments less any amount that the Authority is required to repay the County as a result of any retroactive reduction in market value of the Development Property.

During the period that the payments are subject to suspension, the Authority may make partial payments on the TIF Note, from the amounts subject to suspension, 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. Upon resolution of the Developer's tax petition, any Available Tax Increment deferred and withheld under this Section shall be paid, without interest thereon, to the extent payable under the assessor's final determination of market value.

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

Section 6.3. <u>Qualifications</u>. Notwithstanding anything herein to the contrary, the parties acknowledge and agree that upon a transfer of the Development Property to another person or entity, the Developer will remain obligated under Sections 6.1 and 6.2 hereof, unless the Developer is released from such obligations in accordance with the terms and conditions of Section 8.2(b) or 8.3 hereof.

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 subsection (a) above, 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 thirty (30) days from the date when the Authority is provided the evidence of financing. A failure by the Authority rejects the 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 thirty (30) days after such rejection.
- Section 7.2. <u>Authority's Option to Cure Default in Mortgage</u>. 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. <u>Modification</u>; <u>Subordination</u>. 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 or permanent financing and/or to any lender that takes an assignment of the TIF Note as part of the Developer's financing, under terms and conditions reasonably acceptable to the Authority. An agreement to subordinate this Agreement must be approved by the Board.
- Section 7.4. <u>Termination</u>. All the provisions of this Article VII 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; 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. As described more fully in the TIF Note, the TIF Note may be assigned as long as the assignee provides an executed investment letter to the Authority.

ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

- Section 8.1. <u>Representation as to Development</u>. The Developer represents and agrees that its purchase of the Development Property, and its other undertakings pursuant to this 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. <u>Prohibition Against Developer's Transfer of Property and Assignment of Agreement</u>. 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 making 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 this 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 or a retail or commercial tenant), 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.
- (b) In the event the Developer, upon transfer or assignment 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.
 - 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.

After issuance of the Certificate of Completion for the Minimum Improvements, the Developer may transfer or assign the Development Property or the Developer's interest in this Agreement if it obtains the prior written consent of the Authority (which consent will not be unreasonably withheld, conditioned or delayed) and the transferee or assignee is bound by all the Developer's obligations hereunder. 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. If the Developer fails to provide such evidence of transfer and assumption, the Developer shall remain bound by all its obligations under this Agreement.

(c) Notwithstanding any provision in this Agreement to the contrary, the Developer has the right to assign its rights and obligations under this Agreement to a related entity, subject only to the requirements of Section 8.2(b)(iii).

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 governing body 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. As to any willful misrepresentation, gross negligence or any willful or wanton misconduct of the Authority, or its governing body 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 thirty (30) days' written notice to the defaulting party of the event, but only if the event has not been cured within said thirty (30) days or, if the event is by its nature incurable within thirty (30) days, the defaulting party does not, within the thirty (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
 - (b) if 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;
 - (v) is adjudicated a bankrupt or insolvent;
 - (vi) fails to comply with the Declaration; or
 - (vii) fails to comply with labor laws.
- Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 hereof occurs, the non-defaulting party may exercise its rights under this Section 9.2 after providing thirty (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 thirty (30) days or, if the Event of Default is by its nature incurable within thirty (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 this Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under this Agreement;
 - (b) cancel and rescind or terminate this Agreement, subject to the provisions of Section 9.3;
- (c) upon a default by the Developer resulting from the Developer's noncompliance with labor laws, the Authority may determine not to issue the TIF Note, delay the issuance of the TIF Note until the Developer is in compliance with labor laws, reduce the principal amount of the TIF Note issued or to be issued, and/or terminate this Agreement;

- (d) upon a default by the Developer, other than as provided in subsection (c) above, the Authority may suspend payments under the TIF Note or terminate the TIF Note and the TIF District, subject to the provisions of Section 9.3 hereof; or
- (e) 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. <u>Termination or Suspension of TIF Note</u>. After the Authority has issued its Certificate of Completion for the Minimum Improvements, the Authority and the City may exercise its rights under Section 9.2 hereof only for the following Events of Default:
- (a) the Developer fails to pay real estate taxes or assessments on the Development Property or any part thereof when due, and such taxes or assessments shall not have been paid, or provision satisfactory to the Authority made for such payment, within thirty (30) days after written demand by the Authority to do so;
- (b) the Developer fails to comply with Developer's obligation to 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, pursuant to Sections 4.1 and 5.1 hereof; provided that, upon Developer's failure to comply with Developer's obligations under Section 4.1 or 5.1 hereof, if uncured after thirty (30) days' written notice to the Developer of such failure, the Authority may only suspend payments under the TIF Note until such time as Developer complies with said obligations; if the Developer fails to comply with said obligations for a period of eighteen (18) months, the Authority may terminate the TIF Note and the TIF District; or
- (c) if the Developer fails to provide the annual reports required by Section 4.7 hereof regarding compliance with the income restrictions described in Section 4.5 hereof, the Authority may suspend payments of Available Tax Increment under the TIF Note.
- Section 9.4. 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 and 9.3 hereof.
- Section 9.5. <u>No Additional Waiver Implied by One Waiver</u>. 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 9.6. Attorneys' 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 (10) 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.

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 this Agreement, nor shall any such member, official, or employee participate in any decision relating to this Agreement which affects his or her 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 this Agreement.
- Section 10.2. <u>Equal Employment Opportunity</u>. The Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in this Agreement it will comply with all applicable federal, State, and local equal employment and non-discrimination laws and regulations.
- Section 10.3. <u>Restrictions on Use</u>. 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 housing with a retail/commercial component in accordance with the terms of this Agreement, including the affordability requirements set forth in Section 4.5, 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. <u>Provisions Not Merged With Deed.</u> 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. <u>Titles of Articles and Sections</u>. Any titles of the several parts, Articles, and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.
- Section 10.6. <u>Notices and Demands</u>. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under this 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 1 Second Street North, Suite 102, Fargo, ND 58102, Attn: Austin Morris; and
- (b) in the case of the Authority, is addressed to or delivered personally to the Authority at 6700 Portland Avenue South, 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. <u>Counterparts</u>. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

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

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

Section 10.10. <u>Preliminary Development Agreement</u>. On the date of this Agreement, the Preliminary Development Agreement shall terminate.

Section 10.11. <u>Termination.</u> This Agreement terminates on the Maturity Date unless terminated earlier; provided, however Sections 3.5 and 8.3 shall survive any rescission, termination or expiration of this Agreement.

Section 10.12. Estoppel Certificates. Each party, respectively, agrees that at any time and from time to time within 30 business days after receipt of a written request by the other party, to execute, acknowledge and deliver to such party a statement in writing and in such form required by the requesting party, agrees that at any time and from time to time within 30 business days after receipt of a written request by the other party, to execute, acknowledge and deliver to such party a statement in writing and in such form as will enable it to be recorded in the proper office for the recordation of deeds and other instruments certifying: (a) that this Agreement is unmodified and in full force and effect or, if there have been modifications, that the same are in full force and effect as modified and identifying the modifications; (b) that, to the best knowledge of the party, no party is in default under any provisions of this Agreement or, if there has been a default, the nature of such default; (c) that all work to be performed, under this Agreement or any related agreement has been performed or, if not so performed, specifying the work to be performed; and (d) as to any other matter that the requesting party, a prospective purchaser or assignee or a prospective mortgagee or other lender shall reasonably request. It is intended that any such statement may be relied upon by any person, prospective mortgagee of, or assignee of any mortgage, upon such interest. Any such statement on behalf of the Authority may be executed by the Executive Director without Authority Board approval.

IN WITNESS WHEREOF, the Authority has caused this Contract for Private Development to be duly executed in its name and behalf and the Developer has caused this 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
Supple, the Chair of the Housin	nent was acknowng and Redevelop	vledged before me this day of, 2020, by Mary pment Authority in and for the City of Richfield, Minnesota, as of the State of Minnesota, on behalf of the Authority.
		Notary Public
Stark, the Executive Director of	nent was acknow of the Housing ar	wledged before me this day of, 2020, by John and Redevelopment Authority in and for the City of Richfield, c under the laws of the State of Minnesota, on behalf of the
		Notary Public

Execution p	page of	the	Developer	to	the	Contract	for	Private	Development,	dated	the	date	and	year	first
written abov	ve.														

LYNK 65, LLC

By Its
STATE OF
Notary Public

EXHIBIT A

DEVELOPMENT PROPERTY

Lot 2, Block 2 of J N Hausers Addition, according to the plan thereof, Hennepin County, Minnesota

Lots 4, 5, 19, 20, and Lot 18 except the Northwesterly 25 feet of said Lot 18, Block 6, Lyndale Oaks Addition, plus vacated alley between Lots 18 and 19, plus one-half of vacated alley North of Lot 5 and Northeast of Lot 18, Hennepin County, Minnesota, subject to landscaping easements for sidewalk and for other utility uses

Lot 3, Block 6 of Lyndale Oaks Addition, according to the plat thereof, Hennepin County, Minnesota

Lots 2, 4, 5, 18, except the Northwesterly 23 feet thereof, Lots 19 and 20, Block 2, J.N. Hauser's Addition and vacated alley between Lots 18 ad 19, Hennepin County, Minnesota, subject to landscaping easement for sidewalk.

[confirm legal description]

EXHIBIT B

FORM OF TIF NOTE

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

No. R-1

principal is unpaid.

TAX INCREMENT LIMITED REVENUE NOTE SERIES
Rate Of Original Issue
3.75%
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 Lynk 65, LLC, a Minnesota limited liability company, or registered assigns (the "Owner"), the principal sum of \$ and to pay interest thereon at the rate per annum set forth above, as and to the extent set forth herein Capitalized terms used herein that are otherwise not defined shall have the meanings provided in the Contract for Private Development, dated, 20 (the "Agreement"), between the Authority and the Owner.
1. Payments. Principal and interest (the "Payments") shall be paid on August 1, 2023, and each February 1 and August 1 thereafter (each a "Payment Date") to and including
Payments are payable by mail to the address of the Owner or such other address as the Owner may designate upon thirty (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. <u>Interest</u> . Interest at the rate stated above 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 three hundred sixty (360) days and charged for actual days

amount of and solely payable from "Available Tax Increment," which will mean, on each Payment Date, seventy-five percent (75%) of the Tax Increment attributable to the Development Property and paid to the Authority by the County in the six (6) months preceding the Payment Date. The principal of and interest on this Note shall be payable each Payment Date solely from Available Tax Increment. Available Tax

Available Tax Increment. Payments on this Note are payable on each Payment Date in the

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 the County with respect to the Development Property.

- 4. <u>Optional Prepayment</u>. 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. <u>Termination</u>. 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, but only if the Event of Default has not been cured in accordance with Section 9.2 of the Agreement.
- 6. <u>Nature of Obligation</u>. This Note is issued to aid in financing certain public development costs and administrative costs of a Redevelopment 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 Board of Commissioners of the Authority on November 24, 2020, 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. <u>Estimated Tax Increment Payments</u>. Any estimates of Tax Increment prepared by the Authority or its financial or municipal 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. <u>Transfer</u>. 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 Executive Director, as registrar (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 attached to 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 to 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 Board of Commissioners of the Authority, 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 the Resolution and is entitled to the benefits thereof, which Resolution is incorporated herein by reference.

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.

HAHAMA

ANTE

DEDEVICE ODMENIC

	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.

Date of Registration	Registered Owner	Signature of Executive Director
	Lynk 65, LLC	
	Federal ID #	

EXHIBIT C

FORM OF INVESTMENT LETTER

	Housing and Redevelopment Authority in an on: Executive Director	d for the City of Richfield (the "Authority")
Re:	\$ Tax Increment Limited Reve	nue Note, Series 20
2020 (t	pursuant to a resolution adopted by the Bo	in principal amount of the above-captioned Note (the ard of Commissioners of the Authority on November 16, bu and to Kennedy & Graven, Chartered, Minneapolis,

- 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 November 24, 2020 (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 or municipal 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.

	We represent to you that we are purchasing the TIF Note for our own accounts and not for distribution thereof, except to the extent otherwise provided in the TIF Note, the Resolution, or ution adopted by the Authority.
10. context clearly	All capitalized terms used herein have the meaning provided in the Contract unless the requires otherwise.
11.	The Owner's federal tax identification number is
12.	We acknowledge receipt of the TIF Note as of the date hereof.
	LYNK 65, LLC
	By Its
Dated:	, 20

EXHIBIT D

FORM OF CERTIFICATE OF COMPLETION

"Developer"), has fully complied with its oblim "Contract for Private Development," dated Redevelopment Authority in and for the City of recorded in the office of [County Recorder], 20, as document number Minimum Improvements in accordance with	Lynk 65, LLC, a Minnesota limited liability company (the igations under Articles III and IV of that document titled, 2020, between the Housing and Richfield, Minnesota and the Developer (the "Agreement"), [Registrar of Titles] of Hennepin County, Minnesota on, with respect to construction of the Article IV of the Agreement, and that the Developer is oligations with respect to construction of the Minimum Agreement.
Dated:, 20	
	HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA
	By
STATE OF MINNESOTA) SS. COUNTY OF HENNEPIN)	
The foregoing instrument was ackn , the Executive Director of City of Richfield, Minnesota, on behalf of the Au	owledged before me this, 20, by f the Housing and Redevelopment Authority in and for the athority.
	Notary Public

FORM OF DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS, made as of the	day of
, 20 (the "Declaration"), is by LYNK 65, LLC, a Minnesota limited liability of	ompany
(the "Developer"), in favor of the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FO	OR THE
CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the	State of
Minnesota (the "Authority").	

RECITALS:

WHEREAS, the Authority and the Developer entered into a Contract for Private Development, dated November 24, 2020 (the "Contract"); and

WHEREAS, pursuant to the Contract, the Developer will construct a multifamily housing development consisting of approximately 157 units of housing, including ten (10) affordable two-bedroom units, and approximately 8,000 square feet of retail space (the "Project") on real property legally described in EXHIBIT A attached hereto (the "Development Property"), and to cause compliance with certain affordability covenants described in Section 4.5 of the Contract; and

WHEREAS, Section 4.5 of the Contract requires that the Developer cause to be executed an instrument in recordable form substantially reflecting the covenants set forth in Section 4.5 of the Contract; and

WHEREAS, the Developer intends, declares, and covenants that the restrictive covenants set forth herein will be and are covenants running with the Development Property for the term described herein and binding upon all subsequent owners of the Development Property for the term described herein, and are not merely personal covenants of the Developer; and

WHEREAS, capitalized terms in this Declaration have the meaning provided in the Contract unless otherwise defined herein.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Developer agrees as follows:

1. <u>Term of Restrictions</u>.

- (a) Occupancy and Rental Restrictions. The term of the Occupancy Restrictions set forth in Section 3 hereof will commence on the date a certificate of occupancy is received from the City of Richfield, Minnesota (the "City") for all rental units on the Development Property (the "Rental Housing Units"). The period from commencement to termination is the "Qualified Project Period."
- (b) <u>Termination of Declaration</u>. This Declaration will terminate upon the date that is seventeen (17) years after the commencement of the Qualified Project Period.
- (c) <u>Removal from Real Estate Records</u>. Upon termination of this Declaration, the Authority will, upon request by the Developer or its assigns, file any document appropriate to remove this Declaration from the real estate records of Hennepin County, Minnesota.

2. <u>Project Restrictions</u>.

- (a) the Developer represents, warrants, and covenants that:
- (i) All leases of Rental Housing Units to Qualifying Tenants (as defined in Section 3(a)(i) hereof) will contain clauses, among others, wherein each individual lessee:
 - (1) certifies the accuracy of the statements made in its application and Eligibility Certification (as defined in Section 3(a)(ii) hereof); and
 - (2) agrees that the family income at the time the lease is executed will be deemed substantial and material obligation of the lessee's tenancy, that the lessee will comply promptly with all requests for income and other information relevant to determining low or moderate income status from the Developer or the Authority, and that the lessee's failure or refusal to comply with a request for information with respect thereto will be deemed a violation of a substantial obligation of the lessee's tenancy.
- (ii) Following reasonable written notice from the Authority, the Developer will permit any duly authorized representative of the Authority to inspect the books and records of the Developer pertaining to the income of Qualifying Tenants residing in the Project.

3. Occupancy Restrictions.

- (a) <u>Tenant Income Provisions</u>. The Developer represents, warrants, and covenants that:
- Qualifying Tenants. From the commencement of the Qualified Project Period, at least ten (10) two-bedroom units of the Rental Housing Units will be occupied (or treated as occupied as provided herein) or held vacant and available for occupancy by Qualifying Tenants. Qualifying Tenants means those persons and families who are determined from time to time by the Developer to have combined adjusted income that does not exceed sixty percent (60%) of the Minneapolis-St. Paul metropolitan statistical area (the "Metro Area") median income for the applicable calendar year. For purposes of this definition, the occupants of a residential unit will not be deemed to be Qualifying Tenants if all the occupants of such residential unit at any time are "students," as defined in Section 151(c)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), not entitled to an exemption under the Code. The determination of whether an individual or family is of low or moderate income will be made at the time the tenancy commences and on an ongoing basis thereafter, determined at least annually. If during their tenancy a Qualifying Tenant's income exceeds one hundred forty percent (140%) of the maximum income qualifying as low or moderate income for a family of its size, the next available unit (determined in accordance with the Code and applicable regulations) (the "Next Available Unit Rule") must be leased to a Qualifying Tenant or held vacant and available for occupancy by a Qualifying Tenant. If the Next Available Unit Rule is violated, the Rental Housing Unit will not continue to be treated as a Qualifying Unit.
- (ii) <u>Certification of Tenant Eligibility</u>. As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant will be required annually to sign and deliver to the Developer a Certification of Tenant Eligibility substantially in the form attached hereto as EXHIBIT B, or in any other form as may be approved by the Authority (the "Eligibility Certification"), in which the prospective Qualifying Tenant certifies as to being a Qualifying Tenant. In addition, the person will be required to provide whatever other information, documents, or certifications are deemed necessary by the Authority to substantiate the Eligibility Certification, on an ongoing annual basis, and to verify that the tenant continues to be a Qualifying Tenant within the

meaning of Section 3(a) hereof. Eligibility Certifications will be maintained on file by the Developer with respect to each Qualifying Tenant who resides in a Rental Housing Unit or resided therein during the immediately preceding calendar year.

- (iii) <u>Lease</u>. The form of lease to be utilized by the Developer in renting any Rental Housing Units to any person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by the person to immediate eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by the person with respect to the Eligibility Certification.
- (iv) Annual Report. The Developer covenants and agrees that during the term of this Declaration, it will prepare and submit to the Authority on or before April 1 of each year, a certificate substantially in the form of EXHIBIT C hereto, executed by the Developer, (a) identifying the tenancies and the dates of occupancy (or vacancy) for all Qualifying Tenants in the Project, including the percentage of the Rental Housing Units which were occupied by Qualifying Tenants (or held vacant and available for occupancy by Qualifying Tenants) at all times during the year preceding the date of the certificate; (b) describing all transfers or other changes in ownership of the Project or any interest therein; and (c) stating, that to the best knowledge of the person executing the certificate after due inquiry, all the Rental Housing Units were rented or available for rental on a continuous basis during the year to members of the general public and that the Developer was not otherwise in default under this Declaration during the year.
- (v) <u>Notice of Non-Compliance</u>. The Developer will immediately notify the Authority if at any time during the term of this Declaration the Rental Housing Units are not occupied or available for occupancy as required by the terms of this Declaration.
- (b) <u>Section 8 Housing</u>. During the term of this Declaration, the Borrower shall not adopt any policies specifically excluding rental to tenants holding Section 8 certificate/voucher holders.
- 4. <u>Transfer Restrictions</u>. The Developer covenants and agrees that the Developer will cause or require as a condition precedent to any conveyance, transfer, assignment, or any other disposition of the Project prior to the termination of the Rental Restrictions and Occupancy Restrictions provided herein (the "Transfer") that the transferee of the Project pursuant to the Transfer assume in writing, in a form acceptable to the Authority, all duties and obligations of the Developer under this Declaration, including this Section 4, in the event of a subsequent Transfer by the transferee prior to expiration of the Rental Restrictions and Occupancy Restrictions provided herein (the "Assumption Agreement"). The Developer will deliver the Assumption Agreement to the Authority prior to the Transfer.
- 5. <u>Notice of Sale.</u> In consideration of the financial assistance provided to the Developer pursuant to Article IV of the Contract, the Developer agrees to provide the Authority with at least ninety (90) days' notice of any sale of the Project.

6. Enforcement.

- (a) The Developer will permit, during normal business hours and upon reasonable written notice, any duly authorized representative of the Authority to inspect any books and records of the Developer regarding the Project with respect to the incomes of Qualifying Tenants.
- (b) The Developer will submit any other information, documents or certifications requested by the Authority which the Authority deems reasonably necessary to substantial the Developer's continuing compliance with the provisions specified in this Declaration.

- (c) The Developer acknowledges that the primary purpose for requiring compliance by the Developer with the restrictions provided in this Declaration is to ensure compliance of the property with the housing affordability covenants set forth in Section 4.5 of the Contract, and by reason thereof, the Developer, in consideration for assistance provided by the Authority under the Contract that makes possible the construction of the Project on the Development Property, hereby agrees and consents that the Authority will be entitled, for any breach of the provisions of this Declaration, and in addition to all other remedies provided by law or in equity, to enforce specific performance by the Developer of its obligations under this Declaration in a state court of competent jurisdiction. The Developer hereby further specifically acknowledges that the Authority cannot be adequately compensated by monetary damages in the event of any default hereunder.
- (d) The Developer understands and acknowledges that, in addition to any remedy set forth herein for failure to comply with the restrictions set forth in this Declaration, the Authority may exercise any remedy available to it under Article IX of the Contract.
- 7. <u>Indemnification</u>. The Developer hereby indemnifies, and agrees to defend and hold harmless the Authority and its members, officers, and agents from and against all liabilities, losses, damages, costs, expenses (including attorneys' fees and expenses), causes of action, suits, allegations, claims, demands, and judgments of any nature arising from the consequences of a legal or administrative proceeding or action brought against them, or any of them, on account of any failure by the Developer to comply with the terms of this Declaration, or on account of any representation or warranty of the Developer contained herein being untrue.
- 8. <u>Agent of the Authority</u>. The Authority will have the right to appoint an agent to carry out any of its duties and obligations hereunder, and will inform the Developer of any agency appointment by written notice.
- 9. <u>Severability</u>. The invalidity of any clause, part or provision of this Declaration will not affect the validity of the remaining portions thereof.
- 10. <u>Notices</u>. All notices to be given pursuant to this Declaration must be in writing and will be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to any other place as a party may from time to time designate in writing. The Developer and the Authority may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications are sent. The initial addresses for notices and other communications are as follows:

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 Developer: Lynk 65, LLC

1 Second Street North, Suite 102

Fargo, ND 58102 Attn: Austin Morris

11. <u>Governing Law.</u> This Declaration is governed by the laws of the State of Minnesota and, where applicable, the laws of the United States of America.

