



**SPECIAL JOINT CITY COUNCIL, HOUSING AND REDEVELOPMENT AUTHORITY, AND PLANNING
COMMISSION WORKSESSION
RICHFIELD MUNICIPAL CENTER, BARTHOLOMEW ROOM
OCTOBER 16, 2017
6:00 PM**

Call to order

1. Lyndale Gardens project update.

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.

CITY OF RICHFIELD, MINNESOTA
Office of City Manager

October 12, 2017

Council Memorandum No. 95

The Honorable Mayor
and
Members of the City Council

HRA Memorandum No. 28
Housing and Redevelopment
Authority Commissioners
City of Richfield

Subject: Lyndale Gardens Update

Council Members:

A joint work session of the City Council, Housing and Redevelopment Authority, and the Planning Commission has been scheduled for Monday, October 16 at 6 p.m. At this meeting, Colleen Carey of The Cornerstone Group will present conceptual plans for the development of 32 townhomes and approximately 120 units of rental housing on the former Lyndale Garden Center site (approximately 6400 Lyndale Avenue).

Respectfully submitted,



Steven L. Devich
City Manager

SLD:mdp
Email: Planning Commission
Assistant City Manager
Department Directors



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
OCTOBER 16, 2017
7:00 PM**

Call to Order

Approval of the minutes of the Regular Housing and Redevelopment Authority meeting of September 18, 2017.

PRESENTATIONS

1. Recognition of outgoing Commissioner Doris Rubenstein for 10 years of service on the HRA.

AGENDA APPROVAL

2. Approval of the Agenda
3. **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 the approval of a contract with SR Stevens Excavating, Inc. for the demolition of 6839 Cedar Avenue.

Staff Report No. 40

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

RESOLUTIONS

5. Consideration of the approval of a resolution approving a Revised Contract for Private Development with Inland Development Partners for the Cedar Point South Redevelopment Area.

Staff Report No. 41
6. Consideration of the approval of a resolution authorizing an Interfund Loan for land costs and other qualified costs in the proposed Tax Increment Financing District 2017-1 Housing (The Chamberlain).

Staff Report No. 42

OTHER BUSINESS

7. Consideration of the approval of an assignment of a Housing and Redevelopment Authority First Time Advantage Loan at 7632 Chicago Avenue to Viking Home Buyers LLC.

Staff Report No. 43

HRA DISCUSSION ITEMS

8. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

9. Executive Director's Report

CLAIMS AND PAYROLLS

10. Claims and Payrolls

11. Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

September 18, 2017

CALL TO ORDER

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

HRA Members Present: Mary Supple, Chair; Pat Elliott; Michael Howard; and Doris Rubenstein

HRA Members Absent: Sue Sandahl

Staff Present: John Stark, Community Development Director; and Kate Aitchison, Housing Specialist.

APPROVAL OF THE MINUTES OF THE REGULAR HRA MEETING OF AUGUST 21 AND THE MINUTES OF THE SPECIAL HRA MEETING OF AUGUST 29

Chair Supple noted that the minutes should be corrected to show that the meeting on August 29th was called to order by Chair Supple and not Vice Chair Elliott.

M/Elliott, S/Howard to approve the minutes of the: (1) Regular Housing and Redevelopment Authority meeting of August 21, 2017; and (2) Special Housing and Redevelopment Authority meeting of August 29, 2017.

Motion carried 4-0.

Item #1	HRA APPROVAL OF THE AGENDA
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M/Rubenstein, S/Elliott, to approve the agenda.

Motion carried 4-0.

Item #2	CONSENT CALENDAR
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Community Development Director Stark presented the consent calendar:

A. Consideration of the approval of a resolution authorizing an Amendment to the Purchase Agreement for the purchase of real property at 6409 16th Avenue. Staff Report No. 34

B. Consideration of the authorization of initiation of foreclosure proceedings on an unpaid Deferred Loan at 209 Pillsbury Lane. Staff Report No. 35

C. Consideration of the approval of a contract with the Center for Energy and Environment to provide loan and remodeling advising services to Richfield homeowners for the remainder of 2017 and 2018. Staff Report No. 36

D. Consideration of the approval of an agreement with Scene Clean, Inc., to clean out 6839 Cedar Avenue. Staff Report No. 37

M/Rubenstein, S/Howard to approve the consent calendar.

Motion carried 4-0.

Item #3	CONSIDERATION OF THE APPROVAL OF A RESOLUTION AMENDING A LOAN AGREEMENT (AND RELATED DOCUMENTS) WITH AEON SEASONS PARK LLC.
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Community Development Director Stark presented Staff Report 38. Blake Hopkins, Project Manager for Aeon, was available to answer questions.