- 12. <u>Attorneys' Fees.</u> In case any action at law or in equity, including an action for declaratory relief, is brought against the Developer to enforce the provisions of this Declaration, the Developer agrees to pay the reasonable attorneys' fees and other reasonable expenses paid or incurred by the Authority in connection with the action.
- 13. <u>Declaration Binding</u>. This Declaration and the covenants contained herein will run with the real property comprising the Project and will bind the Developer and its successors and assigns and all subsequent owners of the Project or any interest therein, and the benefits will inure to the Authority and its successors and assigns for the term of this Declaration as provided in Section 1(b) hereof.

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

IN WITNESS WHEREOF, the Developer has caused this Declaration of Restrictive Covenants to be signed by its duly authorized representative as of the date and year first written above.

LYNK 65, LLC

By Its
STATE OF MINNESOTA) SS. COUNTY OF) The foregoing instrument was acknowledged before me this day of, 20, by, the of Lynk 65, LLC, a Minnesota limited liability company, on behalf of the Developer.
Minnesota limited liability company, on behalf of the Developer. Notary Public

This document was drafted by: Kennedy & Graven, Chartered (JAE) 150 South Fifth Street, Suite 700 Minneapolis, Minnesota 55402-1299 Telephone: 612-337-9300 This Declaration of Restrictive Covenants is acknowledged and consented to by:

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 Chai	nowledged before me this day of, 20, by r of the Housing and Redevelopment Authority in and for the rporate and politic under the laws of the State of Minnesota, on
	Notary Public
, the Exec	nowledged before me this day of, 20, by utive Director of the Housing and Redevelopment Authority in ablic body corporate and politic under the laws of the State of
	Notary Public

EXHIBIT A TO DECLARATION OF RESTRICTIVE COVENANTS

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

Lot 2, Block 2 of J N Hausers Addition, Richfield MN

Lots 4, 5, 19, 20, and The Sely 43 feet of Lot 18, Incl That Part Of Adj Vac Alley Lying Sly and Swly Of A Line Desc As Beg At Most Nly Ne Cor Of Lot _____

Lot 3, Block 6 of Lyndale Oaks Addition, Richfield MN

[NEED TO CONFIRM ACCURACY OF LEGAL DESCRIPTION]

EXHIBIT B TO DECLARATION OF RESTRICTIVE COVENANTS

CERTIFICATION OF TENANT ELIGIBILITY

Certification of Tenant Eligibility

(INCOME COMPUTATION AND CERTIFICATION)

Project: [A	ddress], Richfield, Mii	nnesota			
Owner:					
Unit Type:	[1 BR]	[1 BR + Den]	[2 BR	1]	
•	personally each of the above apartment de	e following questions for velopment for which ap	or all persons	at I/we have read and answer (including minors) who are to ade, all of whom are listed be	occup
	Name of	Relationship			
	Members of the	To Head of		Place of	
	Household	Household	Age	Employment	
					

Income Computation

- 2. The anticipated income of all the above persons during the 12-month period beginning this date,
 - (a) including all wages and salaries, overtime pay, commissions, fees, tips and bonuses before payroll deductions; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness); interest and dividends; the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts; payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay; the maximum amount of public assistance available to the above persons; periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling; and all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; but
 - (b) excluding casual, sporadic or irregular gifts; amounts which are specifically for or in reimbursement of medical expenses; lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid by the

government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for these types of purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged for the allotments; and payments received pursuant to participation in ACTION volunteer programs, is as follows: \$
3. If any of the persons described above (or whose income or contributions was included in item 2) has any savings, bonds, equity in real property or other form of capital investment, provide:
(a) the total value of all such assets owned by all such persons: \$;
(b) the amount of income expected to be derived from such assets in the 12 month period commencing this date: \$; and
(c) the amount of such income which is included in income listed in item 2:
4. (a) Will all of the persons listed in item 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?
Yes No
(b) Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?
Yes No
THE UNDERSIGNED HEREBY CERTIFY THAT THE INFORMATION SET FORTH ABOVE IS TRUE AND CORRECT. THE UNDERSIGNED ACKNOWLEDGE THAT THE LEASE FOR THE UNIT TO BE OCCUPIED BY THE UNDERSIGNED WILL BE CANCELLED UPON 10 DAYS WRITTEN NOTICE IF ANY OF THE INFORMATION ABOVE IS NOT TRUE AND CORRECT.
Head of Household

Spouse

FOR COMPLETION BY OWNER (OR ITS MANAGER) ONLY

	1.	Calcula	tion of Eligible Tenant Income:
		(a)	Enter amount entered for entire household in 2 above: \$
	amount	(b) entered	If the amount entered in 3(a) above is greater than \$5,000, enter the greater of (i) the in 3(b) less the amount entered in 3(c) or (ii) 10% of the amount entered in 3(a):
		(c)	TOTAL ELIGIBLE INCOME (Line 1(a) plus Line 1(b)): \$
		ct is loc	ount entered in 1(c) is less than or equal to 60% of median income for the area in ated, as defined in the Declaration. 60% is necessary for status as a "Qualifying (a) of the Declaration.
	3.	Rent:	
		(a)	The rent for the unit is \$
	under th	(b) ne Declar	The amount entered in 3(a) is less than or equal to the maximum rent permitted ration.
	4.	Number	of apartment unit assigned:
		lays by j	partment unit was was not last occupied for a period of at least persons whose aggregate anticipated annual income as certified in the above manner uncy of the apartment unit was less than or equal to 60% of Median Income in the
	6 units	Check a	as applicable: Applicant qualifies as a Qualifying Tenant (tenants of at least et), or Applicant otherwise qualifies to rent a unit.
WHICH	IUOW F	D CAU	HEREBY CERTIFIES THAT HE/SHE HAS NO KNOWLEDGE OF ANY FACTS SE HIM/HER TO BELIEVE THAT ANY OF THE INFORMATION PROVIDED Y BE UNTRUE OR INCORRECT.
			LYNK 65, LLC
			By

EXHIBIT C TO DECLARATION OF RESTRICTIVE COVENANTS

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Certificate of Continuing Program Compliance

Date:						
			with respect to the inesota (the "Project			opment located at 65, LLC, a limited
	company (the ld, Minnesota (t	"Owner"), to the "Authority"	the Housing and I), pursuant to that c "), with respect to the	Redevelopmer ertain Declara	nt Authority in a	nd for the City of
			umber of residentia per of these units occ			for occupancy is
	(B) "Qualifying Te		g residential units (iderm is defined in the			
	[1 BR Units]:		_			
	[1 BR + Den U	Inits]:				
	[2 BR Units]:		_			
	(C) designated as last "Certificate	The followin units for Qualif	g residential units ying Tenants since Program Complian	which are ince" was filed	cluded in (B) about the Authority	ove, have been redate on which the by the Owner:
	Uni Numb		Previous Designation of Unit (if any)		Replacing Unit Number	
						_

(D) The following residential units are considered to be occupied by Qualifying Tenants based on the information set forth below:

	Unit Number	Name of Tenant	Number of Persons Residing in the Unit	Number of Bedrooms	Total Adjusted Gross Income	Date of Initial Occupancy	Rent
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
[etc.]							

- (E) The Owner has obtained a "Certification of Tenant Eligibility," in the form provided as EXHIBIT B to the Declaration, from each Tenant named in (D) above, and each such Certificate is being maintained by the Owner in its records with respect to the Project. Attached hereto is the most recent "Certification of Tenant Eligibility" for each Tenant named in (D) above who signed such a Certification since _______, 20____, the date on which the last "Certificate of Continuing Program Compliance" was filed with the Authority by the Owner.
- (F) In renting the residential units in the Project, the Owner has not given preference to any particular group or class of persons (except for persons who qualify as Qualifying Tenants); and none of the units listed in (D) above have been rented for occupancy entirely by students, no one of which is entitled to file a joint return for federal income tax purposes. All of the residential units in the Project have been rented pursuant to a written lease, and the term of each lease is at least twelve (12) months.
- (G) The information provided in this "Certificate of Continuing Program Compliance" is accurate and complete, and no matters have come to the attention of the Owner which would indicate that any of the information provided herein, or in any "Certification of Tenant Eligibility" obtained from the Tenants named herein, is inaccurate or incomplete in any respect.
 - (H) The Project is in continuing compliance with the Declaration.
- (I) The Owner certifies that as of the date hereof at least _____ of the residential dwelling units in the Project are occupied or held open for occupancy by Qualifying Tenants, as defined and provided in the Declaration.

(J) under the Declar	The rental levels for each Qualifying Tenant comply with the maximum permitted ration.
IN WITNESS	WHEREOF, I have hereunto affixed my signature, on behalf of the Owner, on _, 20
	LYNK 65, LLC
	By Its

RC125-375 (JAE) 676132v1

AGENDA SECTION: AGENDA ITEM# RESOLUTIONS

5.



STAFF REPORT NO. 40 HOUSING AND REDEVELOPMENT AUTHORITY MEETING 11/16/2020

REPORT PREPARED BY:

Melissa Poehlman, Asst. Community Development Director

OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director

11/12/2020

ITEM FOR COUNCIL CONSIDERATION:

Consider the resolutions approving a modification to the Redevelopment Plan and approval of a Tax Increment Financing Plan for the 2020-3 Tax Increment Finance District: Lynk 65, and; authorizing an Internal Loan for Advance of Certain Costs in connection with the 2020-3 Tax Increment Finance District: Lynk 65.

EXECUTIVE SUMMARY:

Enclave Development, LLC, now Lynk 65, LLC, (Developer) first presented preliminary plans for the redevelopment of the northwest corner of 65th Street and Lyndale Avenue to the Housing and Redevelopment Authority (HRA), City Council, and Planning Commission at a work session in September 2019. Based on generally positive feedback, the HRA approved a preliminary agreement with the Developer on February 18, 2020 agreeing to explore the possibility of public assistance in the form of Tax Increment to aid in the redevelopment of this prominent corner in the City's downtown. In July, the Developer returned to a work session to present revised plans for a 5-story mixed use building that included 157 rental apartments and approximately 8,000 square feet of ground floor retail space. At the time, neither staff nor the Developer could see a way to incorporate affordable units into the project and instead anticipated a proposal that would "pool" Tax Increment Dollars into the Housing and Redevelopment Fund in order to support housing development elsewhere in the community. However, after significant work by all parties, the proposed development would include 10 affordable 2-bedroom units, and also contribute to the Housing and Redevelopment Fund. The City's current affordable stock is primarily comprised of studios and one-bedroom units; this is project will provide a type of unit that is in short supply in the community.

In accordance with the Contract for Private Development, the HRA is now being asked to consider a Modification to the Redevelopment Plan and approving a Tax Increment Financing Plan (Plan) for the 2020-3 Tax Increment Finance (TIF) District: Lynk 65. That Modification and Plan are contained in an attached document which includes the following:

- The Modification to the existing Richfield Redevelopment Plan including a map update identifying the 2020-3 Lynk 65 TIF District (District) and a short text passage citing the new District;
- A summary of the HRA and City's Authority to create such a District,
- A description of its classification as a Redevelopment District (requiring that more than 50 percent of the existing buildings are structurally substandard);
- An identification of the original Net Tax Capacity that the "base" taxes will be calculated on those taxes will be distributed to all the local taxing jurisdictions (Hennepin County, Richfield Public Schools and the City of Richfield) as was the case prior to the establishment of the TIF District;
- \$23,430,664 as the maximum TIF that could theoretically be collected in the District over its maximum

- lifespan of 26 years;
- The types of uses eligible for expenditure (including acquisition, affordable housing and other qualifying improvements such as structured parking);
- The "But-For" analysis concluding that the resulting housing development "would not reasonably be expected to occur solely through private investment."

While the TIF Plan identifies the maximum amount of Tax Increment that could be generated and the maximum expenditure on certain eligible uses, it does not commit the use of those funds. That commitment in contained in the approved Contract for Private Redevelopment which sets forth the following uses of TIF funds:

- Up to \$5,723,074 to the Developer as a TIF Pay-As-You-Go Note to assist them in funding TIF
 qualifying expenses, to be distributed as follows:
- 10% of the TIF collected to be retained by the Richfield HRA for reimbursement of expenses (including staff costs) in administering this District.
- 15% of the TIF collected will be retained as a contribution to the City's Housing and Redevelopment Fund.

As the HRA has already incurred such expenses related to administering this District, the HRA is also being asked to approve a resolution approving the use of up to \$100,000 from its General Fund to advance the payment of such expenses and the establishment of an Interfund Loan allowing TIF proceeds to be used to repay this advancement of funds.

RECOMMENDED ACTION:

By motion:

- 1. Adopt a resolution approving a modification to the Redevelopment Plan for the Richfield Redevelopment Project; and approving a Tax Increment Financing Plan for the 2020-3 Tax Increment Finance District: Lynk 65, and;
- 2. Adopt a resolution authorizing an internal loan for advance of certain costs in connection with the 2020-3 Tax Increment Finance District: Lynk 65.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- On September 24, 2019 representatives of Lynk 65, LLC presented conceptual plans for a mixed use development to the City Council, HRA, and Planning Commission.
- The HRA approved a preliminary development agreement with the Developer on February 18, 2020
- Revised conceptual plans were presented to the City Council, HRA, and Planning Commission on July 20, 2020.
- The City and HRA have established similar TIF Districts in the past to advance the redevelopment of parcels that have been deemed "blighted."

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

• The proposed Redevelopment Area Modification and TIF Plan describes the statutory authority by which the City and HRA can create a TIF District.

C. CRITICAL TIMING ISSUES:

- Notice was placed in the local newspaper (the Richfield Sun-Current) forecasting that the City Council would be considering this item on November 24.
- The Developer is hoping to begin their project in 2021 and still needs land use approvals. Without the approval of these items, the Developer cannot move forward on other entitlements.

D. FINANCIAL IMPACT:

 The TIF Plan identifies the Original Net Tax Capacity that the "base" taxes will be calculated on - those taxes will be distributed to all the local taxing jurisdictions (Hennepin County, Richfield Public Schools and the City of Richfield) as was the case prior to the establishment of the TIF District;

- According to the TIF Plan, the HRA would be eligible to retain 10% of the TIF collected in the District to reimbuse its costs incurred in administering the District.
- The Contract for Private Development identifies up to \$5,723,074 to the Developer as a TIF Pay-As-You-Go Note; this "Pay-Go" Note obligates the HRA to make payment to the Developer only in the event that the Developer has paid adequate taxes to provide the funding for such payment.

E. LEGAL CONSIDERATION:

• HRA Legal Counsel (Julie Eddington of Kennedy & Graven), has reviewed the documents under consideration and drafted the Resolutions that the HRA and City Council are considering.

ALTERNATIVE RECOMMENDATION(S):

• Defer final consideration of the recommended items until a later date in order to obtain further information.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Representatives of Lynk 65, LLC HRA Financial Consultant Rebecca Kurtz of Ehlers Inc.

ATTACHMENTS:

	Description	Type
D	Resolution - TIF Plan	Resolution Letter
D	Resolution - Interfund Loan	Resolution Letter
D	TIF Plan	Exhibit

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

RESOLUTION NO.

RESOLUTION APPROVING A MODIFICATION TO THE REDEVELOPMENT PLAN FOR THE RICHFIELD REDEVELOPMENT PROJECT; AND APPROVING A TAX INCREMENT FINANCING PLAN FOR THE 2020-3 TAX INCREMENT FINANCE DISTRICT: LYNK 65

WHEREAS, the City of Richfield, Minnesota (the "City") and the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority") have established, and the Authority administers, the Richfield Redevelopment Project (the "Redevelopment Project") located within the City and have created a Redevelopment Plan (the "Redevelopment Plan") therefor, pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended (the "HRA Act"); and

WHEREAS, within the Redevelopment Project the City and the Authority have created certain tax increment financing districts pursuant to the HRA Act and Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"); and

WHEREAS, the City and the Authority have determined to modify the Redevelopment Plan and approve a tax increment financing plan (the "TIF Plan") relating to the creation of a new tax increment financing district within the Redevelopment Project designated as the 2020-3 Tax Increment Financing District: Lynk 65 (the "TIF District"), a redevelopment district, all as described in a plan document presented to the Board of Commissioners of the Authority (the "Board") on the date hereof; and

WHEREAS, pursuant to Section 469.175, subdivision 2a of the TIF Act, notice of the proposed TIF District was provided to the county commissioner who represents the area included in the TIF District on or about October 9, 2020; and

WHEREAS, pursuant to Section 469.175, subdivision 2 of the TIF Act, the proposed TIF Plan and the estimates of the fiscal and economic implications of the TIF Plan were presented to the Clerk of the Board of Education of Richfield Public Schools and to the Taxpayer Services Division Manager, as the County Auditor, of Hennepin County, Minnesota (the "County") on or about October 23, 2020; and

WHEREAS, the City Council of the City (the "City Council") will conduct a public hearing on November 24, 2020, relating to the approval of the modified Redevelopment Plan and the TIF Plan for the TIF District, and all interested parties will have the opportunity to have their views heard at the public hearing; and

WHEREAS, following the public hearing, the City Council will consider a resolution approving the modified Redevelopment Plan and the TIF Plan for the TIF District; and

WHEREAS, the Board has reviewed the contents of the modified Redevelopment Plan and the TIF Plan; and

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

- 1. The modified Redevelopment Plan is hereby approved.
- 2. The TIF Plan for the TIF District is hereby approved.
- 3. The Board hereby makes all the findings set forth in the TIF Plan, which document is incorporated herein by reference.
- 4. The Board hereby transmits the modified Redevelopment Plan and the TIF Plan to the City Council and recommends that the City Council approve the modified Redevelopment Plan and the TIF Plan for the TIF District.
- 5. Upon approval of the modified Redevelopment Plan and the TIF Plan for the TIF District by the City Council, Authority staff and consultants are authorized and directed to file a request for certification of the TIF District with the Taxpayer Services Division Manager, as the County Auditor, of the County and to file a copy of the modified Redevelopment Plan and the TIF Plan with the Minnesota Commissioner of Revenue and the State Auditor as required by the TIF Act.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 16th day of November, 2020.

	Mary Supple, Chair	
ATTEST:		
Maria Regan Gonzalez, Secretary		

RC125-375 (JAE) 685096v1

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

RESOLUTION NO. _____

RESOLUTION AUTHORIZING INTERNAL LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH THE 2020-3 TAX INCREMENT FINANCE DISTRICT: LYNK 65

WHEREAS, the City of Richfield, Minnesota (the "City") and the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority") have established, and the Authority administers, the Richfield Redevelopment Project (the "Redevelopment Project") located within the City and have created a Redevelopment Plan (the "Redevelopment Plan") therefor, pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended; and

WHEREAS, on the date hereof, the Authority approved a modification of the Redevelopment Plan and approved a tax increment financing plan (the "TIF Plan") for the 2020-3 Tax Increment Financing District: Lynk 65 (the "TIF District"), a redevelopment district to be established within the Redevelopment Project, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"); and

WHEREAS, the City Council of the City is expected to adopt a resolution on November 24, 2020, approving the modification of the Redevelopment Plan and the TIF Plan for the TIF District, in accordance with the TIF Act; and

WHEREAS, the Authority may incur certain costs related to the TIF District, which costs may be financed on a temporary basis from Authority's General Fund; and

WHEREAS, under Section 469.178, subdivision 7 of the TIF Act, the Authority is authorized to advance or loan money from any fund from which such advances may be legally made in order to finance expenditures that are eligible to be paid with tax increments under the TIF Act; and

WHEREAS, the Authority has determined to pay for certain administrative costs related to the proposed TIF District (the "Qualified Costs"), which costs may be financed on a temporary basis from Authority funds available for such purposes; and

WHEREAS, the Authority intends to reimburse itself for the Qualified Costs from tax increments derived from the property within the TIF District (the "Interfund Loan") in accordance with the terms of this resolution; and

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

1. The Authority shall reimburse itself for the Qualified Costs in the amount of up to \$100,000, together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 and Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 5.0% and will not fluctuate.

- 2. Principal and interest (the "Payments") on the Interfund Loan shall be paid semiannually on each February 1 and August 1 (each a "Payment Date"), commencing on the first Payment Date on which the Authority has Available Tax Increment (defined below), or on any other dates determined by the Executive Director of the Authority, through the date of last receipt of tax increment from the TIF District.
- 3. Payments on this Interfund Loan are payable solely from "Available Tax Increment," which shall mean, on each Payment Date, tax increment available after other obligations have been paid, or as determined by the Executive Director of the Authority, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the Authority by Hennepin County, Minnesota, all in accordance with the TIF Act. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds or notes issued by the Authority and secured in whole or in part with Available Tax Increment. The Interfund Loan shall be paid prior to any pay-as-you-go notes or contracts secured in whole or in part with Available Tax Increment, and any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.
- 4. The principal sum and all accrued interest payable under this Interfund Loan are 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 Interfund Loan.
- 5. This Interfund Loan is evidence of an internal borrowing by the Authority in accordance with Section 469.178, subdivision 7 of the TIF Act, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. This Interfund Loan 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 Interfund Loan 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 Interfund Loan or other costs incident hereto. The Authority shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.
- 6. The Authority may at any time make a determination to forgive the outstanding principal amount and accrued interest on the Interfund Loan to the extent permissible under law.
- 7. The Authority may from time to time amend the terms of this resolution to the extent permitted by law, including without limitation amendment to the payment schedule and the interest rate; provided, however, that the interest rate may not be increased above the maximum specified in Section 469.178, subdivision 7 of the TIF Act.
- 8. This resolution is effective upon the approval of the modification of the Redevelopment Plan and the approval of the TIF Plan for the TIF District by the City.

Adopted by the Housing and Redevelopi Minnesota this 16 th day of November, 2020.	ment Authority in and for the City of Richfield,
ATTEST:	Mary Supple, Chair
Maria Regan Gonzalez, Secretary	

RC125-375 (JAE) 685098v1



MODIFICATION TO THE REDEVELOPMENT **PLAN**

Richfield Redevelopment Project Area

- AND -

TAX INCREMENT FINANCING PLAN

Establishment of 2020-3 Tax Increment Financing District: Lynk65 (a redevelopment district)

Richfield Housing and Redevelopment Authority, City of Richfield, Hennepin County, Minnesota

Public Hearing: November 24, 2020









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Modification to the Redevelopment Plan for the Richfield Redevelopment Project Area

Foreword

The following text represents a Modification to the Redevelopment Plan for the Richfield Redevelopment Project Area. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for the Richfield Redevelopment Project Area. Generally, the substantive changes include the establishment of 2020-3 Tax Increment Financing District: Lynk65.

For further information, a review of the Redevelopment Plan for the Richfield Redevelopment Project Area, is recommended. It is available from the Community Development Director at the Richfield Housing and Redevelopment Authority. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within the Richfield Redevelopment Project Area.

Tax Increment Financing Plan for 2020-3 Tax Increment Financing District: Lynk65

Foreword

The Richfield Housing and Redevelopment Authority (the "HRA"), the City of Richfield (the "City"), staff and consultants have prepared the following information to expedite the establishment of the 2020-3 Tax Increment Financing District: Lynk65 (the "District"), a redevelopment tax increment financing district, located in the Richfield Redevelopment Project Area.

Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City and HRA have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Redevelopment Plan for the Richfield Redevelopment Project Area.

Statement of Objectives

The District currently consists of three parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the development of a mixed-use project including 157 units of apartments and approximately 8,000 square feet of commercial space in the City. The HRA has entered into a preliminary agreement with the Enclave Development, LLC, as the developer. Note that the entity has been updated to Lynk65 for the Contract for Redevelopment. Development is anticipated to begin in the Spring 2021. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Richfield Redevelopment Project Area.

The activities contemplated in the Modification to the Redevelopment Plan and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of the Richfield Redevelopment Project Area and the District.

Redevelopment Plan Overview

Pursuant to the Redevelopment Plan and authorizing state statutes, the HRA is authorized to undertake the following activities in the District:

- 1. Property to be Acquired Selected property located within the District may be acquired by the HRA and is further described in this TIF Plan.
- 2. Relocation Relocation services, to the extent required by law, are available

pursuant to M.S., Chapter 117 and other relevant state and federal laws.

- Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the HRA may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
- 4. The HRA may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Description of Property in the District and Property to be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
27.028.24.23.0074	6439 Lyndale	HNC Properties
27.028.24.23.0053	415 - 64 1/2 St. W.	HNC Properties
27.028.24.23.0010	6467 Lyndale	HNC Properties

Please also see the map in Appendix A for further information on the location of the District.

The HRA may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the HRA only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The HRA may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Classification of the District

The City and HRA, in determining the need to create a tax increment financing district in accordance with M.S., Sections 469.174 to 469.1794, as amended, inclusive, finds that the District, to be established, is a redevelopment district pursuant to M.S., Section 469.174, Subd. 10(a)(1).

- The District is a redevelopment district consisting of three parcels.
- An inventory shows that parcels consisting of more than 70 percent of the area in the District
 are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar
 structures.
- An inspection of the buildings located within the District found that more than 50 percent of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).

Pursuant to *M.S.*, *Section 469.176*, *Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S.*, *Sections 273.111*, *273.112*, *or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request

for certification of the District.

Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1,* the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the HRA (a total of 26 years of tax increment). The HRA elects to receive the first tax increment in 2023, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2048, or when the TIF Plan is satisfied. The HRA reserves the right to decertify the District prior to the legally required date.

Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2020 for taxes payable 2021.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2022) the amount by which the original value has increased or decreased as a result of:

- 1. Change in tax exempt status of property;
- 2. Reduction or enlargement of the geographic boundaries of the district;
- 3. Change due to adjustments, negotiated or court-ordered abatements;
- 4. Change in the use of the property and classification;
- 5. Change in state law governing class rates; or
- 6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the HRA.

The original local tax rate for the District will be the local tax rate for taxes payable 2021, assuming the request for certification is made before June 30, 2021). The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within the Richfield Redevelopment Project Area, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The HRA requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2023. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity				
Project estimated Tax Capacity upon completion	918,317			
Original estimated Net Tax Capacity	39,890			
Fiscal Disparities	16,695			
Estimated Captured Tax Capacity	861,732			
Original Local Tax Rate	136.6880%	Pay 2020		
Estimated Annual Tax Increment	\$1,177,885			
Percent Retainted by the City	100%			

Note: Tax capacity includes a 2.00% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$285,469.

Pursuant to *M.S., Section 469.177, Subd. 4*, the HRA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

Sources of Revenue/Bonds to be Issued

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	\$ 23,430,664
Interest	2,343,066
TOTAL	\$ 25,773,730

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The HRA and City reserve the right to issue bonds or other incur indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the HRA or City to incur debt. The HRA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The HRA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$18,587,388. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Uses of Funds

Currently under consideration for the District is a proposal to facilitate the development of a mixeduse project including 157 units of apartments and approximately 8,000 square feet of commercial space. The HRA has determined that it will be necessary to provide assistance to the project for certain District costs, as described.

The HRA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES		
Land/Building Acquisition	\$	4,300,000
Site Improvements/Preparation		9,000,000
Affordable Housing		2,300,000
Utilities		100,000
Other Qualifying Improvements		544,322
Administrative Costs (up to 10%)		2,343,066
PROJECT COSTS TOTAL	\$	18,587,388
Interest		7,186,342
PROJECT AND INTEREST COSTS TOTAL	\$	25,773,730

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25 percent of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of the Richfield Redevelopment Project Area, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in this TIF Plan.

Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the HRA may elect one of two methods to calculate fiscal disparities.

The HRA will choose to calculate fiscal disparities by clause b (inside).

Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the HRA and City have determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base				
Entity	2019/Pay 2020 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total	
Hennepin County	1,941,694,561	861,732	0.0444%	
City of Richfield	36,111,232	861,732	2.3863%	
ISD No. 280	50,666,987	861,732	1.7008%	

Impact on Tax Rates					
Entity	Pay 2020 Extension Rate	Percent of Lotal			Potential Taxes
Hennepin County	41.0840%	30.06%	861,732	\$	354,034
City of Richfield	54.7270%	40.04%	861,732		471,600
ISD No. 280	32.6580%	23.89%	861,732		281,425
Other	8.2190%	6.01%	861,732		70,826
	136.6880%	100.00%		\$	1,177,885

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2020 rate. The total net capacity for the entities listed above are based on Pay 2020 figures. The District will be certified under the Pay 2021 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to M.S. Section 469.175 Subd. 2(b):

- (1) <u>Estimate of total tax increment.</u> It is estimated that the total amount of tax increment that will be generated over the life of the District is \$23,430,664;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate few calls, if any, and are of superior construction. The existing buildings, which will be eliminated by the new development, have public safety concerns that include several unprotected old buildings with issues such as access, hydrant locations, and converted structures. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated \$390,145 in sanitary sewer (SAC) fees and no anticipated increase in water (WAC) connection fees.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$5,598,140;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$7,042,501;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Supporting Documentation

Pursuant to M.S. Section 469.175, Subd. 1 (a), clause 7 the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in M.S. Section 469.175, Subd. 3, clause (b)(2) and the findings are required in the resolution approving the District.

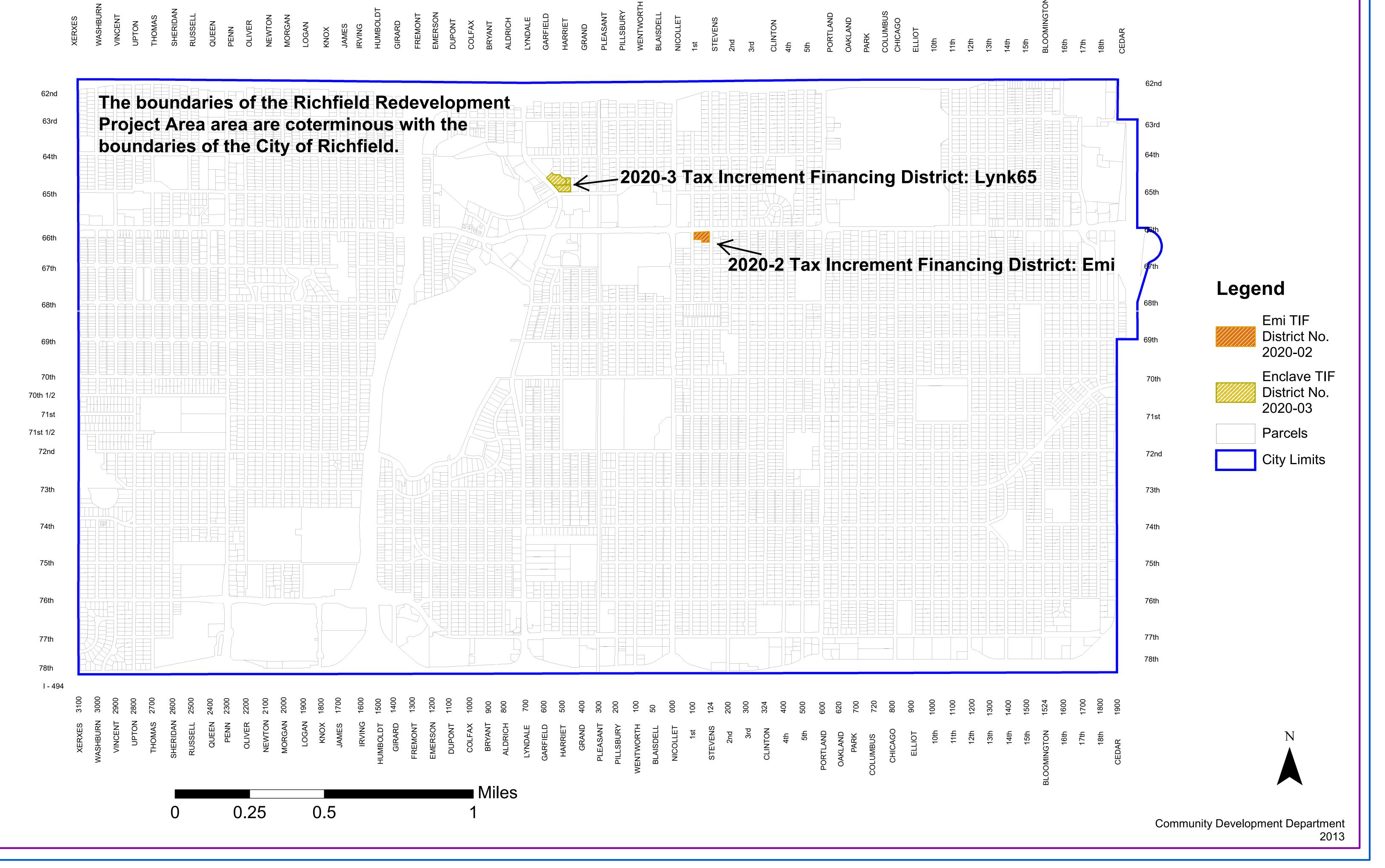
- (i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects, (2) review of the developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the TIF District and Appendix C.
- (ii) A comparative analysis of estimated market value both with and without establishment of the TIF District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

Administration of the District

Administration of the District will be handled by the Community Development Director.

Appendix A: Map of the Richfield Redevelopment Project Area and the TIF District					

Richfield Redevelopment Project Area



Appendix B:	Estimated Cash Flow for th	he District	

11/11/2020 Base Value Assumptions - Page 1



Lynk65 Development - 2% Inflation

City of Richfield, MN

Mixed Use Redevelopment including 157 apartment units and commercial space

ASSUMPTIONS AND RATES

DistrictType: Re	development			Tax Rates	
District Name/Number:	TIF 2020-3				
County District #:	TBD		Exempt Class Ra	te (Exempt)	0.00%
First Year Construction or Inflation on Value	2021		Commercial Indus	strial Preferred Class Rate (C/I Pref.)	
Existing District - Specify No. Years Remaining			First	\$150,000	1.50%
Inflation Rate - Every Year:	2.00%		Over	\$150,000	2.00%
Interest Rate:	3.75%		Commercial Indu	strial Class Rate (C/I)	2.00%
Present Value Date:	1-Aug-22			lass Rate (Rental)	1.25%
First Period Ending	1-Feb-23		Affordable Rental	Housing Class Rate (Aff. Rental)	
Tax Year District was Certified:	Pay 2021		First	\$162,000	0.75%
Cashflow Assumes First Tax Increment For Development:	2023		Over	\$162,000	0.25%
Years of Tax Increment	26		Non-Homestead F	Residential (Non-H Res. 1 Unit)	
Assumes Last Year of Tax Increment	2048		First	\$500,000	1.00%
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)		Over	\$500,000	1.25%
Incremental or Total Fiscal Disparities	Incremental		Homestead Resid	lential Class Rate (Hmstd. Res.)	
Fiscal Disparities Contribution Ratio	35.1664% Pay	ay 2020	First	\$500,000	1.00%
Fiscal Disparities Metro-Wide Tax Rate	142.4540% Pay	y 2020	Over	\$500,000	1.25%
Maximum/Frozen Local Tax Rate:	136.688% Pay	y 2020	Agricultural Non-F	Homestead	1.00%
Current Local Tax Rate: (Use lesser of Current or Max.)		y 2020			
State-wide Tax Rate (Comm./Ind. only used for total taxes)	38.8460% Pay	ay 2020			
Market Value Tax Rate (Used for total taxes)	0.14849% Pay	ny 2020			

	BASE VALUE INFORMATION (Original Tax Capacity)													
					Building	Total	Percentage		Tax Year	Property	Current	Class	After	
				Land	Market	Market	Of Value Used	Original	Original	Tax	Original	After	Conversion	Area/
	PID	Owner	Address	Market Value	Value	Value	for District	Market Value	Market Value	Class	Tax Capacity	Conversion	Orig. Tax Cap.	Phase
27.02	28.24.23.0074	HNC Properties	6439 Lyndale	849,000	687,000	1,536,000	100%	1,536,000	Pay 2021	C/I Pref.	29,970	Rental	19,200	1
27.02	28.24.23.0053	HNC Properties	415 - 64 1/2 St. W.	81,000	96,000	177,000	100%	177,000	Pay 2021	C/I Pref.	2,790	C/I Pref.	2,790	
27.02	28.24.23.0010	HNC Properties	6467 Lyndale	524,000	908,000	1,432,000	100%	1,432,000	Pay 2021	C/I Pref.	27,890	Rental	17,900	
				1,454,000	1,691,000	3,145,000		3,145,000			60,650		39,890	

Note

- 1. Base values are for pay 2021 based upon review of County website on October 19, 2020.
- 2. Located in SD #280 and WS #0.

11/11/2020 Base Value Assumptions - Page 2



City of Richfield, MN

Mixed Use Redevelopment including 157 apartment units and commercial space

	PROJECT INFORMATION (Project Tax Capacity)												
		Estimated	Taxable		Total Taxable	Property			Percentage	Percentage	Percentage	Percentage	First Year
Area/Phase	New Use	Market Value	Market Value Per Sq. Ft./Unit	Total Sg. Ft./Units	Market	Tax	Project	Project Tax	Completed	Completed	Completed	Completed	Full Taxes
Area/Phase	new use	Per Sq. Ft./Unit			Value	Class	Tax Capacity	Capacity/Unit	2021	2022	2023	2024	Payable
1	Commercial	200	200	8,000	1,600,000	C/I Pref.	31,250	4	50%	100%	100%	100%	2024
1	Apartment	275,000	275,000	157	43,175,000	Rental	539,688	3,438	50%	100%	100%	100%	2024
TOTAL					44,775,000		570,938						
Subtotal Resider		•		157	43,175,000		539,688				•	•	
Subtotal Comme	ercial/Ind.			8,000	1,600,000		31,250						

Note:

1. Market values are based upon estimates. Apartment value is the high end of a range (\$230,000 to \$275,000) provided by the County Assessor on 10/13/2020.

	TAX CALCULATIONS								
	Total	Fiscal	Local	Local	Fiscal	State-wide	Market		
	Tax	Disparities	Tax	Property	Disparities	Property	Value	Total	Taxes Per
New Use	Capacity	Tax Capacity	Capacity	Taxes	Taxes	Taxes	Taxes	Taxes	Sq. Ft./Unit
Commercial	31,250	10,990	20,261	27,694	15,655	11,557	2,376	57,281	7.16
Apartment	539,688	0	539,688	737,688	0	0	64,111	801,799	5,107.00
TOTAL	570,938	10,990	559,948	765,382	15,655	11,557	66,486	859,080	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?									
Total Property Taxes	859,080								
less State-wide Taxes	(11,557)								
less Fiscal Disp. Adj.	(15,655)								
less Market Value Taxes	(66,486)								
less Base Value Taxes	(53,184)								
Annual Gross TIF	712,198								

MARKET VALUE BUT / FOR ANALYSIS									
Current Market Value - Est.	3,145,000								
New Market Value - Est.	44,775,000								
Difference	41,630,000								
Present Value of Tax Increment	13,907,814								
Difference	27,722,186								
Value likely to occur without Tax Increment is less than:	27,722,186								



Lynk65 Development - 2% Inflation

City of Richfield, MN

Mixed Use Redevelopment including 157 apartment units and commercial space

						TAX INCRI	EMENT CA	SH FLOW							
	Project	Original	Fiscal	Captured	Local	Annual	Semi-Annual	State	Admin.	Pooling	Semi-Annual	Semi-Annual	PERIOD		
% of	Tax	Tax	Disparities	Tax	Tax	Gross Tax	Gross Tax	Auditor	at	at	Net Tax	Present	ENDING		Payment
ОТС	Capacity	Capacity	Incremental	Capacity	Rate	Increment	Increment	0.36%	10%	15%	Increment	Value	Yrs.	Year	Date 02/01/23
100%	285,469	(39,890)	(4,514)	241,065	136.688%	329,507	164,754	(593)	(16,416)	(24,624)	123,120	118,630	0.5	2023	08/01/23
		(00.000)	(12.222)			=	164,754	(593)	(16,416)	(24,624)	123,120	235,077	. 1	2023	02/01/24
100%	570,938	(39,890)	(10,008)	521,039	136.688%	712,198	356,099 356,099	(1,282) (1,282)	(35,482) (35,482)	(53,223) (53,223)	266,113 266,113	482,133 724,641	1.5 2	2024 2024	08/01/24 02/01/25
100%	582,356	(39,890)	(10,228)	532,238	136.688%	727,506	363,753	(1,310)	(36,244)	(54,366)	271.832	967,803	2.5	2025	08/01/25
						,	363.753	(1,310)	(36,244)	(54,366)	271,832 271,832	1 206 490	3	2025	02/01/26
100%	594,003	(39,890)	(10,452)	543,661	136.688%	743,119	371,560 371,560	(1,338) (1,338)	(37,022) (37,022)	(55,533) (55,533)	277,667 277,667	1,445,812 1,680,729	3.5 4	2026 2026	08/01/26 02/01/27
100%	605,883	(39,890)	(10,681)	555,312	136.688%	759,045	371,560	(1,366)	(37,816)	(56,723)	283,617	1,916,265	4.5	2026	08/01/27
							379,523	(1,366)	(37,816)	(56,723)	283,617	2,147,465	5	2027	02/01/28
100%	618,001	(39,890)	(10,914)	567,197	136.688%	775,290	387,645	(1,396)	(38,625)	(57,937)	289,687	2,379,268	5.5 6	2028	08/01/28
100%	630,361	(39,890)	(11,152)	579,319	136.688%	791,860	387,645 395,930	(1,396) (1,425)	(38,625) (39,450)	(57,937) (59,176)	289,687 295,878	2,606,804 2,834,925	6.5	2028 2029	02/01/29 08/01/29
	000,001	(00,000)	(,.02)		.00.00070	701,000	395.930	(1,425)	(39.450)	(59,176)	295.878	3,058,848	7	2029	02/01/30
100%	642,968	(39,890)	(11,395)	591,684	136.688%	808,760	404,380	(1,456)	(40,292)	(60,439)	302,193	3,283,341	7.5	2030	08/01/30
100%	655,828	(39,890)	(11,642)	604,295	136.688%	825,999	404,380 413,000	(1,456) (1,487)	(40,292) (41,151)	(60,439) (61,727)	302,193	3,503,703	8 8.5	2030 2031	02/01/31 08/01/31
100 /6	033,028	(39,090)	(11,042)	004,293	130.000 /6	025,999	413.000	(1,487)	(41,151)	(61,727)	308,635 308,635	3,724,619 3,941,469	9	2031	02/01/31
100%	668,944	(39,890)	(11,895)	617,159	136.688%	843,583	421.791	(1,518)	(42,027)	(63,041)	315.205	4.158.859	9.5	2032	08/01/32
100%	600 000	(20,000)	(40.450)	020 204	136.688%	004 540	421,791 430,759	(1,518) (1,551)	(42,027)	(63,041) (64,381)	315,205	4,372,249	10 10.5	2032 2033	02/01/33 08/01/33
100%	682,323	(39,890)	(12,152)	630,281	130.000%	861,518	430,759	(1,551)	(42,921) (42,921)	(64,381)	321,906 321,906	4,586,164 4,796,142	10.5	2033	02/01/34
100%	695,970	(39,890)	(12,415)	643,665	136.688%	879,812	439,906	(1,584)	(43.832)	(65,748)	328.742	5,006,633	11.5	2034	08/01/34
		(00.000)	(12.222)				439,906	(1,584)	(43,832)	(65,748)	328,742	5,213,249	12	2034	02/01/35
100%	709,889	(39,890)	(12,683)	657,316	136.688%	898,472	449,236 449,236	(1,617) (1,617)	(44,762) (44,762)	(67,143) (67,143)	335,714 335,714	5,420,364 5,623,667	12.5 13	2035 2035	08/01/35 02/01/36
100%	724,087	(39,890)	(12,956)	671,241	136.688%	917,505	458,753	(1,652)	(45,710)	(68,565)	342,826 342,826	5,827,456	13.5	2036	08/01/36
							458,753 458,753	(1,652)	(45,710)	(68,565)	342,826	6,027,494	14	2036	02/01/37
100%	738,569	(39,890)	(13,235)	685,444	136.688%	936,919	468,460 468,460	(1,686) (1,686)	(46,677) (46,677)	(70,016) (70,016)	350,080 350,080	6,228,005 6,424,825	14.5 15	2037 2037	08/01/37 02/01/38
100%	753,340	(39,890)	(13,519)	699,931	136.688%	956,721	478.361	(1,722)	(47.664)	(71,496)	357.479	6.622.107	15.5	2037	08/01/38
							478,361	(1,722)	(47,664)	(71,496)	357,479	6,815,758	16	2038	02/01/39
100%	768,407	(39,890)	(13,809)	714,707	136.688%	976,919	488,460	(1,758)	(48,670)	(73,005)	365,026	7,009,857	16.5	2039	08/01/39
100%	783,775	(39,890)	(14,105)	729,780	136.688%	997,521	488,460 498,761	(1,758) (1,796)	(48,670) (49,697)	(73,005) (74,545)	365,026 372,724	7,200,384 7,391,349	17 17.5	2039 2040	02/01/40 08/01/40
10070	700,770	(00,000)	(11,100)		100.00070		498,761	(1,796)	(49.697)	(74,545)	372.724	7,578,799	18	2040	02/01/41
100%	799,450	(39,890)	(14,407)	745,154	136.688%	1,018,535	509,268	(1,833)	(50,743)	(76,115)	380,576	7,766,675	18.5	2041	08/01/41
100%	815,439	(39,890)	(14,715)	760,835	136.688%	1,039,970	509,268 519,985	(1,833) (1,872)	(50,743) (51,811)	(76,115) (77,717)	380,576 388,585	7,951,093 8,135,927	19 19.5	2041 2042	02/01/42 08/01/42
10070	510,700	(55,550)	(17,710)	,	. 00.000 /0	1,000,010	519.985	(1,872)	(51,811)	(77,717)	388.585	8,317,358 8,499,195	20	2042	02/01/43
100%	831,748	(39,890)	(15,028)	776,830	136.688%	1,061,833	530.916	(1,911)	(52.901)	(79,351)	396.754	8,499,195	20.5	2043	08/01/43
100%	848,383	(39,890)	(15,349)	793,144	136.688%	1,084,133	530,916 542,067	(1,911) (1,951)	(52,901) (54,012)	(79,351) (81,017)	396,754 405,086	8,677,685 8,856,569	21 21.5	2043 2044	02/01/44 08/01/44
100 /6	040,303	(39,090)	(10,049)	130,144	100.000/0	1,004,133	542,067	(1,951)	(54,012)	(81,017)	405,086	9,032,161	21.5	2044	02/01/45
100%	865,351	(39,890)	(15,675)	809,785	136.688%	1,106,880	553,440	(1,992)	(55,145)	(82,717)	405,086 413,586	9,208,138	22.5	2045	08/01/45
		/a ·	,				553,440	(1,992)	(55,145)	(82,717)	413,586	9,380,875	23	2045	
100%	882,658	(39,890)	(16,008)	826,759	136.688%	1,130,081	565,040 565,040	(2,034)	(56,301)	(84,451)	422,255 422,255	9,553,988	23.5 24	2046 2046	08/01/46 02/01/47
100%	900,311	(39,890)	(16,348)	844,073	136.688%	1,153,746	576,873	(2,034) (2,077)	(56,301) (57,480)	(84,451) (86,219)	422,255 431,097	9,723,914 9,894,206	24.5	2046	02/01/47
10070	550,511	(33,030)	(10,040)	0,77,070	100.000/0	1,100,740	576,873	(2,077)	(57,480)	(86,219)	431,097	10,061,364	24.5	2047	02/01/48
100%	918,317	(39,890)	(16,695)	861,732	136.688%	1,177,885	588,942	(2,120)	(58,682)	(88,023)	440,117	10,228,878	25.5	2048	08/01/48
							588,942	(2,120)	(58,682)	(88,023)	440,117	10,393,309	26	2048	02/01/49
	Total	and Value Fra	00/04/2022	Dresent Value Data	2 7E0/		23,515,320	(84,655)	(2,343,066)	(3,514,600)	17,572,998				
	Pre	esent Value Fro	om 08/01/2022	Present Value Rate	3.75%		13,907,814	(50,068)	(1,385,775)	(2,078,662)	10,393,309				

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for 2020-3 Tax Increment Financing District: Lynk65 (the "District"), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. Finding that 2020-3 Tax Increment Financing District: Lynk65 is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.