Commissioner Elliot asked about the financial assumptions made when calculating the outcomes of this amendment, as well as asked if the schools have been consulted about the decision. Community Development Director Stark answered that Finance Manager used the current tax rate and the current market value of the property in his assumptions, and that the schools were not been consulted.

Commissioner Elliott also shared his concerns over the contract and giving up tax revenue, especially given that the property values will increase over time. He indicated he did not want to set a precedent with this situation and decision.

The policymakers would like the minutes to reflect that it is made it clear that an action taken on this specific agenda item is not to be taken as precedent for future policy decisions.

Commissioner Rubenstein asked if residents would be removed if their income exceeded the income standards. Blake Hopkins stated that anyone who is currently at the facility would be grandfathered in under the new agreement.

Commissioner Howard asked for clarification on tax shares.

M/Elliott, S/Howard to approve a resolution authorizing the amendment to a loan agreement with Aeon Seasons Park LLC.

Motion carried 4-0.

Item #4	CONSIDERATION OF THE ACCEPTANCE OF THE RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY TAX INCREMENT DISTRICT STATUS UPDATE.
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Community Development Director Stark presented Staff Report 39. Rebecca Kurtz, of Ehlers and Associates, presented her findings.

Commissioner Rubenstein expressed her support of the use of TIF.

Chair Supple stated that it is helpful to understand how TIF works and how the risk is distributed to the developer.

M/Rubenstein, S/Elliott to accept the Richfield Housing and Redevelopment Authority Tax Increment District Status Update.

Motion carried 4-0.

Item #5	HRA DISCUSSION ITEMS
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Chair Supple made note of the upcoming Renovation Celebration: A Tour of Remodeled Homes on October 7th, 2017.

Community Development Director Stark noted that a market study for the Cedar Point II Housing Redevelopment area has been received, and that staff is reviewing it. They plan to send out a memo to policymakers in the near future.

Item #6	EXECUTIVE DIRECTOR REPORT
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None.

Item #7	CLAIMS AND PAYROLL
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M/Elliott, S/Rubenstein, that the following claims and payroll be approved:

U.S. BANK	9/18/17
Section 8 Checks: 129059-129140	\$146,925.84
HRA Checks: 33220-33248	\$45,161.71
TOTAL	\$192,087.55

Motion carried 5-0.

ADJOURNMENT

The meeting was adjourned by unanimous consent at 7:43 p.m.

Date Approved: October 16, 2017

Mary B. Supple
HRA Chair

Kate Aitchison
Housing Specialist

Steve Devich
Executive Director



STAFF REPORT NO. 40
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/16/2017

REPORT PREPARED BY: Kate Aitchison, Housing Specialist

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
10/10/2017

OTHER DEPARTMENT REVIEW: N/A

CITYMANAGER REVIEW: Steven L. Devich, Executive Director
10/11/2017

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a contract with SR Stevens Excavating, Inc. for the demolition of 6839 Cedar Avenue.

EXECUTIVE SUMMARY:

In July 2017, the Housing and Redevelopment Authority (HRA) acquired the blighted property at 6839 Cedar Avenue. The property was severely fire damaged and was full of debris and personal property. The structure was recently emptied of all debris and personal property and will be abated of any remaining hazardous materials. To reduce potential risks, holding costs, and negative impacts to the surrounding neighborhood, the house should be demolished at this time.

The HRA received one bid for the demolition of the property from SR Stevens Excavating, Inc. in the amount of \$12,100.

RECOMMENDED ACTION:

By motion: Approve a contract with SR Stevens Excavating, Inc. for the demolition of 6839 Cedar Avenue.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The property was declared uninhabitable in 2014 and has been vacant since that time.
- The HRA purchased the property in July 2017.
- In August 2017, the HRA approved a contract with Scene Clean for the removal of all debris and personal property from the home.
- Past demolition bids have varied between \$8,000 and \$12,000 for single family homes, depending on the square footage and other factors.

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

- The property is located in the Cedar Corridor Redevelopment area. The HRA periodically acquires substandard properties in redevelopment areas to facilitate redevelopment.

C. CRITICAL TIMING ISSUES:

- The house at 6839 Cedar Ave has been vacant since 2014 and was damaged in a fire at the end

of 2016. It is important to remove the blighted structures as soon as possible.

- Following the sale of the home in July 2017, staff has been monitoring the home and noticed unauthorized access to the property and the home, as well as the dumping of trash and other materials on the property.
- The home was recently cleared of all debris and personal materials and will be abated of remaining hazardous waste.

D. FINANCIAL IMPACT:

- Funds are available in the Housing and Redevelopment Fund to pay the cost of demolition.

E. LEGAL CONSIDERATION:

- Legal counsel drafted the Contract for Demolition.