The District consists of three parcels and vacant right-of-way, with plans to redevelop the area for the development of a mixed-use project including 157 units of apartments and approximately 8,000 square feet of commercial space. Parcels consisting of 70 percent of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

2. Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of 2020-3 Tax Increment Financing District: Lynk65 permitted by the TIF Plan.

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels currently occupied by a substandard building, the incompatible land uses at close proximity, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a pro forma as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan: This finding is justified on the grounds that the cost of site and public improvements and utilities add to the total redevelopment cost. Historically, construction costs, site and public improvements costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.

- b. If the proposed development occurs, the total increase in market value will be \$41,630,000.
- c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$13,907,814.
- d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$27,722,186 (the amount in clause b less the amount in clause c) without tax increment assistance.
- 3. Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.
 - The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.
- 4. Finding that the TIF Plan for 2020-3 Tax Increment Financing District: Lynk65 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Richfield Redevelopment Project Area by private enterprise.

The project to be assisted by the District will result in an increase in the availability of safe and decent life-cycle housing, the renovation of substandard properties, increased tax base of the State and add a high-quality development to the City.

Appendix D:	Redevelopment Qualifications for the District

REPORT OF INSPECTION PROCEDURES AND RESULTS FOR
DETERMINING QUALIFICATIONS OF A
TAX INCREMENT FINANCING DISTRICT AS A REDEVELOPMENT DISTRICT

6467 LYNDALE AVENUE SOUTH REDEVELOPMENT TIF DISTRICT

RICHFIELD, MINNESOTA



November 4, 2020

Prepared for the

CITY OF RICHFIELD

Prepared by:

LHB, Inc. 701 Washington Avenue North, Suite 200 Minneapolis, Minnesota 55401

LHB Project No. 200663



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Part 1: Executive Summary

Purpose of the Evaluation

LHB was hired by the City of Richfield to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District ("TIF District") proposed to be established by the City. The proposed TIF District is located near the northeast intersection of Lyndale Avenue South and 65th Street West (Diagram 1). The purpose of LHB's work is to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether three (3) buildings on three (3) parcels, located within the proposed TIF District, meet the qualifications required for a Redevelopment District.



Diagram 1: Proposed TIF District

Scope of Work

The proposed TIF District consists of three (3) parcels with three (3) buildings. Three (3) buildings were inspected on October 1, 2020. Building Code and Condition Deficiency reports for the buildings that were inspected and found substandard are located in Appendix B.

Conclusion

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes*, *Section 469.174*, *Subdivision 10*, it is our professional opinion that the proposed TIF District qualifies as a Redevelopment District because:

- The proposed TIF District has a coverage calculation of 100 percent which is above the 70 percent requirement.
- 100 percent of the buildings are structurally substandard which is above the 50 percent requirement.
- The substandard buildings are reasonably distributed.

The remainder of this report describes our process and findings in detail.

Part 2: Minnesota Statute 469.174, Subdivision 10 Requirements

The properties were inspected in accordance with the following requirements under *Minnesota Statutes*, *Section 469.174*, *Subdivision 10(c)*, which states:

Interior Inspection

"The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property..."

Exterior Inspection and Other Means

"An interior inspection of the property is not required, if the municipality finds that

- (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and
- (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard."

Documentation

"Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1)."

Qualification Requirements

Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1) requires three tests for occupied parcels:

1. COVERAGE TEST

- a. Minnesota Statutes, Section 469.174, Subdivision 10(a)(1) states:
 - "parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots..."
- b. The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes*, *Section* 469.174, *Subdivision* 10(e), which states:
 - "For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures."

2. CONDITION OF BUILDINGS TEST

- a. Minnesota Statutes, Section 469.174, Subdivision 10(a) states:
 - "...and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;"
- b. Structurally substandard is defined under Minnesota Statutes, Section 469.174, Subdivision 10(b), which states:
 - "For purposes of this subdivision, 'structurally substandard' shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance."
 - i. We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section* 469.174, *Subdivision* 10(b) defined as "structurally substandard", due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.
- c. Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Subdivision 10(c) which states:

"A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence."

"Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence."

- i. LHB counts energy code deficiencies toward the 15 percent code threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c)) for the following reasons:
 - 1) The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.
 - 2) Chapter 13 of the 2015 *Minnesota Building Code* states, "Buildings shall be designed and constructed in accordance with the *International Energy Conservation Code*." Furthermore, Minnesota Rules, Chapter 1305.0021 Subpart 9 states, "References to the *International Energy Conservation Code* in this code mean the *Minnesota Energy Code*..."
 - 3) Chapter 11 of the 2015 Minnesota Residential Code incorporates Minnesota Rules, Chapters, 1322 and 1323 *Minnesota Energy Code*.
 - 4) The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
 - 5) In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
 - 6) Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. In order for an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

3. DISTRIBUTION OF SUBSTANDARD BUILDINGS

- a. Minnesota Statutes, Section 469.174, Subdivision 10, defines a Redevelopment District and requires one or more of the following conditions "reasonably distributed throughout the district.":
 - "(1) Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;
 - (2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way;
 - (3) tank facilities, or property whose immediately previous use was for tank facilities..."
- b. Our interpretation of the distribution requirement is that the substandard buildings must be reasonably distributed throughout the district as compared to the location of all buildings in the district. For example, if all of the buildings in a district are located on one half of the area of the district, with the other half occupied by parking lots (meeting the required 70 percent coverage for the district), we would evaluate the distribution of the substandard buildings compared with only the half of the district where the buildings are located. If all of the buildings in a district are located evenly throughout the entire area of the district, the substandard buildings must be reasonably distributed throughout the entire area of the district. We believe this is consistent with the opinion expressed by the State of Minnesota Court of Appeals in the Walser Auto Sales, Inc. vs. City of Richfield case filed November 13, 2001.

Part 3: Procedures Followed

LHB inspected three (3) of the three (3) buildings during the day of October 1, 2020.

Part 4: Findings

1. Coverage Test

- a. The total square foot area of the parcel in the proposed TIF District was obtained from City records, GIS mapping and site verification.
- b. The total square foot area of buildings and site improvements on the parcels in the proposed TIF District was obtained from City records, GIS mapping and site verification.
- c. The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

FINDING

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174*, *Subdivision 10(e)*, which resulted in parcels consisting of 100 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures (Diagram 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under Minnesota Statutes, Section 469.174, Subdivision (a) (1).



Diagram 2 - Coverage Diagram

Shaded area depicts a parcel more than 15 percent occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures

2. Condition of Building Test

a. BUILDING INSPECTION

i. The first step in the evaluation process is the building inspection. After an initial walk-thru, the inspector makes a judgment whether or not a building "appears" to have enough defects or deficiencies of sufficient total significance to justify substantial renovation or clearance. If it does, the inspector documents with notes and photographs code and non-code deficiencies in the building.

b. REPLACEMENT COST

i. The second step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost. This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using R.S. Means Cost Works square foot models for 2020.

- ii. A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and building size to obtain the appropriate median replacement cost, which factors in the costs of construction in Richfield, Minnesota.
- iii. Replacement cost includes labor, materials, and the contractor's overhead and profit. Replacement costs do not include architectural fees, legal fees or other "soft" costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix A.

c. CODE DEFICIENCIES

- i. The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.
- ii. Minnesota Statutes, Section 469.174, Subdivision 10(c), specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. As a result, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.
- iii. The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. LHB utilizes the current Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is actually a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.
- iv. After identifying the code deficiencies in each building, we used R.S. Means Cost Works 2020; Unit and Assembly Costs to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

FINDING

Three (3) out of three (3) buildings (100 percent) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c). Building Code, Condition Deficiency and Context Analysis reports for the buildings in the proposed TIF District can be found in Appendix B of this report.

d. SYSTEM CONDITION DEFICIENCIES

- i. If a building meets the minimum code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), then in order for such building to be "structurally substandard" under Minnesota Statutes, Section 469.174, Subdivision 10(b), the building's defects or deficiencies should be of sufficient total significance to justify "substantial renovation or clearance." Based on this definition, LHB re-evaluated each of the buildings that met the code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), to determine if the total deficiencies warranted "substantial renovation or clearance" based on the criteria we outlined above.
- ii. System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors and doors.
- iii. The evaluation of system condition deficiencies was made by reviewing all available information contained in City records, and making interior and exterior inspections of the buildings. LHB only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of "service life" used up for a particular component unless it was an obvious part of that component's deficiencies.
- iv. After identifying the system condition deficiencies in each building, we used our professional judgment to determine if the list of defects or deficiencies is of sufficient total significance to justify "substantial renovation or clearance."

FINDING

In our professional opinion, three (3) out of three (3) buildings (100 percent) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection

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including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. This exceeds the 50 percent requirement of Subdivision 10a(1).

3. Distribution of Substandard Structures

a. Much of this report has focused on the condition of individual buildings as they relate to requirements identified by Minnesota Statutes, Section 469.174, Subdivision 10. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District (Diagram 3).

FINDING

The parcels with substandard buildings are reasonably distributed compared to all parcels that contain buildings.



Diagram 3 - Substandard Buildings

Shaded green area depicts parcels with buildings. Shaded orange area depicts substandard buildings.

Part 5: Team Credentials

Michael A. Fischer, AIA, LEED AP - Project Principal/TIF Analyst

Michael has 32 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 100 cities with strategic planning for TIF Districts. He is an Architectural Principal at LHB and currently leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning Masters degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards and community task forces, including a term as a City Council President and as Chair of a Metropolitan Planning Organization. Most recently, he served as Chair of the Edina, Minnesota planning commission and is currently a member of the Edina city council. Michael has also managed and designed several award-winning architectural projects, and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

Philip Waugh - Project Manager/TIF Analyst

Philip is a project manager with 13 years of experience in historic preservation, building investigations, material research, and construction methods. He previously worked as a historic preservationist and also served as the preservation specialist at the St. Paul Heritage Preservation Commission. Currently, Phil sits on the Board of Directors for the Preservation Alliance of Minnesota. His current responsibilities include project management of historic preservation projects, performing building condition surveys and analysis, TIF analysis, writing preservation specifications, historic design reviews, writing Historic Preservation Tax Credit applications, preservation planning, and grant writing.

Phil Fisher – Inspector

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

Appendices

APPENDIX A Property Condition Assessment Summary Sheet

APPENDIX B Building Code, Condition Deficiency and Context Analysis Reports

APPENDIX C Building Replacement Cost Reports

Code Deficiency Cost Reports

Photographs

APPENDIX A

Property Condition Assessment Summary Sheet

6467 Lyndale Avenue South Redevelopment TIF District

Property Condition Assessment Summary Sheet

Richfield, Minnesota

TIF Map No.	PID#	Property Address	Improved or Vacant	Survey Method Used	Site Area (S.F.)	Coverage Area of Improvements (S.F.)	Coverage Percent of Improvements	Coverage Quantity (S.F.)	No. of Buildings	Building Replacement Cost	15% of Replacement Cost	Building Code Deficiencies	No. of Buildings Exceeding 15% Criteria	No. of buildings determined substandard
Α	2702824230074	6439 Lyndale Ave S	Improved	Interior/Exterior	49,930	48,817	97.8%	49,930	1	\$2,413,806	\$362,071	\$636,755	1	1
В	2702824230010	6467 Lyndale Ave S	Improved	Interior/Exterior	30,815	30,059	97.5%	30,815	1	\$1,851,131	\$277,670	\$461,650	1	1
С	2702824230053	415 64 1/2 St W	Improved	Interior/Exterior	9,373	2,328	24.8%	9,373	1	\$144,843	\$21,726	\$27,946	1	1
TOTALS					90,118			90,118	3				3	3
						Total	Coverage Percent:	100.0%		•				
							-	Perce	nt of building	s exceeding 15 per	rcent code defici	ency threshold:	100.0%	
M:\20Proj\200	663\300 Design\Reports\F	Final Report\[200663 Richfield Lync	dale Redevelopment	TIF Summary Sheet.xlsx	Property Info						Percent of bu	ildings determin	ed substandard:	100.0%

LHB Project Number 200636 Property Condition Assessment Summary Sheet Page 1 of 1

APPENDIX B

Building Code, Condition Deficiency and Context Analysis Reports

6467 Lyndale Avenue South Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel A Strip Mall

Address: 6439 Lyndale Ave S, Richfield, Minnesota 55423

Parcel ID: 2702824230074

Inspection Date(s) & Time(s): October 1, 2020 1:00 PM

Inspection Type: Interior and Exterior

Summary of Deficiencies: It is our professional opinion that this building is <u>Substandard</u> because:

Substantial renovation is required to correct Conditions found.

- Building Code deficiencies total more than 15% of replacement cost, NOT

including energy code deficiencies.

Estimated Replacement Cost: \$2,413,806

Estimated Cost to Correct Building Code Deficiencies: \$636,755

Percentage of Replacement Cost for Building Code Deficiencies: 26.38%

DEFECTS IN STRUCTURAL ELEMENTS

1. None observed

COMBINATION OF DEFICIENCIES

- 1. Essential Utilities and Facilities
 - a. There is no ADA code compliant route into the building.
 - b. There is no ADA code compliant route to all levels of the building.
 - c. Restrooms are not ADA code compliant.
- 2. Light and Ventilation
 - a. HVAC system does not comply with code.
 - b. Lighting system does not comply with code.
- 3. Fire Protection/Adequate Egress
 - a. Exterior stairways are not code compliant.
 - b. Interior stairways are not code compliant.
 - c. Thresholds do not comply with code.
 - d. Door hardware is not code compliant.
 - e. Glass doors do not have code required 10-inch kick plates.
 - f. Concrete sidewalks are damaged, creating an impediment to emergency egress, which is contrary to code.
 - g. Equipment spacing in the kitchen does not comply with code.
 - h. Smoke detectors are not code compliant.
 - i. Emergency lighting is not code compliant.
 - The emergency notification system is not code compliant.
 - k. The building sprinkler system is not code compliant.

- 4. Layout and Condition of Interior Partitions/Materials
 - a. Ceiling tile is stained/missing and should be replaced.
 - b. Interior walls should be repaired/repainted.
 - c. Carpeting is damaged, creating an impediment to emergency egress, which is contrary to code.
- 5. Exterior Construction
 - a. Metal siding is damaged and should be repaired.
 - b. Exterior concrete block walls are cracked, allowing for water intrusion, contrary to code.
 - c. Wood siding should be repainted.
 - d. Windows do not comply with code.
 - e. Chimney is failing, allowing for water intrusion, contrary to code.
 - f. Roofing material has failed, allowing for water intrusion, contrary to code.

DESCRIPTION OF CODE DEFICIENCIES

- 1. An ADA code compliant route into the building should be created.
- 2. An ADA code required route to all levels should be created.
- 3. Restrooms are not ADA code compliant.
- 4. The HVAC system is not code compliant.
- 5. Lighting system does not comply with code.
- 6. Exterior stairways are not code compliant.
- 7. Interior stairways are not code compliant.
- 8. Thresholds do not comply with code.
- 9. Door hardware is not code compliant.
- 10. Glass doors need code required 10-inch kick plates.
- 11. Damaged sidewalks should be repaired to create a code required unimpeded means for emergency egress.
- 12. Equipment spacing in kitchen does not comply with code.
- 13. Smoke detectors are not code compliant.
- 14. Emergency lighting is not code compliant.
- 15. The emergency notification system is not code compliant.
- 16. The building sprinkler system is not code compliant.
- 17. Damaged carpeting is creating an impediment to emergency egress, contrary to code.
- 18. Exterior concrete block walls are cracked, allowing for water intrusion, contrary to code.
- 19. Windows do not comply with code.
- 20. Chimney is failing, allowing for water intrusion, contrary to code.
- 21. Roofing material is failing, allowing for water intrusion, contrary to code.

OVERVIEW OF DEFICIENCIES

This strip mall was built in 1948. Some of the building components are original and do not comply with current code. There is no code compliant route into the building or to all levels of the structure. Restrooms are not code compliant. Interior walls should be repaired/repainted. Ceiling tile is damaged and or missing and should be replaced. Exterior block walls are cracked, allowing for water intrusion, contrary to code. Windows and roofing material have failed, allowing for water intrusion, contrary to code. All life safety systems do not comply with code. Door hardware is not code compliant. Sidewalks and carpeting are damaged, creating an impediment to emergency egress, which is contrary to code. Exterior and interior stairways do not comply with code. The HVAC system does not comply with code. The lighting system does not comply with code.

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6467 Lyndale Avenue South Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel B Strip Mall

Address: 6467 Lyndale Ave S, Richfield, Minnesota 55423

Parcel ID: 2702824230010

Inspection Date(s) & Time(s): October 1, 2020 1:30 PM

Inspection Type: Interior and Exterior

Summary of Deficiencies: It is our professional opinion that this building is Substandard because:

Substantial renovation is required to correct Conditions found.

Building Code deficiencies total more than 15% of replacement cost, NOT

including energy code deficiencies.

Estimated Replacement Cost: \$1,851,131

Estimated Cost to Correct Building Code Deficiencies: \$461,650

Percentage of Replacement Cost for Building Code Deficiencies: 24.94%

DEFECTS IN STRUCTURAL ELEMENTS

1. Steel lintels should be protected from rusting per code.

COMBINATION OF DEFICIENCIES

- 1. Essential Utilities and Facilities
 - a. There is no ADA code compliant route to all levels of the building.
 - b. Restrooms are not ADA code compliant.
- 2. Light and Ventilation
 - a. HVAC system does not comply with code.
 - b. Lighting system does not comply with code.
- 3. Fire Protection/Adequate Egress
 - a. Interior stairways are not code compliant.
 - b. Thresholds do not comply with code.
 - c. Door hardware is not code compliant.
 - d. Glass doors do not have code required 10-inch kick plates.
 - e. Smoke detectors are not code compliant.
 - f. Emergency lighting is not code compliant.
 - g. The emergency notification system is not code compliant.
 - h. The building sprinkler system is not code compliant.
- 4. Layout and Condition of Interior Partitions/Materials
 - a. Ceiling tile is stained/missing and should be replaced.
 - b. Interior walls should be repaired/repainted.
 - c. Carpeting is damaged, creating an impediment to emergency egress, which is contrary to code.
 - d. The freight elevator does not comply with code.

- 5. Exterior Construction
 - a. Exterior brick walls are cracked/damaged, allowing for water intrusion, contrary to code.
 - b. Windows do not comply with code.
 - c. Roofing material has failed, allowing for water intrusion, contrary to code.

DESCRIPTION OF CODE DEFICIENCIES

- 1. An ADA code required route to all levels should be created.
- 2. Restrooms are not ADA code compliant.
- 3. The HVAC system is not code compliant.
- 4. Lighting system does not comply with code.
- 5. Interior stairways are not code compliant.
- 6. Thresholds do not comply with code.
- 7. Door hardware is not code compliant.
- 8. Glass doors need code required 10-inch kick plates.
- 9. Smoke detectors are not code compliant.
- 10. Emergency lighting is not code compliant.
- 11. The emergency notification system is not code compliant.
- 12. The building sprinkler system is not code compliant.
- 13. Damaged carpeting is creating an impediment to emergency egress, contrary to code.
- 14. Freight elevator does not comply with code.
- 15. Exterior concrete brick walls are cracked, allowing for water intrusion, contrary to code.
- 16. Windows do not comply with code.
- 17. Roofing material is failing, allowing for water intrusion, contrary to code.

OVERVIEW OF DEFICIENCIES

Public records indicate this strip mall was built in 1946. Some of the building components are original and do not comply with current code. There is no code compliant route to all levels of the structure. Restrooms are not code compliant. Interior walls should be repaired/repainted. Ceiling tile is damaged and or missing and should be replaced. Exterior brick walls are cracked, allowing for water intrusion, contrary to code. Windows and roofing material have failed, allowing for water intrusion, contrary to code. All life safety systems do not comply with code. Door hardware and thresholds are not code compliant. Carpeting is damaged, creating an impediment to emergency egress, which is contrary to code. Interior stairways do not comply with code. The HVAC system does not comply with code. The lighting system does not comply with code.