ALTERNATIVE RECOMMENDATION(S):

- Do not approve the Contract for Demolition.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

Description	Type
D Demolition Contract 6839 Cedar Ave	Contract/Agreement

CONTRACT FOR DEMOLITION

THIS CONTRACT is made and entered into this ____day of October, 2017, by and between **SR Stevens Excavating, Inc.** (the “**Contractor**”) and **the Housing and Redevelopment Authority in and for the City of Richfield, State of Minnesota** (the “**HRA**”) (collectively, the “**Parties**”), for the demolition of buildings located at 6839 Cedar Avenue, Richfield, MN 55423 (the “**Property**”).

RECITALS

WHEREAS, the HRA requires the demolition of buildings at the Property (the “**Work**”).

WHEREAS, the HRA has awarded the Work to the Contractor;

WHEREAS, the Contractor represents that it has the necessary personnel, experience, competence, and legal right to perform the Work;

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

Section 1. Definitions

“City” means the City of Richfield, Minnesota.

“Contract” or “Agreement” means this agreement between the HRA and Contractor for the performance of the Work, together with all exhibits, amendments, or modifications to the Contract.

“Final Completion” means all items of the Work, “punch list items” and site work are completed and Contractor is eligible for Final Payment.

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

“Property” means 6839 Cedar Avenue, Richfield, MN 55423.

“Substantial Completion” means the time at which the HRA determines that the Work has progressed to a point where it is sufficiently complete, leaving only minor “punch list” and close out items and other minor site work required to be completed for full payment of the contract price.

“Work” means the entire completed demolition and all other activities to be performed by Contractor on the Property as provided for in this Contract.

Section 2. General Requirements

2.1. Rights of the HRA. The HRA and the City reserve the right to reject any or all proposals or parts of proposals, to accept part or all of proposals on the basis of considerations other than lowest cost, and to create a project of lesser or greater expense and reimbursement than described in this Contract. The HRA also reserves the right to cancel the Contract without penalty, if circumstances arise which prevent the HRA from completing the project. In the event of any conflict between the General Conditions and this Contract, this Contract shall control.

2.2. Interest of Members of City or HRA. The Contractor agrees that no member of the governing body, officer, employee, or agent of the City or the HRA shall have any interest, financial or otherwise, direct or indirect, in the Contract.

2.3. Equal Opportunity Statement. Contractor agrees to comply with the provisions of all applicable federal, state, and City statutes, ordinances, and regulations pertaining to civil rights and nondiscrimination including without limitation Minnesota Statutes, Section 181.59 as amended, incorporated herein by reference.

2.4. Transfer of Interest. The Contractor shall not assign any interest in the Contract, and shall not transfer any interest in the same either by assignment or novation, without the prior written approval of the HRA, provided, however, that claims for money due or to income due to the Contractor may be assigned to a bank, trust company, or other financial institution, or to a Trustee in Bankruptcy without such approval. Notice of any such assignment or transfer shall be furnished to the HRA. Notwithstanding the foregoing, Contractor shall be entitled to use subcontractors to perform the Work.

2.5. Independent Contractor. It is expressly understood that the Contractor is an “independent contractor” and not an employee of the City or the HRA. The Contractor shall have control over the manner in which the services are performed under this Agreement. The Contractor shall supply, at its own expense, all materials, supplies, equipment and tools required to accomplish the work contemplated by this Agreement. The Contractor shall not be entitled to any benefits from the City or the HRA, including, without limitation, insurance benefits, sick and vacation leave, workers’ compensation benefits, unemployment compensation, disability, severance pay, or retirement benefits.

2.6. Accounting Standards. The Contractor agrees to maintain the necessary source documentation and enforce sufficient internal controls as dictated by normally accepted accounting practices to properly account for expenses incurred under this contract.

2.7. Retention of Records. The Contractor shall retain all records pertinent to expenditures incurred under this Contract for a period of three years after the resolution

of all audit findings. Records for non-expendable property acquired with funds under this contract shall be retained for three years after final disposition of such property.

2.8. Government Data. The Contractor agrees to comply with the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, and all other applicable state and federal laws relating to data privacy or confidentiality, as those laws may be amended. The Contractor shall immediately report to the HRA any requests from third parties for information relating to this agreement. All data created, collected, received, stored, used, maintained, or disseminated by the Contractor in performing its obligations is subject to the requirements of the Act, and the Contractor must comply with those requirements as if it were a government entity. The HRA agrees to promptly respond to inquiries from the Contractor concerning data requests. The Contractor agrees to hold the City and the HRA, its officers, department heads and employees harmless from any claims resulting from the Contractor's failure to disclose data maintained by the Contractor and authorized for release by the HRA, and from Contractor's unlawful disclosure or use of data protected under state and federal laws.

Section 3. Contract Price

3.1. Upon compliance with all the requirements of this Contract, Contractor shall be paid the Contract Price of \$12,100 pursuant to Section 28 of this Contract.