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6467 Lyndale Avenue South Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel C Residential Dwelling

Address: 416 64 ½ Street W, Richfield, Minnesota 55423

Parcel ID: 2702824230053

Inspection Date(s) & Time(s): October 1, 2020 1:55 PM

Inspection Type: Interior and Exterior

Summary of Deficiencies: It is our professional opinion that this building is Substandard because:

Substantial renovation is required to correct Conditions found.

Building Code deficiencies total more than 15% of replacement cost, NOT

including energy code deficiencies.

Estimated Replacement Cost: \$144,843

Estimated Cost to Correct Building Code Deficiencies: \$27,946

Percentage of Replacement Cost for Building Code Deficiencies: 19.29%

DEFECTS IN STRUCTURAL ELEMENTS

1. None observed.

COMBINATION OF DEFICIENCIES

- 1. Essential Utilities and Facilities
 - a. Bathroom fixtures do not comply with code for proper spacing.
- 2. Light and Ventilation
 - a. HVAC system does not comply with code.
- 3. Fire Protection/Adequate Egress
 - a. Kitchen outlets do not have code required Ground Fault Circuit Interrupters.
 - b. Smoke detectors do not comply with code.
 - c. Carbon monoxide detectors are not code compliant.
 - d. There are no code required Arc Fault Circuit Interrupters in the building.
- 4. Layout and Condition of Interior Partitions/Materials
 - a. Laminate flooring is damaged and should be replaced.
 - b. Basement stairway does not comply with code.
 - c. Walls and ceilings should be repaired/repainted.

- 5. Exterior Construction
 - a. Vinyl siding is damaged from excessive heat.
 - b. Roofing material is failing, allowing for water intrusion, contrary to code.
 - c. Downspouts need to be reattached.
 - d. Windows are failing, allowing for water intrusion, contrary to code.
 - e. Concrete steps do not comply with code.
 - f. Threshold on back door is rotting and should be replaced.
 - g. E.I.F.S. is damaged and should be repaired.

DESCRIPTION OF CODE DEFICIENCIES

- 1. The HVAC system is not code compliant.
- 2. The kitchen outlets should have code required GFCI's installed.
- 3. Smoke detectors are not code compliant.
- 4. There are no code required AFCI's in the building.
- 5. The carbon monoxide detectors are not code compliant.
- 6. Bathroom fixture spacing is not code compliant.
- 7. Basement stairway is not code compliant.
- 8. Roofing material is failing, allowing for water intrusion, contrary to code.
- 9. The windows are failing, allowing for water intrusion, contrary to code.
- 10. Concrete steps do not comply with code.

OVERVIEW OF DEFICIENCIES

This two-bedroom residential dwelling has concrete stairways leading into the building that are damaged and do not comply with code. The exterior vinyl siding is damaged by the side door from excessive heat and should be repaired. The windows are failing, allowing for water intrusion, contrary to code. The roofing material is failing, allowing for water intrusion, contrary to code. The side entrance threshold is damaged and should be replaced. The interior composite flooring is damaged and should be repaired. The kitchen does not have a code required GFCI. The bathroom fixture spacing does not comply with code. The smoke detectors do not comply with code. The carbon monoxide detectors do not comply with code. There are no code required Arc Fault Circuit Interrupters in the building. The basement stairway is not code compliant. The HVAC system is not code compliant.

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APPENDIX C

Building Replacement Cost Reports

Code Deficiency Cost Reports

Photographs

6467 Lyndale Avenue South Redevelopment TIF District

Replacement Cost Report

RSMeans data from GORDIAN	Square Foot Cost Estimate Report	Date: 10/2/2020
Estimate Name:	6439 Lyndale Ave S	
Building Type:	Store, Retail with Concrete Block & Metal S	tuds / Steel Joists
Location:	RICHFIELD, MN	200
Story Count:	1	TO TO TO
Story Height (L.F.):	14.00	
Floor Area (S.F.):	15500	A STATE OF THE PARTY OF THE PAR
Labor Type:	OPN	
Basement Included:	Yes	1 40039
Data Release:	Year 2019	Costs are derived from a building model with basic components.
Cost Per Square Foot:	\$155.73	Scope differences and market conditions can cause costs to vary significantly.
Building Cost:	\$2,413,805.59	

		QTY	% of Total	Per S.F.	Cost
A	Substructure		######	\$24.69	\$382,650.83
A1010	Standard Foundations			\$4.82	\$74,712.46
A10101102700	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide	600		\$1.63	\$25,262.76
A10102107410	Spread footings, 3000 PSI concrete, load 100K, soil bearing capacity 6 KSF, 4' - 6" square x 15" deep	116.76		\$3.19	\$49,449.70
A1030	Slab on Grade			\$5.73	\$88,757.96
A10301202240	Slab on grade, 4" thick, non industrial, reinforced	15500		\$5.73	\$88,757.96
A2010	Basement Excavation			\$3.97	\$61,513.61
A20101104620	Excavate and fill, 10,000 SF, 8' deep, sand, gravel, or common earth, on site storage	15500		\$3.97	\$61,513.61
A2020	Basement Walls			\$10.17	\$157,666.80
A20201107260	Foundation wall, CIP, 12' wall height, pumped, .444 CY/LF, 21.59 PLF, 12" thick	600		\$10.17	\$157,666.80
В	Shell		######	\$54.45	\$843,925.95
B1010	Floor Construction			\$21.46	\$332,612.00
B10102030860	Cast-in-place concrete column, 12" square, tied, 200K load, 12' story height, 142 lbs/LF, 4000PSI	1401.1		\$7.20	\$111,648.65
B10102221720	Flat slab, concrete, with drop panels, 6" slab/2.5" panel, 12" column, 15'x15' bay, 75 PSF superimposed load, 153 PSF total load	15500		\$14.26	\$220,963.35
B1020	Roof Construction			\$9.96	\$154,309.17
B10201123300	Roof, steel joists, beams, 1.5" 22 ga metal deck, on columns, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load	15500		\$8.27	\$128,109.21
B10201123400	Roof, steel joists, beams, 1.5" 22 ga metal deck, on columns, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load, add for column	15500		\$1.69	\$26,199.96
B2010	Exterior Walls			\$11.51	\$178,340.00
B20101014200	Concrete wall, reinforced, 8' high, 8" thick, plain finish, 5000 PSI	7400		\$11.51	\$178,340.00
B2020	Exterior Windows			\$2.03	\$31,443.46
B20202101100	Aluminum flush tube frame, for 1/4"glass,1-3/4"x4", 5'x6' opening, no intermediate horizontals	84		\$0.16	\$2,410.67

B20202201000 B2030	Glazing panel, insulating, 1/2" thick, 2 lites 1/8" float glass, clear Exterior Doors	1176	\$1.87 \$1.76	\$29,032.79 \$27,205.35
B20301106700	Door, aluminum & glass, without transom, bronze finish, hardware, 3'-0" x 7'-0" opening	5.81	\$1.38	\$21,465.48
B20302203450	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening	1.94	\$0.37	\$5,739.87
B3010	Roof Coverings		\$7.67	\$118,814.19
B30101203400	Roofing, single ply membrane, EPDM, 60 mils, loosely laid, stone ballast	15500	\$1.79	\$27,707.80
B30103202700	Insulation, rigid, roof deck, extruded polystyrene, 40 PSI compressive strength, 4" thick, R20	15500	\$4.30	\$66,665.97
B30104201400	Roof edges, aluminum, duranodic, .050" thick, 6" face	600	\$1.10	\$17,121.00
B30106305100	Gravel stop, aluminum, extruded, 4", mill finish, .050" thick	600	\$0.47	\$7,319.42
B3020	Roof Openings		\$0.08	\$1,201.78
B30202100300	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", galvanized steel, 165 lbs	1	\$0.08	\$1,201.78
C	Interiors	###		\$266,367.16
C1010	Partitions		\$1.52	\$23,484.46
C10101265400	Metal partition, 5/8"fire rated gypsum board face, no base,3 -5/8" @ 24" OC framing, same opposite face, no insulation	2583.3	\$0.75	\$11,547.73
C10101280700	Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8"	7140	\$0.47	\$7,231.61
C10101280960	Add for the following: taping and finishing	7140	\$0.30	\$4,705.12
C1020	Interior Doors		\$1.09	\$16,961.76
C10201022600	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	13.56	\$1.09	\$16,961.76
C1030	Fittings		\$0.20	\$3,089.21
C10301100460	Toilet partitions, cubicles, ceiling hung, stainless steel	1.94	\$0.20	\$3,089.21
C2010	Stair Construction		\$2.74	\$42,502.12
C20101100620	Stairs, CIP concrete, w/landing, 24 risers, with nosing	4	\$2.74	\$42,502.12
C3010	Wall Finishes		\$0.95	\$14,784.96
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	4650	\$0.27	\$4,196.30
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	7140	\$0.42	\$6,443.35
C30102301940	Ceramic tile, thin set, 4-1/4" x 4-1/4"	516.67	\$0.27	\$4,145.31
C3020	Floor Finishes	4==00	\$3.04	\$47,127.75
C30204101600	Vinyl, composition tile, maximum	15500	\$3.04	\$47,127.75
C3030	Ceiling Finishes	45500	\$7.64	\$118,416.90
C30302107400	Acoustic ceilings, 3/4"mineral fiber, 12" x 12" tile, concealed 2" bar & channel grid, suspended support	15500	\$7.64	\$118,416.90
D	Services	###		\$606,017.44
D1010	Elevators and Lifts		\$4.80	\$74,449.60
D10101102200	Hydraulic, passenger elevator, 3000 lb, 2 floors, 100 FPM	1	\$4.80	\$74,449.60
D2010	Plumbing Fixtures		\$2.04	\$31,659.89
D20101102000	Water closet, vitreous china, tank type, 2 piece close coupled	3.88	\$0.36	\$5,641.01
D20102102000	Urinal, vitreous china, wall hung	1	\$0.09	\$1,390.40
D20103101560	Lavatory w/trim, vanity top, PE on CI, 20" x 18"	3.88	\$0.33	\$5,059.39
D20104404340	Service sink w/trim, PE on Cl,wall hung w/rim guard, 24" x 20"	3.88	\$0.95	\$14,746.70
D20108201880	Water cooler, electric, wall hung, dual height, 14.3 GPH	1.94	\$0.31	\$4,822.39
D2020	Domestic Water Distribution		\$1.82	\$28,206.55

	Gas fired water heater, commercial, 100< F rise, 500 MBH input, 480 GPH	1		\$1.82	\$28,206.55
D2040	Rain Water Drainage	0.00		\$1.59	\$24,701.77
D20402104200	Roof drain, CI, soil,single hub, 4" diam, 10' high	9.69		\$1.45	\$22,407.19
D20402104240	Roof drain, CI, soil,single hub, 4" diam, for each additional foot add	38.75		\$0.15	\$2,294.58
D3050	Terminal & Package Units			\$8.72	\$135,191.47
D30501502560	Rooftop, single zone, air conditioner, department stores, 10,000 SF, 29.17	15500		\$8.72	\$135,191.47
D4010	Sprinklers			\$4.74	\$73,413.74
D40104101080	Wet pipe sprinkler systems, steel, ordinary hazard, 1 floor, 10,000 SF	15500		\$4.74	\$73,413.74
D4020	Standpipes			\$1.17	\$18,065.69
D40203101540	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor	1.94		\$1.17	\$18,065.69
D5010	Electrical Service/Distribution			\$1.48	\$22,877.30
D50101200320	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 400 A	1		\$0.38	\$5,921.50
D50102300320	Feeder installation 600 V, including RGS conduit and XHHW wire, 400 A	50		\$0.31	\$4,801.00
D50102400200	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 400 A	1		\$0.78	\$12,154.80
D5020	Lighting and Branch Wiring			\$10.95	\$169,679.62
D50201100440	Receptacles incl plate, box, conduit, wire, 8 per 1000 SF, .9 watts per SF	15500		\$2.85	\$44,214.06
D50201350360	Miscellaneous power, 1.5 watts	15500		\$0.40	\$6,211.16
D50201400280	Central air conditioning power, 4 watts	20150		\$0.81	\$12,505.90
D50202100520	Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @32watt per 1000 SF	19375		\$6.89	\$106,748.50
D5030	Communications and Security			\$1.79	\$27,771.81
D50309100452	Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and wire	0.7		\$0.98	\$15,160.23
D50309100460	Fire alarm command center, addressable without voice, excl. wire &	1.94		\$0.81	\$12,611.58
	Equipment & Furnishings		0.00%	\$0.00	\$0.00
E	Equipment & Furnishings			•	
	Other Equipment			\$0.00	\$0.00
E E1090 F			0.00%		

6467 Lyndale Avenue South Redevelopment TIF District

Code Deficiency Cost Report

Parcel A - 6439 Lyndale Ave S, Richfield, Minnesota 55423

Parcel ID 2702824230074

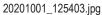
Strip Mall

Code Related Cost Items	l	Jnit Cost	Unit Quantity	Units		Total
Accessibility Items						
Accessible Routes						
Create a code required accessible route into the building.	\$	1,500.00	Lump	1	\$	1,500.00
Create a code required accessible route to all levels of the building.	\$	4.80	SF	15,500	\$	74,400.00
Restrooms						
Create code required accessible restrooms	\$	1.93	SF	15,500	\$	29,915.00
Structural Elements						
Concrete Block Walls						
Repair cracked concrete block walls to prevent water intrusion per code	\$	1,500.00	Lump	1	\$	1,500.00
Exiting						
Stairways						
Modify exterior stairways to comply with code	\$	2,500.00	Lump	1	\$	2,500.00
Modify interior stairways to comply with code	\$	25,000.00	Lump	1	\$	25,000.00
Thresholds			·			
Modify thresholds to comply with code for maximum height	\$	500.00	Lump	1	\$	500.00
Door Hardware						
Install code compliant door hardware	\$	250.00	EA	25	\$	6,250.00
Glass Doors						
Install code required 10-inch kick plates on glass doors	\$	100.00	EA	24	\$	2,400.00
Sidewalks						
Repair damaged sidewalks to create an unimpeded means for	Φ	4 500 00	Louis	4	Φ	4 500 00
emergency egress per code	\$	1,500.00	Lump	1	\$	1,500.00
Equipment Spacing Modify equipment spacing in kitchen to comply with code for						
emergency egress	\$	50.00	Lump	1	\$	50.00
Carpeting			•			
Replace damaged carpeting to create an unimpeded means for						
emergency egress per code	\$	3.04	SF	5,000	\$	15,200.00
Fire Protection						
Smoke Detectors						
Install code compliant smoke detectors	\$	0.98	SF	15,500	\$	15,190.00
Emergency Lighting						
Install code compliant emergency lighting	\$	0.75	SF	15,500	\$	11,625.00
Emergency Notification System						
Install code compliant emergency notification system	\$	0.81	SF	15,500	\$	12,555.00
Building Sprinkler System						

Code Related Cost Items	U	nit Cost	Unit Quantity	Units		Total	
Install code compliant building sprinkler system	\$	2.00	SF	15,500	\$	31,000.00	
Exterior Construction							
Windows							
Install code compliant windows	\$	2.03	SF	15,500	\$	31,465.00	
Chimney							
Repair chimney to prevent water intrusion per code	\$	500.00	Lump	1	\$	500.00	
Roof Construction							
Roofing Material							
Remove failed roofing material	\$	0.75	SF	15,500	\$	11,625.00	
Install roofing material to prevent water intrusion per code	\$	7.75	SF	15,500	\$	120,125.00	
Mechanical- Electrical							
Mechanical							
Install code compliant HVAC system	\$	8.72	SF	15,500	\$	135,160.00	
Electrical							
Install code compliant electrical lighting	\$	6.89	SF	15,500	\$	106,795.00	
		Total Code Improvements				636,755	

6467 Lyndale Avenue South Redevelopment TIF DistrictPhotos: Parcel A - Strip Mall - 6439 Lyndale Avenue South







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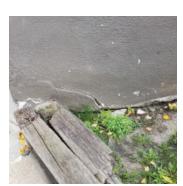
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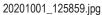
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6467 Lyndale Avenue South Redevelopment TIF DistrictPhotos: Parcel A - Strip Mall - 6439 Lyndale Avenue South



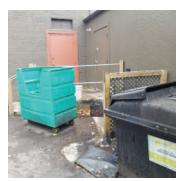




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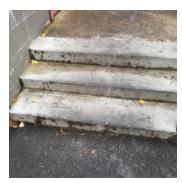
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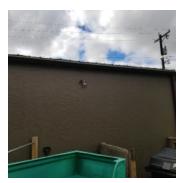
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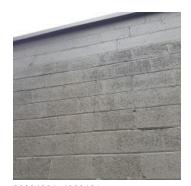
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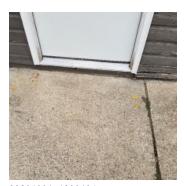
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6467 Lyndale Avenue South Redevelopment TIF DistrictPhotos: Parcel A - Strip Mall - 6439 Lyndale Avenue South







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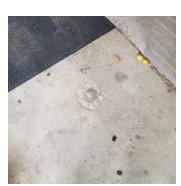
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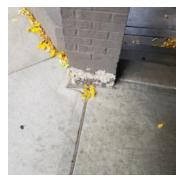
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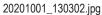


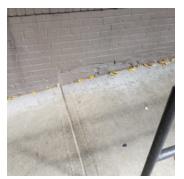
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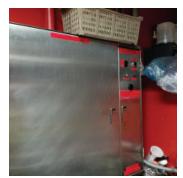
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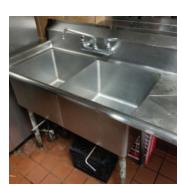
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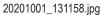


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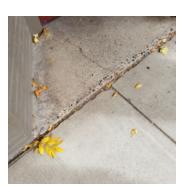
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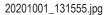


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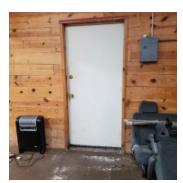
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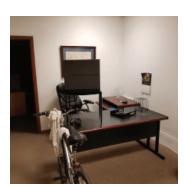
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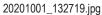


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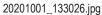


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6467 Lyndale Avenue South Redevelopment TIF District

Replacement Cost Report

RSMeans data from GORDIAN	Square Foot Cost Estimate Report	Date: 10/2/2020
Estimate Name:	6467 Lyndale Ave S	
Building Type:	Store, Retail with Concrete Block & Metal	Studs / Steel Joists
Location:	RICHFIELD, MN	ma a
Story Count:	1	WA TO TO THE MAN T
Story Height (L.F.):	14.00	
Floor Area (S.F.):	10000	THE REAL PROPERTY OF THE PROPE
Labor Type:	OPN	The state of the s
Basement Included:	Yes	
Data Release:	Year 2019	Costs are derived from a building model with basic components.
Cost Per Square Foot:	\$185.11	Scope differences and market conditions can cause costs to vary
Building Cost:	\$1,851,131.62	significantly.

		QTY	% Of	Cost Per S.F.	Cost
A	Substructure	QII	######	\$33.62	\$336,166.82
A1010	Standard Foundations			\$7.76	\$77,608.95
A10101102700	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide	615		\$2.59	\$25,894.33
A10102107410	Spread footings, 3000 PSI concrete, load 100K, soil bearing capacity 6 KSF, 4' - 6" square x 15" deep	122.11		\$5.17	\$51,714.62
A1030	Slab on Grade			\$5.73	\$57,263.20
A10301202240	Slab on grade, 4" thick, non industrial, reinforced	10000		\$5.73	\$57,263.20
A2010	Basement Excavation			\$3.97	\$39,686.20
A20101104620	Excavate and fill, 10,000 SF, 8' deep, sand, gravel, or common earth, on site storage	10000		\$3.97	\$39,686.20
A2020	Basement Walls			\$16.16	\$161,608.47
A20201107260	Foundation wall, CIP, 12' wall height, pumped, .444 CY/LF, 21.59 PLF, 12" thick	615		\$16.16	\$161,608.47
В	Shell		######	\$67.11	\$671,100.62
B1010	Floor Construction			\$25.93	\$259,319.43
B10102030860	Cast-in-place concrete column, 12" square, tied, 200K load, 12' story height, 142 lbs/LF, 4000PSI	1465.3		\$11.68	\$116,762.43
B10102221720	Flat slab, concrete, with drop panels, 6" slab/2.5" panel, 12" column, 15'x15' bay, 75 PSF superimposed load, 153 PSF total load	10000		\$14.26	\$142,557.00
B1020	Roof Construction			\$9.96	\$99,554.30
B10201123300	Roof, steel joists, beams, 1.5" 22 ga metal deck, on columns, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load	10000		\$8.27	\$82,651.10
B10201123400	Roof, steel joists, beams, 1.5" 22 ga metal deck, on columns, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load, add for column	10000		\$1.69	\$16,903.20
B2010	Exterior Walls			\$17.53	\$175,306.00
B20101014000	Concrete wall, reinforced, 8' high, 8" thick, plain finish, 3000 PSI	7400		\$17.53	\$175,306.00
B2020	Exterior Windows			\$3.22	\$32,229.55
B20202101100	Aluminum flush tube frame, for 1/4"glass,1-3/4"x4", 5'x6' opening, no intermediate horizontals	86.1		\$0.25	\$2,470.94
B20202201000	Glazing panel, insulating, 1/2" thick, 2 lites 1/8" float glass, clear	1205.4		\$2.98	\$29,758.61

B2030	Exterior Doors		\$1.76	\$17,551.83
B20301106700	Door, aluminum & glass, without transom, bronze finish, hardware, 3'-0" x 7'-0" opening	3.75	\$1.38	\$13,848.69
B20302203450	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening	1.25	\$0.37	\$3,703.14
B3010	Roof Coverings		\$8.59	\$85,937.73
B30101203400	Roofing, single ply membrane, EPDM, 60 mils, loosely laid, stone ballast	10000	\$1.79	\$17,876.00
B30103202700	Insulation, rigid, roof deck, extruded polystyrene, 40 PSI compressive strength, 4" thick, R20	10000	\$4.30	\$43,010.30
B30104201400	Roof edges, aluminum, duranodic, .050" thick, 6" face	615	\$1.75	\$17,549.03
B30106305100	Gravel stop, aluminum, extruded, 4", mill finish, .050" thick	615	\$0.75	\$7,502.40
B3020	Roof Openings		\$0.12	\$1,201.78
B30202100300	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", galvanized steel, 165 lbs	1	\$0.12	\$1,201.78
C	Interiors	######	\$16.64	\$166,395.74
C1010	Partitions		\$1.97	\$19,685.30
C10101265400	Metal partition, 5/8"fire rated gypsum board face, no base,3 -5/8" @ 24" OC framing, same opposite face, no insulation	1666.7	\$0.75	\$7,450.15
C10101280700	Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8"	7318.5	\$0.74	\$7,412.40
C10101280960	Add for the following: taping and finishing	7318.5	\$0.48	\$4,822.75
C1020	Interior Doors		\$1.09	\$10,943.07
C10201022600	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	8.75	\$1.09	\$10,943.07
C1030	Fittings		\$0.20	\$1,993.04
C10301100460	Toilet partitions, cubicles, ceiling hung, stainless steel	1.25	\$0.20	\$1,993.04
C2010	Stair Construction		\$1.50	\$14,985.22
C20101100580	Stairs, CIP concrete, w/landing, 16 risers, with nosing	2	\$1.50	\$14,985.22
C3010	Wall Finishes		\$1.20	\$11,986.11
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	3000	\$0.27	\$2,707.29
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	7318.5	\$0.66	\$6,604.43
C30102301940	Ceramic tile, thin set, 4-1/4" x 4-1/4"	333.33	\$0.27	\$2,674.39
C3020	Floor Finishes		\$3.04	\$30,405.00
C30204101600	Vinyl, composition tile, maximum	10000	\$3.04	\$30,405.00
C3030	Ceiling Finishes		\$7.64	\$76,398.00
C30302107400	Acoustic ceilings, 3/4"mineral fiber, 12" x 12" tile, concealed 2" bar & channel grid, suspended support	10000	\$7.64	\$76,398.00
D	Services	######	\$43.60	\$436,016.49
D1010	Elevators and Lifts		\$7.44	\$74,449.60
D10101102200	Hydraulic, passenger elevator, 3000 lb, 2 floors, 100 FPM	1	\$7.44	\$74,449.60
D2010	Plumbing Fixtures		\$2.09	\$20,919.11
D20101102000	Water closet, vitreous china, tank type, 2 piece close coupled	2.5	\$0.36	\$3,639.36
D20102102000	Urinal, vitreous china, wall hung	1	\$0.14	\$1,390.40
D20103101560	Lavatory w/trim, vanity top, PE on CI, 20" x 18"	2.5	\$0.33	\$3,264.13
D20104404340	Service sink w/trim, PE on CI,wall hung w/rim guard, 24" x 20"	2.5	\$0.95	\$9,514.00
D20108201880	Water cooler, electric, wall hung, dual height, 14.3 GPH	1.25	\$0.31	\$3,111.22
D2020	Domestic Water Distribution		\$2.82	\$28,206.55
D20202502220	Gas fired water heater, commercial, 100< F rise, 500 MBH input, 480 GPH	1	\$2.82	\$28,206.55

D2040	Rain Water Drainage			\$1.59	\$15,936.63
D20402104200	Roof drain, CI, soil, single hub, 4" diam, 10' high	6.25		\$1.45	\$14,456.25
D20402104240	Roof drain, CI, soil, single hub, 4" diam, for each additional foot add	25		\$0.15	\$1,480.38
D3050	Terminal & Package Units			\$8.72	\$87,220.30
D30501502560	Rooftop, single zone, air conditioner, department stores, 10,000 SF, 29.17	10000		\$8.72	\$87,220.30
D4010	Sprinklers			\$4.74	\$47,363.70
D40104101080	Wet pipe sprinkler systems, steel, ordinary hazard, 1 floor, 10,000 SF	10000		\$4.74	\$47,363.70
D4020	Standpipes			\$1.17	\$11,655.28
D40203101540	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor	1.25		\$1.17	\$11,655.28
D5010	Electrical Service/Distribution			\$2.29	\$22,877.30
D50101200320	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 400 A	1		\$0.59	\$5,921.50
D50102300320	Feeder installation 600 V, including RGS conduit and XHHW wire, 400 A	50		\$0.48	\$4,801.00
D50102400200	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 400 A	1		\$1.22	\$12,154.80
D5020	Lighting and Branch Wiring			\$10.95	\$109,470.72
D50201100440	Receptacles incl plate, box, conduit, wire, 8 per 1000 SF, .9 watts per SF	10000		\$2.85	\$28,525.20
D50201350360	Miscellaneous power, 1.5 watts	10000		\$0.40	\$4,007.20
D50201400280	Central air conditioning power, 4 watts	13000		\$0.81	\$8,068.32
D50202100520	Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @32watt per 1000 SF	12500		\$6.89	\$68,870.00
D5030	Communications and Security			\$1.79	\$17,917.30
D50309100452	Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and wire	0.45		\$0.98	\$9,780.80
D50309100460	Fire alarm command center, addressable without voice, excl. wire &	1.25		\$0.81	\$8,136.50
E	Equipment & Furnishings		0.00%	\$0.00	\$0.00
				\$0.00	\$0.00
E1090	Other Equipment				
E1090 F	Special Construction Building Sitework		0.00%	\$0.00 \$0.00	\$0.00 \$0.00

6467 Lyndale Avenue South Redevelopment TIF District

Code Deficiency Cost Report

Parcel B - 6467 Lyndale Ave S, Richfield, Minnesota 55423

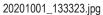
Parcel ID 2702824230010

Strip Mall

Code Related Cost Items	Unit Cost		Unit Quantity	Units		Total
Accessibility Items						
Accessible Routes						
Create a code required accessible route to all levels of the building.	\$	7.44	SF	10,000	\$	74,400.00
Restrooms						
Create code required accessible restrooms	\$	1.03	SF	10,000	\$	10,300.00
Freight Elevator						
Correct code issues on freight elevator	\$	5,000.00	Lump	1	\$	5,000.00
Structural Elements						
Steel Lintels						
Protect steel lintels from rusting per code	\$	250.00	Lump	1	\$	250.00
Brick Walls						
Repair damaged brick walls to prevent water intrusion per code	\$	1,000.00	Lump	1	\$	1,000.00
Exiting						
Stairways						
Modify interior stairways to comply with code	\$	20,000.00	Lump	1	\$	20,000.00
Thresholds						
Modify thresholds to comply with code for maximum height	\$	500.00	Lump	1	\$	500.00
Door Hardware						
Install code compliant door hardware	\$	250.00	EA	20	\$	5,000.00
Glass Doors						
Install code required 10-inch kick plates on glass doors	\$	100.00	EA	16	\$	1,600.00
Carpeting Replace damaged carpeting to create an unimpeded means for						
emergency egress per code	\$	3.04	SF	5,000	\$	15,200.00
Sind (gene) (gross per coas	Ψ	0.01	O.	0,000	Ψ	10,200.00
Fire Protection						
Smoke Detectors						
Install code compliant smoke detectors	\$	0.98	SF	10,000	\$	9,800.00
Emergency Lighting						
Install code compliant emergency lighting	\$	0.75	SF	10,000	\$	7,500.00
Emergency Notification System		• • •				
Install code compliant emergency notification system	\$	0.81	SF	10,000	\$	8,100.00
Building Sprinkler System	•	0.00	0.5	40.000	•	00 000 00
Install code compliant building sprinkler system	\$	2.00	SF	10,000	\$	20,000.00
Exterior Construction						
Windows						
Install code compliant windows	\$	3.23	SF	10,000	\$	32,300.00

Code Related Cost Items	Unit Cost		Unit Quantity	Units		Total
Roof Construction						
Roofing Material						
Remove failed roofing material	\$	0.75	SF	10,000	\$	7,500.00
Install roofing material to prevent water intrusion per code	\$	8.71	SF	10,000	\$	87,100.00
Mechanical- Electrical						
Mechanical						
Install code compliant HVAC system	\$	8.72	SF	10,000	\$	87,200.00
Electrical						
Install code compliant electrical lighting	\$	6.89	SF	10,000	\$	68,900.00
		Total C	ode Improv	/ements	\$	461,650







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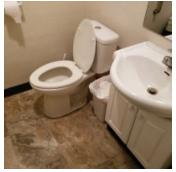
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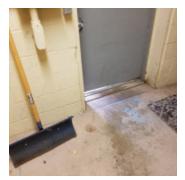
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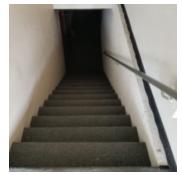




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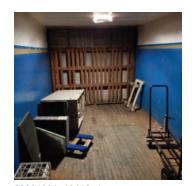
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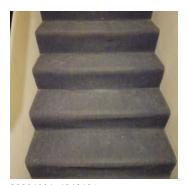
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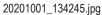


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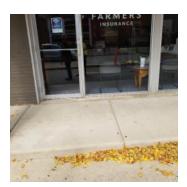
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6467 Lyndale Avenue South Redevelopment TIF District Replacement Cost Report

RSMeans data	Square Foot Cost Estimate Report		Date:	10/5/2020
Estimate Name:	415 64 1/2 St West			
Building Type:	Economy 1 Story with Wood Siding - Woo	od Frame		
Location:	RICHFIELD, MN	F 75 3		
Story Count:	1	ALM TO THE THE		4
Story Height (L.F.):	8.00	Con the second		60 3
Floor Area (S.F.):	900			3
Labor Type:	RES	The Control of the Co		<u> </u>
Basement:	Finished			
Data Release:	Year 2019		Costs are derived from a building mode	el with basic components.
Cost Per Square Foot:	\$160.94		Scope differences and market conditio significantly.	ns can cause costs to vary
Building Cost:	\$144,843.68		agninoarny.	

		% of Total	Cost Per S.F.	Cost
01	Site Work	2.37%	\$3.32	\$2,990.39
0104034	Footing excavation, building, 26' x 46', 4' deep		\$3.32	\$2,990.39
02	Foundation	20.16%	\$28.22	\$25,395.26
0204030	Footing systems, 10" thick by 20" wide footing		\$3.16	\$2,841.27
0208034	Block wall systems, 8" wall, grouted, full height		\$11.05	\$9,943.86
0208034	Block wall systems, 8" wall, grouted, full height		\$9.67	\$8,700.88
0220034	Floor slab systems, 4" thick slab		\$4.34	\$3,909.25
03	Framing	14.65%	\$20.50	\$18,452.56
0302106	Floor framing, wood joists, #2 or better, pine, 2" x 8", 16" OC		\$2.07	\$1,861.82
0302112	Floor framing, bridging, wood 1" x 3", joists 16" OC		\$0.40	\$357.90
0302119	Box sills, #2 or better pine, 2" x 8"		\$0.31	\$279.87
0302123	Girders, including lally columns, 3 pieces spiked together, 2" x 8"		\$1.68	\$1,511.97
0308026	Exterior wall framing systems, 2" x 4", 16" OC		\$0.49	\$442.99
0308026	Exterior wall framing systems, 2" x 4", 16" OC		\$5.20	\$4,675.63
0316042	Truss roof framing systems, 24" OC, 4/12 pitch, 1' overhang, 26' span		\$7.21	\$6,485.76
0348026	Partition framing systems, 2" x 4", 16" OC		\$3.15	\$2,836.62
04	Exterior Walls	14.75%	\$20.64	\$18,574.40
0416042	Metal & plastic siding systems, vinyl clapboard siding, 8" wide, white		\$6.79	\$6,111.00
0420043	Non-rigid insul, batts, fbgls, kraft faced, 3-1/2" thick, R13, 15" W		\$0.84	\$755.45
0420051	Non-rigid insul, batts, fbgls, kraft faced, 12" thick, R38, 23" wide		\$1.57	\$1,416.82
0440026	Sliding window systems, builder's quality wood window, 3' x 2'		\$7.28	\$6,552.15
0452046	Door systems, solid core birch, flush, 3' x 6'-8"		\$3.19	\$2,874.96
0460025	Storm door, al, combination, storm & screen, anodized, 3'-0" x 6'-8"		\$0.96	\$864.02
05	Roofing	3.91%	\$5.48	\$4,930.73
0504034	Gable end roofing, asphalt, roof shingles, class A		\$5.48	\$4,930.73
06	Interiors	27.56%	\$38.57	\$34,716.41

and ties and, economy grade and, stainless steel, single bowl 16" x 20" Theater, electric, 30 gallon anical Iffixture bathroom with wall hung lavatory and the grade gra	4.71% 7.87% 4.00% 100% 15.0 % 0.0 % 0.0 %	\$1.31 \$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91 \$0.52 \$0.34 \$0.10 \$0.19 \$5.60 \$1.36 \$1.70 \$2.00 \$0.54 \$139.95 \$20.99 \$0.00 \$0.00	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85 \$303.36 \$87.43 \$125.58 \$175.25 \$5,041.66 \$1,226.27 \$1,528.62 \$1,804.14 \$482.63
en, economy grade , stainless steel, single bowl 16" x 20" Theater, electric, 30 gallon anical Ifixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass n duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF ter elbows, to 1500 SF registers, enameled steel w/damper, to 1500 SF n air grille, area to 1500 SF 12" x 12" nostat, manual, 1 set back m, heating only, 100 MBH rical mp electric service x receptacles using non-metallic sheathed cable g device systems, economy to 1200 S.F. fixture systems, economy to 1200 S.F.	7.87% 4.00% 100% 15.0 % 0.0 %	\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91 \$0.52 \$0.91 \$0.52 \$0.10 \$0.14 \$0.19 \$5.60 \$1.36 \$1.70 \$2.00 \$0.54 \$139.95 \$20.99	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85 \$303.36 \$87.43 \$125.58 \$175.25 \$5,041.66 \$1,226.27 \$1,528.62 \$1,804.14 \$482.63
en, economy grade , stainless steel, single bowl 16" x 20" Theater, electric, 30 gallon anical Ifixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass n duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF ter elbows, to 1500 SF registers, enameled steel w/damper, to 1500 SF n air grille, area to 1500 SF 12" x 12" nostat, manual, 1 set back m, heating only, 100 MBH rical mp electric service x receptacles using non-metallic sheathed cable g device systems, economy to 1200 S.F. fixture systems, economy to 1200 S.F.	7.87% 4.00% 100% 15.0 %	\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91 \$0.52 \$0.91 \$0.52 \$0.10 \$0.14 \$0.19 \$5.60 \$1.36 \$1.70 \$2.00 \$0.54 \$139.95 \$20.99	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85 \$303.36 \$87.43 \$125.58 \$175.25 \$5,041.66 \$1,226.27 \$1,528.62 \$1,804.14 \$482.63
en, economy grade , stainless steel, single bowl 16" x 20" Theater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass in duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF ter elbows, to 1500 SF registers, enameled steel w/damper, to 1500 SF in air grille, area to 1500 SF 12" x 12" nostat, manual, 1 set back in, heating only, 100 MBH rical mp electric service ix receptacles using non-metallic sheathed cable ig device systems, economy to 1200 S.F.	4.00%	\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91 \$0.52 \$0.34 \$0.10 \$0.14 \$0.19 \$5.60 \$1.36 \$1.70 \$2.00 \$0.54	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85 \$303.36 \$87.43 \$125.58 \$175.25 \$5,041.66 \$1,226.27 \$1,528.62 \$1,804.14 \$482.63
en, economy grade , stainless steel, single bowl 16" x 20" Theater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass in duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF ter elbows, to 1500 SF registers, enameled steel w/damper, to 1500 SF in air grille, area to 1500 SF 12" x 12" nostat, manual, 1 set back in, heating only, 100 MBH rical mp electric service ix receptacles using non-metallic sheathed cable ig device systems, economy to 1200 S.F.	7.87%	\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91 \$0.52 \$0.34 \$0.10 \$0.14 \$0.19 \$5.60 \$1.36 \$1.70 \$2.00	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85 \$303.36 \$87.43 \$125.58 \$175.25 \$5,041.66 \$1,226.27 \$1,528.62 \$1,804.14
en, economy grade , stainless steel, single bowl 16" x 20" Theater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass in duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF ter elbows, to 1500 SF registers, enameled steel w/damper, to 1500 SF in air grille, area to 1500 SF 12" x 12" nostat, manual, 1 set back in, heating only, 100 MBH rical mp electric service ix receptacles using non-metallic sheathed cable ig device systems, economy to 1200 S.F.	7.87%	\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91 \$0.52 \$0.34 \$0.10 \$0.14 \$0.19 \$5.60 \$1.36 \$1.70 \$2.00	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85 \$303.36 \$87.43 \$125.58 \$175.25 \$5,041.66 \$1,226.27 \$1,528.62 \$1,804.14
en, economy grade , stainless steel, single bowl 16" x 20" Theater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass in duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF ter elbows, to 1500 SF registers, enameled steel w/damper, to 1500 SF in air grille, area to 1500 SF 12" x 12" nostat, manual, 1 set back in, heating only, 100 MBH rical mp electric service ix receptacles using non-metallic sheathed cable ig device systems, economy to 1200 S.F.	7.87%	\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91 \$0.52 \$0.34 \$0.10 \$0.14 \$0.19 \$5.60 \$1.36 \$1.70 \$2.00	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85 \$303.36 \$87.43 \$125.58 \$175.25 \$5,041.66 \$1,226.27 \$1,528.62 \$1,804.14
en, economy grade , stainless steel, single bowl 16" x 20" Theater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass n duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF ter elbows, to 1500 SF registers, enameled steel w/damper, to 1500 SF n air grille, area to 1500 SF 12" x 12" nostat, manual, 1 set back m, heating only, 100 MBH fical mp electric service x receptacles using non-metallic sheathed cable	7.87%	\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91 \$0.52 \$0.34 \$0.10 \$0.10 \$0.19 \$5.60 \$1.36 \$1.70	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85 \$303.36 \$87.43 \$125.58 \$175.25 \$5,041.66 \$1,226.27 \$1,528.62
en, economy grade , stainless steel, single bowl 16" x 20" Theater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass in duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF ter elbows, to 1500 SF registers, enameled steel w/damper, to 1500 SF in air grille, area to 1500 SF 12" x 12" nostat, manual, 1 set back m, heating only, 100 MBH rical mp electric service	7.87%	\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91 \$0.52 \$0.34 \$0.10 \$0.14 \$0.19 \$5.60 \$1.36	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85 \$303.36 \$87.43 \$125.58 \$175.25 \$5,041.66 \$1,226.27
en, economy grade , stainless steel, single bowl 16" x 20" heater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass n duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF ter elbows, to 1500 SF registers, enameled steel w/damper, to 1500 SF n air grille, area to 1500 SF 12" x 12" nostat, manual, 1 set back m, heating only, 100 MBH	7.87%	\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.85 \$1.02 \$0.91 \$0.52 \$0.91 \$0.52 \$0.10 \$0.10 \$0.10 \$0.19	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85 \$303.36 \$87.43 \$125.58 \$175.25
en, economy grade , stainless steel, single bowl 16" x 20" heater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass n duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF ter elbows, to 1500 SF registers, enameled steel w/damper, to 1500 SF n air grille, area to 1500 SF 12" x 12" nostat, manual, 1 set back m, heating only, 100 MBH	7.87%	\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91 \$0.52 \$0.34 \$0.10 \$0.14 \$0.19	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85 \$303.36 \$87.43 \$125.58 \$175.25
en, economy grade , stainless steel, single bowl 16" x 20" heater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass n duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF ter elbows, to 1500 SF registers, enameled steel w/damper, to 1500 SF n air grille, area to 1500 SF 12" x 12" nostat, manual, 1 set back		\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91 \$0.52 \$0.34 \$0.10 \$0.14	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85 \$303.36 \$87.43 \$125.58
en, economy grade , stainless steel, single bowl 16" x 20" heater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass n duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF ter elbows, to 1500 SF registers, enameled steel w/damper, to 1500 SF n air grille, area to 1500 SF 12" x 12"		\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91 \$0.52 \$0.34 \$0.10	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85 \$303.36 \$87.43
en, economy grade , stainless steel, single bowl 16" x 20" Theater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass in duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF ter elbows, to 1500 SF registers, enameled steel w/damper, to 1500 SF		\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91 \$0.52 \$0.34	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85 \$303.36
en, economy grade , stainless steel, single bowl 16" x 20" heater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass n duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF ter elbows, to 1500 SF		\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91 \$0.52	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12 \$469.85
en, economy grade , stainless steel, single bowl 16" x 20" heater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass n duct, sheet metal galvanized, to 1500 SF al ducts, flexible round 6" insulated, to 1200 SF		\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02 \$0.91	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94 \$820.12
en, economy grade , stainless steel, single bowl 16" x 20" heater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass n duct, sheet metal galvanized, to 1500 SF		\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85 \$1.02	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95 \$921.94
en, economy grade , stainless steel, single bowl 16" x 20" heater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF nittent pilot, 100 MBH furnace y duct, rectangular, area to 1200 SF, rigid fiberglass		\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31 \$0.85	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15 \$767.95
en, economy grade , stainless steel, single bowl 16" x 20" heater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF hittent pilot, 100 MBH furnace		\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33 \$0.31	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44 \$282.15
en, economy grade , stainless steel, single bowl 16" x 20" heater, electric, 30 gallon anical fixture bathroom with wall hung lavatory ce, gas heating only, 100 MBH, area to 1200 SF		\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30 \$1.33	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85 \$1,196.44
en, economy grade , stainless steel, single bowl 16" x 20" heater, electric, 30 gallon anical fixture bathroom with wall hung lavatory		\$6.59 \$3.17 \$1.89 \$1.53 \$11.02 \$5.30	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92 \$4,766.85
en, economy grade , stainless steel, single bowl 16" x 20" heater, electric, 30 gallon anical		\$6.59 \$3.17 \$1.89 \$1.53 \$11.02	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47 \$9,916.92
en, economy grade , stainless steel, single bowl 16" x 20" · heater, electric, 30 gallon		\$6.59 \$3.17 \$1.89 \$1.53	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51 \$1,377.47
en, economy grade , stainless steel, single bowl 16" x 20"	4.71%	\$6.59 \$3.17 \$1.89	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72 \$1,703.51
en, economy grade	4.71%	\$6.59 \$3.17	\$968.36 \$1,181.05 \$5,932.70 \$2,851.72
	4.71%	\$6.59	\$968.36 \$1,181.05 \$5,932.70
	4 71%		\$968.36 \$1,181.05
ment stairs, open risers		£4.24	\$968.36
-		\$1.08	
			\$2,817.00
			\$1,901.85
			\$693.15 \$1,001.85
			\$1,867.26
			\$6,704.10
			\$4,765.70 \$6,704.10
			\$2,476.49 \$4,765.70
			\$3,074.07
system, 1/2" drywall, taped & finished		\$9.19	62 074 07
i :	system, 1/2" drywall, taped & finished sypsum wallboard, taped & finished ceilings ended ceiling 2' x 4' grid, film faced fiberglass, 5/8" thick in, flush door, hollow core, interior et, Olefin, 15 oz ing, sponge rubber cushion, minimum rlayment plywood, 1/2" thick ent flooring, asphalt tile on wood subflr, 1/8" thk, group B	system, 1/2" drywall, taped & finished gypsum wallboard, taped & finished ceilings ended ceiling 2' x 4' grid, film faced fiberglass, 5/8" thick n, flush door, hollow core, interior et, Olefin, 15 oz ing, sponge rubber cushion, minimum rlayment plywood, 1/2" thick	lypsum wallboard, taped & finished ceilings \$2.75 ended ceiling 2' x 4' grid, film faced fiberglass, 5/8" thick \$5.30 in, flush door, hollow core, interior \$7.45 et, Olefin, 15 oz \$2.07 ing, sponge rubber cushion, minimum \$0.77 rlayment plywood, 1/2" thick \$2.11

6467 Lyndale Avenue South Redevelopment TIF District

Code Deficiency Cost Report

Parcel C - 415 64 1/2 Street W, Richfield, Minnesota 55423

Residential Dwelling

Parcel ID 2702824230053

Code Related Cost Items	Unit Cost		Unit Quantity	Units	Total
Accessibility Items					
Bathroom					
Modify fixture spacing to comply with code	\$	5.30	SF	900	\$ 4,770.00
Structural Elements					
					\$ -
Exiting					
Stairway					
Basement stairway does not comply with code	\$	1.31	SF	900	\$ 1,179.00
Replace concrete steps to comply with code	\$	2,500.00	Lump	1	\$ 2,500.00
Fire Protection					
Smoke Detectors					
Install code compliant smoke detectors	\$	150.00	EA	3	\$ 450.00
Carbon Monoxide Detectors					
Install code compliant carbon monoxide detectors	\$	150.00	EA	2	\$ 300.00
Arc Fault Circuit Interrupters					
Install code required AFCI's	\$	150.00	EA	8	\$ 1,200.00
Ground Fault Circuit Interrupters					
Install code required GFCI's in kitchen	\$	150.00	EA	1	\$ 150.00
Exterior Construction					
Windows					
Install code compliant windows to prevent water intrusion per code	\$	7.28	SF	900	\$ 6,552.00
Roof Construction					
Roofing Material					
Remove failed roofing material	\$	0.50	SF	900	\$ 450.00
Install roofing material to prevent water intrusion per code	\$	5.84	SF	900	\$ 5,256.00
Mechanical- Electrical					
Mechanical					
Install code compliant HVAC system	\$	5.71	SF	900	\$ 5,139.00
	T	otal Code	e Improv	ements	\$ 27,946







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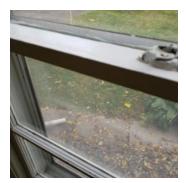
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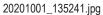


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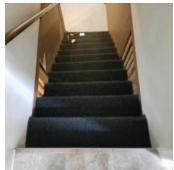




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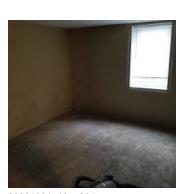
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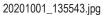


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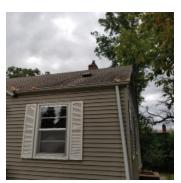
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AGENDA SECTION: AGENDA ITEM# OTHER BUSINESS

6.



STAFF REPORT NO. 41 HOUSING AND REDEVELOPMENT AUTHORITY MEETING 11/16/2020

REPORT PREPARED BY: Julie Urban, Housing & Redevelopment Manager

OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director

11/12/2020

ITEM FOR COUNCIL CONSIDERATION:

Consideration of a resolution approving an Amended and Restated Preliminary Redevelopment Agreement with Penn Investments LLC for the development of 6501 Penn Avenue South and 6500 Oliver Avenue South.

EXECUTIVE SUMMARY:

On January 21, 2020, the Housing and Redevelopment Authority (HRA) approved a Preliminary Redevelopment Agreement with the development team of NHH Properties and Boisclair Corporation, doing business as Penn Investments LLC (Developer), for redevelopment of the HRA-owned property at 6501 Penn Avenue South and 6500 Oliver Avenue South.

The onset of the COVID-19 pandemic delayed progress of the project development. In addition, the Developer explored several possible scenarios for providing more deeply affordable units and/or housing for people with disabilities in the project, and the funding timelines for developing that type of housing couldn't be met in 2020.

The Amended and Restated Preliminary Redevelopment Agreement (Agreement) moves the deadlines to 2021 to coincide with deadlines needed to be met in order to apply for federal tax credits for the project. In addition, the proposed concept plan changes as follows:

- Up to 69 apartment units would be constructed in a first phase. Tax credit funding would be pursued,
 which would restrict rents and incomes for all units. A mix of incomes limits between 30% and 80%
 would be explored, and ten units of supportive housing for people with disabilities and/or people leaving
 shelters proposed.
- The proposed first-floor commercial space would be replaced with lobby office, bike storage, community room and housing units.

Several aspects of the existing Agreement remain and include:

- The Developer will provide preliminary plans for sketch plan review and will seek neighborhood feedback.
- The Developer will explore applying for grants and tax credits, and the HRA agrees to cooperate with those applications.
- Due to the high cost of land assembly, structured parking, affordable housing and other subsurface
 construction costs, the Developer has determined that they would likely require some degree of public
 financial assistance to make the project feasible. A Redevelopment or Housing Tax Increment
 Financing (TIF) District are both possible tools that will be explored.
- The Developer will explore future phases of the project.
- The HRA will extend right-of-entry to the property for the Developer to access the property for survey,

- geotechnical and marketing purposes.
- The Agreement also encompasses the HRA-owned property at 6500 Oliver Avenue South. This is a remnant parcel from a previous County road project. The Developer owns 6504 Oliver Avenue South and has developed a concept plan that would include both Oliver Avenue properties.

RECOMMENDED ACTION:

By motion: Approve a resolution adopting an Amended and Restated Preliminary Redevelopment Agreement with Penn Investments LLC for the redevelopment of 6501 Penn Avenue South and 6500 Oliver Avenue South.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The property at 6501 Penn Avenue South had been a Bumper to Bumper auto parts store for many years and had been for sale off and on couple of years. In 2018, the owner reached out to staff about purchasing the property, and the HRA purchased it in January 2019.
- Penn Investments presented a proposal for the property to joint work sessions of the Richfield City Council, HRA and Planning Commission on September 16 and November 18, 2019. Significant feedback was provided by policymakers at the two sessions, which will be used to further refine the Developer's proposal.
- The HRA approved a Preliminary Redevelopment Agreement with Penn Investments LLC on January 21, 2020.
- An additional work session on project affordability options was held with the HRA on February 18, 2020, and a second session held with both HRA and Council on June 15, 2020. A majority of policymakers expressed support for further exploring both deeper affordability and possible units for people with disabilities.
- The Developer owns 6504 Oliver Avenue South, an adjacent single-family property, and has discussed the project with the other adjacent single family homeowners and the owner of the adjacent duplex.
- The HRA owns a remnant parcel (30 feet by 133 feet) at 6500 Oliver Avenue South, adjacent to the parcel owned by the Developer.

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

- The property is zoned and guided for Mixed Use with the Penn Avenue Overlay. The goal of the Penn Avenue Corridor District is to provide for a balanced mix of commercial, office and residential uses that together create a cohesive and pedestrian-friendly area.
- The City's Comprehensive Plan and Housing Visioning statement encourage the development of a full range of housing choices.
- The City's Inclusionary Housing Policy requires the inclusion of at least 20% of units affordable at 60% of the Area Median Income for all projects receiving city financial assistance. The concept being explored by the Developer would exceed this requirement.

C. CRITICAL TIMING ISSUES:

- The Agreement is effective through July 31, 2021, and sets an interim deadline of January 31, 2021, for the following steps: sketch plan review, financial analysis, neighborhood meeting. The deadlines are based on funding deadlines for various outside funding sources.
- Tax credit applications are due in July of 2021, and significant plans and approvals are needed before application can be made for funding. Tax credit awards would be made at the end of 2021. The proposed deadline for the Agreement is July 31, 2021, consistent with the funding award deadline (although a Contract for Private Development will likely be in place well before that deadline).

D. FINANCIAL IMPACT:

• The Agreement calls for the Developer to reimburse the HRA for \$2,000 in staff costs and submit a deposit of \$5,000 to pay other administrative costs incurred in meeting the terms of the

Agreement.

E. **LEGAL CONSIDERATION:**

• The HRA Attorney drafted the Amended and Restated Preliminary Redevelopment Agreement with input from HRA staff and the Developer.

ALTERNATIVE RECOMMENDATION(S):

- 1. Approve the Amended and Restated Preliminary Redevelopment Agreement with changes.
- 2. Decide not to approve the Amended and Restated Preliminary Redevelopment Agreement and allow the original Agreement with Penn Investments LLC to expire.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Representatives from the development team.

ATTACHMENTS:

	Description	Type
D	Resolution	Resolution Letter
ם	Amended and Restated Preliminary Redevelopment Agreement	Contract/Agreement
D	Concept Plan	Backup Material

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

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RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED PRELIMINARY REDEVELOPMENT AGREEMENT WITH PENN INVESTMENTS LLC

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority") owns certain real property located 6500 Oliver Avenue South and 6501 Penn Avenue South (the "Redevelopment Property") in the City of Richfield, Minnesota (the "City"); and

WHEREAS, the Authority and Penn Investments LLC, a Minnesota limited liability company (the "Redeveloper"), entered into a Preliminary Redevelopment Agreement, dated January 21, 2020 (the "Original Preliminary Redevelopment Agreement"), which set forth the Redeveloper's intentions to acquire the Redevelopment Property, demolish the blighted buildings thereon, and construct a building with approximately up to 69 market-rate and affordable housing units, commercial space, lobby, office space, bike entrance, storage space, and community room (the "Project"); and

WHEREAS, the Authority and the Redeveloper have determined a need to extend the deadlines provided in the Original Preliminary Redevelopment Agreement and to revise the scope of the Project to include a lobby, office space, bike entrance, storage space, and community room; and

WHEREAS, the Board of Commissioners of the Authority (the "Board") has been presented with a form of Amended and Restated Preliminary Redevelopment Agreement (the "Amended and Restated Preliminary Redevelopment Agreement") between the Authority and the Redeveloper, which sets forth the modified deadlines and Project description; and

WHEREAS, the Board has reviewed the Amended and Restated Preliminary Redevelopment Agreement and finds that the execution thereof by the Authority and performance of the Authority's obligations thereunder are in the best interest of the City and its residents; 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 Amended and Restated Preliminary Redevelopment Agreement presented to the Authority and on file with the Executive Director is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the Chair and Executive Director; provided that execution of such document by such officials shall be conclusive evidence of approval.
- 2. The Chair and Executive Director are hereby authorized to execute the Amended and Restated Preliminary Redevelopment Agreement on behalf of the Authority and to carry out on the Authority's obligations thereunder.

Adopted by the Housing and Redevelopment Minnesota this 16 th day of November, 2020.	Authority in and for the City of Richfield,
	Mary Sumple Chair
ATTEST:	Mary Supple, Chair
Maria Regan Gonzalez, Secretary	

RC125-368 (JAE) 685672v1

AMENDED AND RESTATED PRELIMINARY REDEVELOPMENT AGREEMENT

	THIS AMENI	DED AND RES	TATED PRELIMI	NARY REDEVE	ELOPMENT .	AGREEMENT,
made a	as of the	_ day of	, 2020 (the	"Agreement"), is	s between th	e Housing and
Redevel	lopment Author	rity in and for the	City of Richfield,	Minnesota, a Mir	nesota public	body corporate
and poli	itic (the "HRA"), and Penn Inve	estments LLC, a Mi	nnesota limited li	ability compa	ny, or one of its
wholly	owned affiliate	es (the "Redevelo	oper"), and amends	s and restates the	Preliminary	Redevelopment
Agreem	nent, dated Janu	ary 21, 2020, bet	ween the HRA and	the Redeveloper.		_

RECITALS

First: The Redeveloper and the HRA have been engaged in informal discussions regarding the redevelopment of certain real property located at 6500 Oliver Avenue South and 6501 Penn Avenue South in the City of Richfield, Minnesota (the "City"), which is legally described in EXHIBIT A attached hereto (the "Redevelopment Property");

Second: The Redeveloper proposes to purchase the Redevelopment Property from the HRA, demolish the blighted buildings on the Redevelopment Property, and construct a multiphased project including a building with up to 69 market-rate and affordable housing units, commercial space, lobby, office space, bike entrance, storage space, and community room (the "Project");

Third: In order to assist the Redeveloper with the Project, the HRA is considering the establishment of a redevelopment tax increment financing district (the "TIF District") that includes the Redevelopment Property;

Fourth: Based on initial reviews of the proposal, it appears that the Project is potentially feasible; however, further review is needed;

Fifth: The parties wish to cooperate in further analyzing the potential and feasibility of the Project and are willing to proceed with such analysis as described in this Agreement;

Sixth: The parties acknowledge that the Redeveloper will expend substantial time and effort, and incur substantial expense in pursuing the Project;

Seventh: The Redeveloper is willing to undertake the activities described in this Agreement only with the reasonable assurance from the HRA that it will support and cooperate with the Redeveloper in its efforts;

Eighth: The HRA and the Redeveloper have executed this Agreement to document their understanding with respect to the proposed Project.

AGREEMENT

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

1. Statement of Intent.

It is the intention of the parties that during the term of this agreement the following activities will take place:

- Plan Review and Refinement. The Redeveloper will complete and provide a general redevelopment plan, including parking layout and design, to the HRA for review and comment. This submission shall be made on or before January 31, 2021 as an application for sketch plan review. This review involves a staff review of the general redevelopment plan by HRA staff. Following the sketch plan review, the Redeveloper will undertake any additional studies or refinements to the general redevelopment plan for the Project that are necessary to determine that the plan (i) complies with the City's land use requirements; and (ii) provides sufficient detail to permit the reviews described in Section 1(d) below. Upon completion of the staff-level sketch plan review, either party may request that the general redevelopment plan be brought before a work session of the City Council of the City (the "City Council") and/or the Board of Commissioners of the HRA (the "HRA Board").
- (b) <u>Financial Feasibility</u>. The Redeveloper will provide to the HRA a financial feasibility analysis of the Project, including a detailed sources and uses of all funding and all expenditures expected for the construction of the Project and a Project pro forma, on or before January 31, 2021. The financial feasibility analysis should specify what financing will be obtained for the Project and from what sources and the amount of equity to be contributed to the Project.
- (c) <u>Neighborhood Feedback</u>. The Redeveloper agrees to conduct one or more meetings with neighborhood residents to obtain feedback on the Project. Feedback from neighborhood residents shall be provided to the HRA on or before January 31, 2021.
- (d) <u>HRA Analysis of Project</u>. Following the receipt from the Redeveloper of the information set forth in Section 1(a) through (c) hereof, the HRA's fiscal consultant will conduct a financial analysis of the Redeveloper and the Project. The purpose of the HRA's analysis is to determine the Redeveloper's ability to finance the proposed Project. The analysis will consider such factors as the Redeveloper's capability to arrange for financing, the anticipated level of assistance available to the Project from the HRA or other sources, and the Redeveloper's ability to provide equity to the Project.
- (e) Acquisition of Redevelopment Property by Redeveloper. The HRA currently owns the Redevelopment Property. The HRA understands that in order for the Project to proceed, the Redeveloper must purchase the Redevelopment Property from the HRA. The HRA Board must hold a duly noticed public hearing before conveying the Redevelopment Property to the Redeveloper.
- (f) <u>Contract Negotiation</u>. On or before March 1, 2021, the parties will attempt in good faith to negotiate the terms of a contract for private redevelopment (the "Contract") which will provide the nature and timing of the Project and any private improvements to be constructed and the form, the amount and conditions of any economic assistance to be provided by the HRA for the Project. The Contract will contain such additional terms as either party believes are necessary for the transaction.

- (g) Right of Entry. The HRA will grant the Redeveloper a right to enter the Redevelopment Property as necessary for surveying the Redevelopment Property, geotechnical and environmental tests, marketing to potential commercial tenants, and other studies of the Redevelopment Property. The HRA will also allow the Redeveloper to post a development and/or marketing sign on the Redevelopment Property.
- (h) Cooperation with Grant Applications. The Redeveloper plans to prepare applications for various grants for the Project, including but not limited to LCDA, TOD and/or DEED grants. The Redeveloper will provide the HRA with applications for TOD and DEED grants by February 28, 2021. The Redeveloper will provide the HRA with applications for LCDA by July 31, 2021. The HRA agrees to cooperate with the Redeveloper to obtain the various grants, including supplying information for the grant applications and requesting approval from the HRA Board if necessary.
- (i) Redeveloper's Compliance with City's Inclusionary Housing Policy. Pursuant to the City's Inclusionary Housing policy, the Redeveloper understands that if a tax increment financing district is established, the Redeveloper will be required to contribute fifteen percent (15%) of the total tax increment financing received by the Redeveloper to the HRA's Housing and Redevelopment Fund, unless at least twenty percent (20%) of all housing units of the Project are available at rates of sixty percent (60%) of AMI.
- (j) <u>Tax Increment District</u>. The HRA has obtained a blight study for the Development Property and will consider establishing a redevelopment tax increment district based on the analysis described in Section 1(d).
- (k) <u>Tax Credit Application</u>. The Redeveloper may apply for tax credits for the Project on or before July 1, 2021.
- (1) <u>Future Phase of Project</u>. The Redeveloper may in the future consider purchasing parcels adjacent to the Redevelopment Property to construct an additional phase of the Project. If the Redeveloper determines to move forward with an additional phase of the Project, the HRA and the Redeveloper will work together to determine if subsidy is necessary and available for the future phase.
- (m) <u>Future Phase; Relocation</u>. For any future phase of the Project, the Developer is responsible for complying with Minn. Stat. Sections 117.50 to 117.56 (the "Minnesota Uniform Relocation Act") and providing evidence of such compliance to the HRA.

2. <u>Undertaking by Redeveloper</u>.

During the term of this Agreement, the Redeveloper will undertake all of the activities necessary, in the Redeveloper's discretion, to accomplish the activities described in Section 1 of this Agreement required to be performed by the Redeveloper.

3. Undertaking and Agreement by HRA.

The HRA agrees to cooperate with the Redeveloper in the Redeveloper's undertakings and agrees to utilize its best efforts, subject to the Redeveloper's performance, to accomplish the activities described in Section 1 of this Agreement, which includes an analysis of the financial feasibility of the Project and the nature, area, and financial implications of any tax increment financing district which might be established.

4. Term.

This Agreement is effective from the date hereof through July 31, 2021, unless extended with approval of the HRA Board, provided, in the event either party, after consultation with the other party, determines in good faith that the other party is not diligently pursuing the Project or its obligations hereunder; or the Redeveloper determines, in good faith, that the Project is not feasible, such determining party may terminate this Agreement upon thirty (30) days' written notice to the other. The HRA may also terminate this Agreement for failure of the Redeveloper to provide additional funds pursuant to Section 5 below. The parties each waive any claim or cause of action that they may have against the other party based upon the termination of this Agreement by such other party. The parties may, by mutual written agreement, extend this Agreement for such further periods as determined to be appropriate from time to time.

5. <u>Administrative Costs of HRA</u>.

The Redeveloper agrees and understands that it is responsible for and will pay to the HRA \$2,000 in HRA staff costs, along with all out-of-pocket costs incurred by the HRA (including without limitation reasonable attorney and fiscal consultant fees) in the negotiation and preparation of this Agreement and other documents and agreements in connection with the activities and the Project contemplated hereunder (collectively, the "Administrative Costs"). The Administrative Costs shall be evidenced by invoices, statements or other reasonable written evidence of the costs incurred by the HRA.

Upon execution of this Agreement, the Redeveloper will deliver a deposit to the HRA in the amount of \$5,000 (the "Deposit") to pay Administrative Costs. If at any time the Deposit drops below \$1,000, the Redeveloper shall replenish the deposit to the full \$5,000 within thirty (30) days after receipt of written notice thereof from the HRA. The HRA shall provide invoices to the Redeveloper for all payments deducted from the Deposit. If at any time the Deposit is insufficient to pay invoices related to the Project, the HRA will ask for additional Deposits from the Redeveloper. If the additional Deposit is not made within thirty (30) days following the date of such request, the HRA may elect to either suspend its performance under this Agreement or terminate this Agreement. Such suspension or termination will be effective on the date it is given in writing, or on such later date specified in the notification. Any unexpended or unencumbered portion of the Deposit shall be returned to the Redeveloper upon the expiration or termination of this Agreement.

6. <u>Termination of Agreement</u>.

This Agreement may be terminated upon five (5) days' written notice by a party to the other party if:

- (a) in the respective good faith judgment of any party, an impasse has been reached in the negotiation or implementation of any material term or the completion or execution of any material condition of this Agreement or the Contract; or
- (b) a party fails to perform any of its obligations under this Agreement.

7. <u>Miscellaneous</u>.

- (a) This Agreement constitutes the entire agreement between the parties relative to the proposed Project. Unless specifically described herein, no obligation shall be inferred or construed.
- (b) The redevelopment of the Redevelopment Property will be in accordance with the Contract or other agreements which the parties shall, in good faith, attempt to negotiate during the term of this Agreement.
- (c) The Redeveloper understands that further and separate action, for which no obligation is created hereunder, will be required before the HRA or the Redeveloper is obligated to take various actions with respect to the Project. Those actions may include, without limitation:
 - 1) Creation of and approval of a modification of tax increment project plan and/or the TIF District by the City Council of the City and the HRA Board;
 - 2) Zoning and subdivision approvals to the extent any are required;
 - 3) Construction of public improvements to serve the Project; and
 - 4) Negotiation of and approval of the Contract by the HRA Board.
- (d) The Redeveloper further understands that many of the actions which the HRA or the City may be called upon to take require the reasonable discretion and in some instances the legislative judgment of the HRA or the City, such actions may be made only following established procedures; and the HRA may not, by agreement, agree in advance to any specific decision in such matters.
- (e) Notice or demand or other communication between or among the parties shall be sufficiently given if sent by certified or registered mail, postage prepaid, return receipt requested or delivered personally:

Penn Investments LLC 7455 France Avenue South, Suite 351 Edina, MN 55435 Attn: Adam Seraphine

Housing and Redevelopment Authority in and for the City of Richfield, Minnesota 6700 Portland Avenue South Richfield, MN 55423

Attn: John Stark, Executive Director

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Preliminary Redevelopment Agreement effective the date and year first above written.

AUT	ISING AND REDEVELOPMENT HORITY IN AND FOR THE CITY OF HFIELD, MINNESOTA	PENN INVESTMENTS LLC, a Minnesota limited liability company			
By: Its:	Mary Supple Chair	By: Its:			
By:	John Stark Executive Director				

EXHIBIT A

LEGAL DESCRIPTION OF THE REDEVELOPMENT PROPERTY

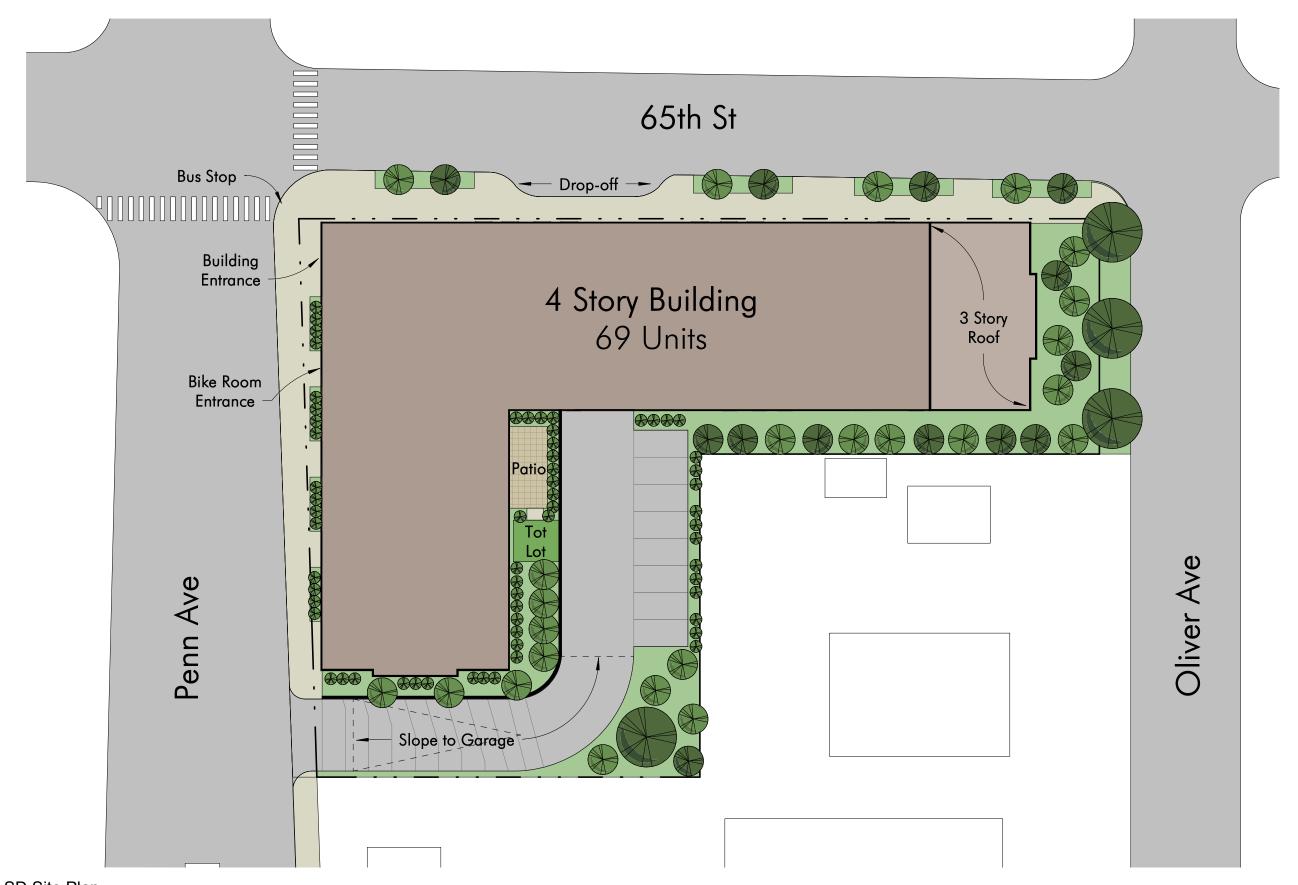
Par. 1: The West ½ of the South 109.6 feet of the North 767.2 feet of the North ¾ of the West ¼ of the Southwest Quarter of the Northwest Quarter except the North 30 feet thereof;

Par. 2: The West ½ of the South 109.6 feet of the North 876.8 feet of the North ¾ of the West ¼ of the Southwest Quarter of the Northwest Quarter;

All in Section 28, Township 28, Range 24, in the Village of Richfield, Hennepin County, Minnesota.

Par. 3 The South 109.6 feet of the North 767.2 feet of the North 3/4 of the West Quarter of the Southwest Quarter of the Northwest Quarter of Section 28, Township 28, Range 24, except the South 50 feet of the East 1/2 thereof and except that part of the West 1/2 lying South of the North 30 feet thereof, in the City of Richfield, Hennepin County, Minnesota.

RC125-368 (JAE) 685503v2

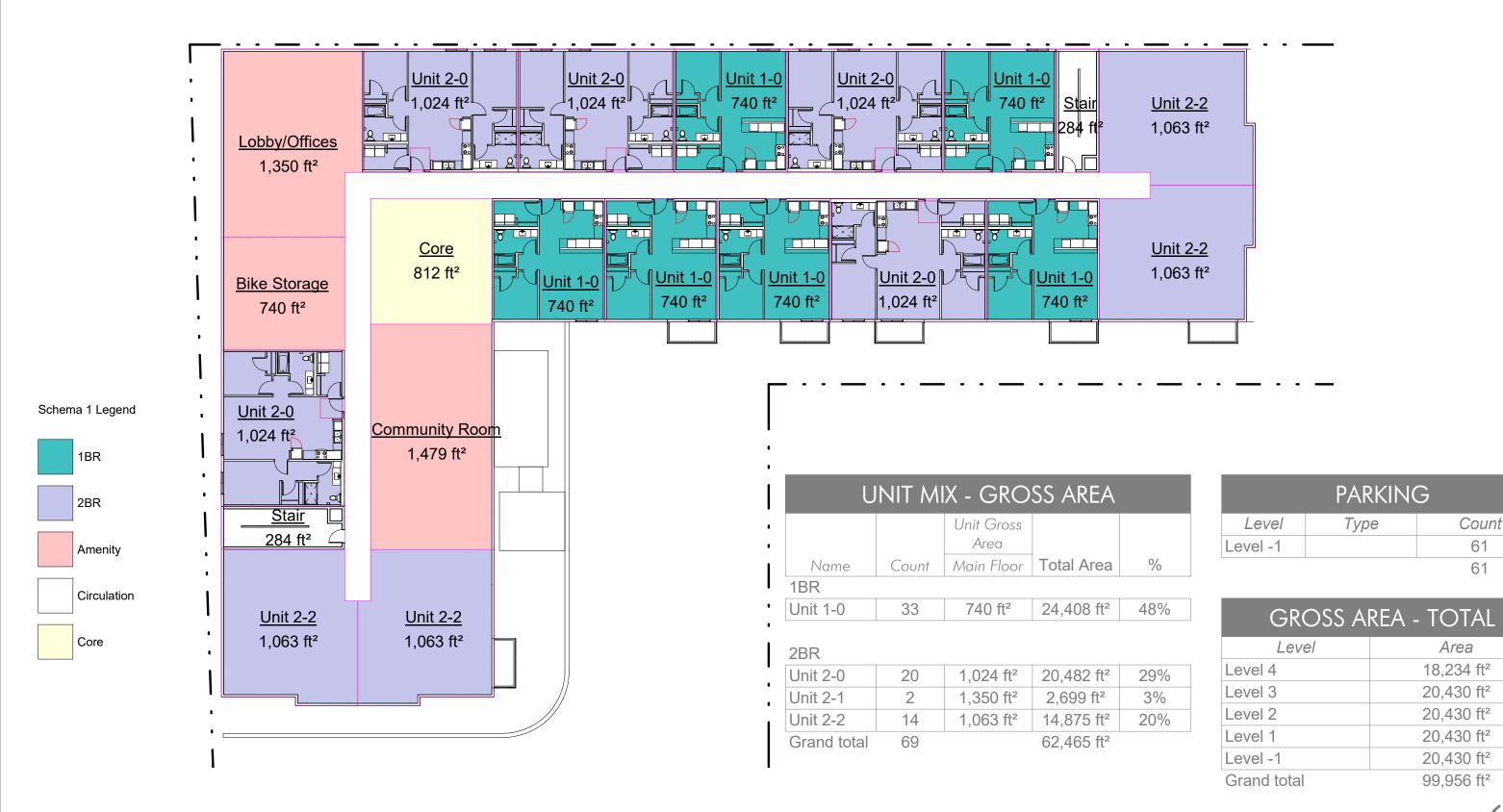




1 SD Site Plan 1/32" = 1'-0"

kaas wilson architects

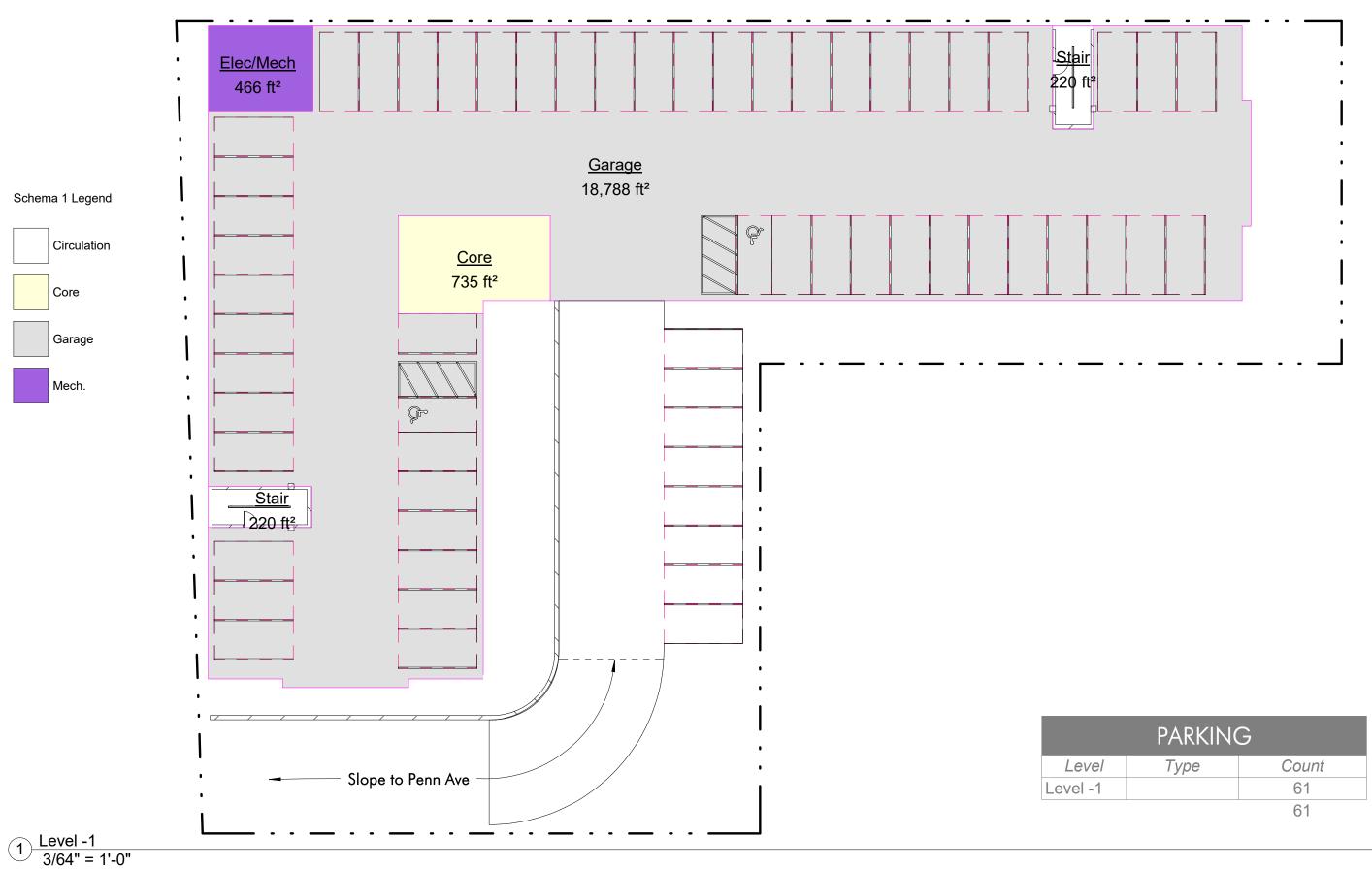
SITE PLAN



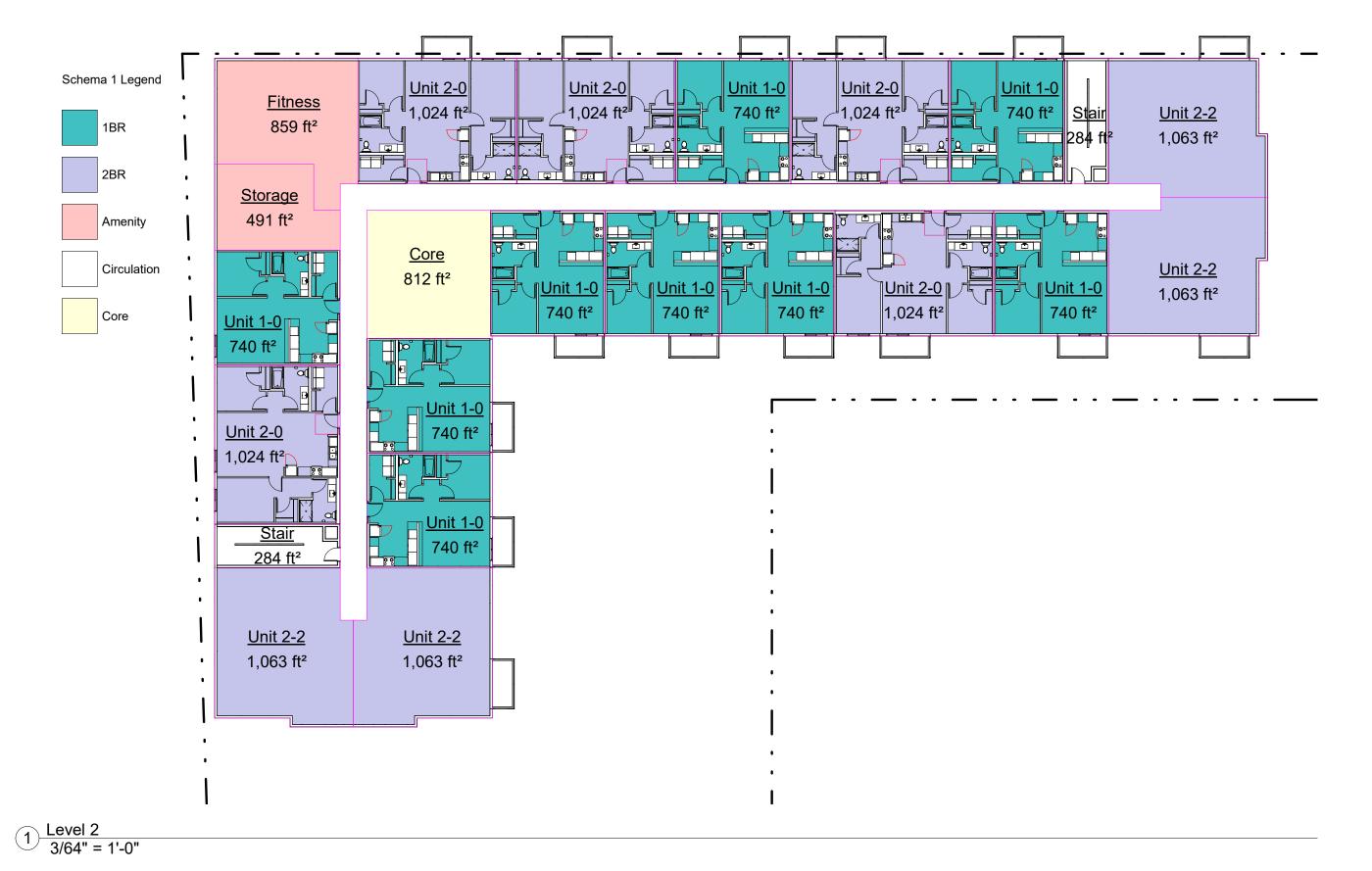
1 Level 1 3/64" = 1'-0"



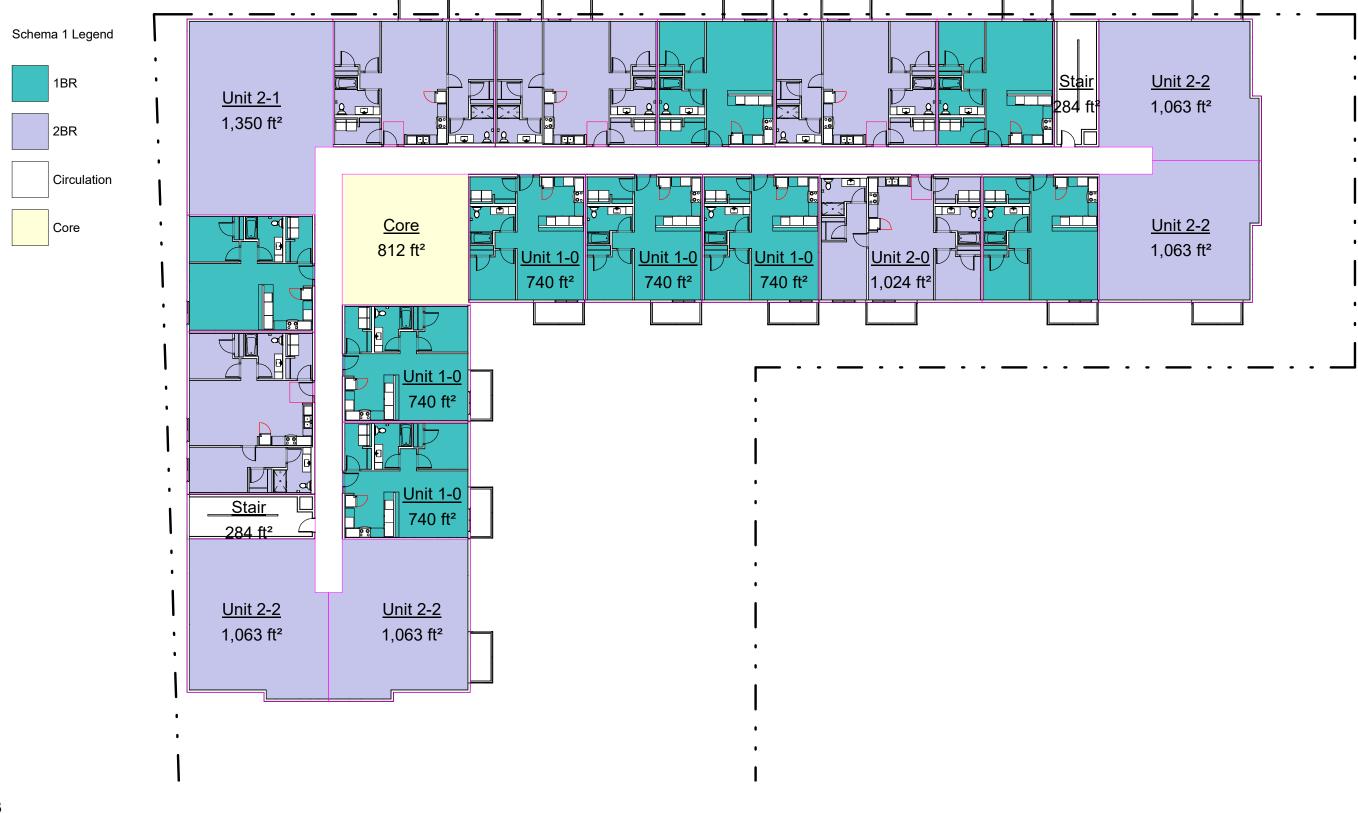
Boisclair Richfield Affordable





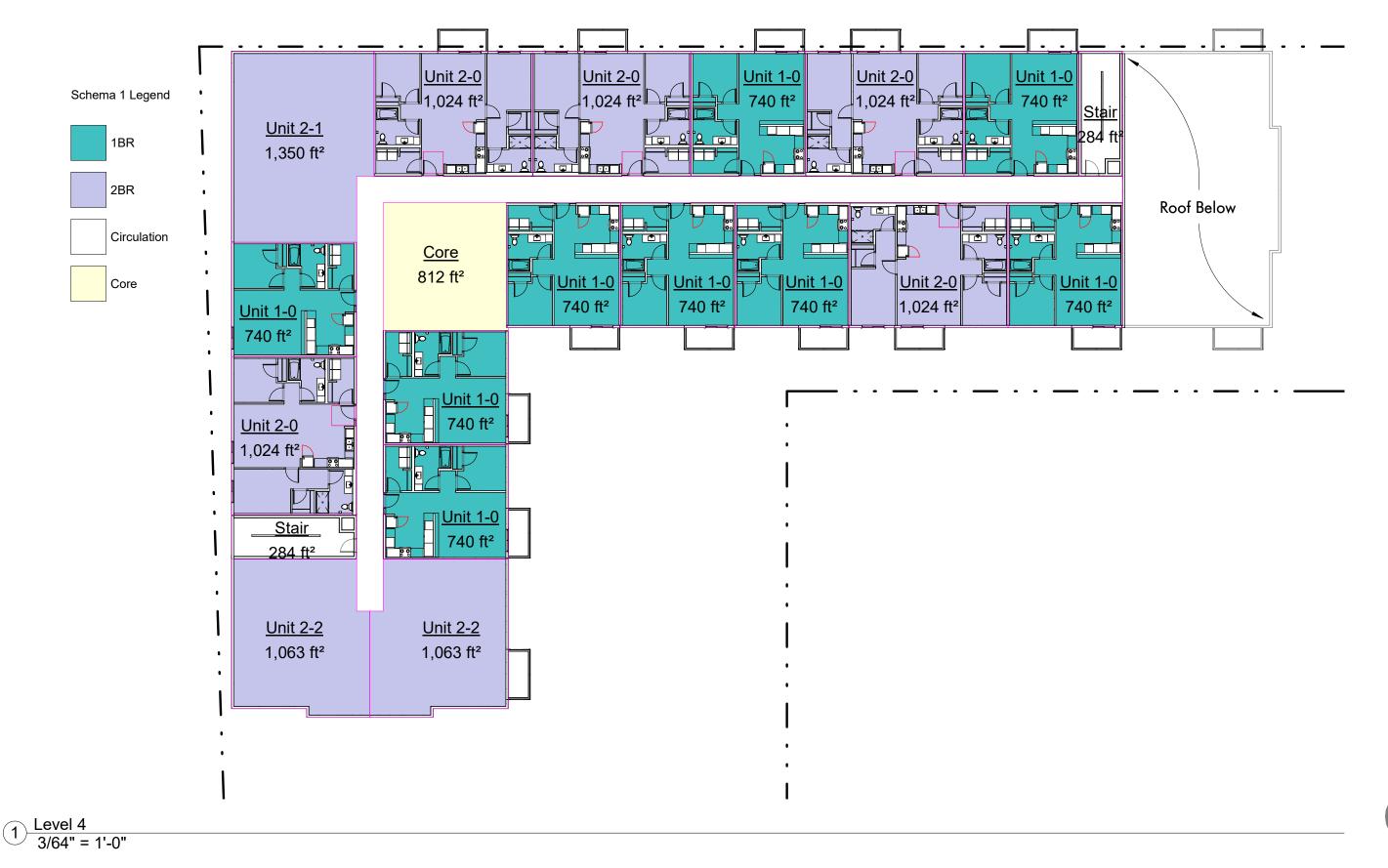


Boisclair Richfield Affordable



1 Level 3 3/64" = 1'-0"





kaas wilson architects

Boisclair Richfield Affordable