Section 4. Project Schedule

4.1. Contractor shall commence the Work on or after Contract execution and Substantial Completion of the Work shall be achieved no later than November 30, 2017, or (5) days thereafter. If the Work is not substantially completed by December 6, 2017, damages of \$100.00 will be deducted from the Contract Price for each day the requirements of this contract have not been fulfilled.

Section 5. Local Permit Requirements and Related Submittals

5.1. Contractor shall obtain permits required by the City, including a plumbing permit (for water & sanitary sewer disconnects) and a demolition permit. Questions about these permits, permit fees, and the scheduling process for the required inspections should be directed to the Building Inspections Department at Richfield City Hall (612-861-9816).

5.2. No less than 2 days prior to beginning the Work, the Contractor shall provide:

- Description of proposed dust and noise control measures for the Property.

5.3. Upon completion of the Work, Contractor shall provide:

- Copies of any permits required by government agencies other than the City, such as transport or disposal permits.

- Copies of any test results required by government agencies other than the City, including but not limited to testing required as part of the asbestos abatement process.
- Copies of all landfill records indicating receipt and acceptance of hazardous wastes by a landfill licensed to accept hazardous wastes.

Section 6. Job Conditions - General

6.1. Contractor will disconnect and abandon utilities serving the Property, including water, sanitary sewer, electricity, gas and telecommunications; or arrange for disconnection and abandonment of same. Contractor shall not begin work before field-verifying that disconnection and abandonment has been completed.

6.2. HRA shall ensure that the buildings are vacated and use of the property is discontinued prior to start of work.

6.3. HRA assumes no responsibility for actual condition of structures to be demolished. Conditions existing at time of inspection for bidding purposes will be maintained by HRA to the extent practicable. Contractor may salvage any and all materials and equipment from the Property. Variations within structures may occur due to removal and salvage operations prior to the start of demolition work.

6.4. Contractor shall provide all labor, materials, equipment, employee training, compliance with all regulations, permits, notifications, licenses and agreement necessary to perform the work described in this Contract.

6.5 The Contractor operations shall not at any time encroach on adjacent residential properties. Where residents occupy the adjacent properties, the Contractor shall stake and mark the boundaries of the property to identify the limits of operations for its employees and subcontractors.

6.6 Where adjacent buildings are occupied, the HRA requires Contractors to advise the inhabitants as to when they will start work activities and of what hazards are involved. Each Contractor shall also furnish the occupants of the adjoining properties a phone number where they can reach the Contractor in case of an emergency or problem.

6.7 As directed by the City Inspector, a silt fence or other appropriate erosion control measures shall be erected around the perimeter of the Property to prevent erosion and unwanted run-off onto adjacent properties, streets, and alleys. Silt fences must conform to standards set by the Minnesota Pollution Control Agency and the City.

6.8. All materials from undertaking the Work shall become the property and responsibility of the Contractor.

6.9. Contractor may choose to salvage materials and equipment. Any salvaged items must be removed from the Property in a timely manner as they are salvaged. On site storage or sale of salvaged items is prohibited.

6.10. The use of explosives and on site burning by the Contractor are prohibited.

6.11. Contractor shall provide water, electricity, communications and toilet facilities on site as necessary to complete the work.

6.12. Contractor shall provide and maintain uninterrupted vehicular access to the Property, including temporary demolition facilities, storage and work areas, for not only persons and equipment involved in the project but also emergency vehicles.

6.13. Contractor shall keep fire hydrants and water control valves free from obstruction and accessible for use.

6.14. Contractor shall take all necessary safeguards to prevent damage or injury to neighboring property.

6.15. Prior to closing or rerouting existing traffic lanes or sidewalks in any public street easement or right-of-way adjacent to streets, the Contractor shall obtain written permission from the City Engineer. Expenses related to lane closures, including but not limited to traffic barriers, signs and similar equipment as well as traffic control personnel, shall be the responsibility of the Contractor.

6.16. The Contractor may conduct work on the Property from 7 a.m. to 7 p.m. Monday through Friday and 9 a.m. to 5 p.m. on Saturdays. No work shall be conducted on Sundays or legal holidays.

6.17. The Contractor shall not crush any materials on-site.

6.18. Contractor shall maintain the Property in a safe and neat manner. Adjacent properties, streets and right-of-ways shall be kept free of dirt and debris.

6.19. If Contractor is negligent in carrying out any of the conditions in this Section 6, the HRA reserves the right to perform this work with its own workforce at overtime rates. The costs of such work will be charged to the Contractor.

Section 7. [Left Blank]

Section 8. [Left Blank]

Section 9. Demolition

9.1. Contractor shall use water sprinkling, temporary enclosures and other suitable methods to limit dust and dirt rising and scattering in air. Contractor shall comply with any and all governing regulations pertaining to environmental protection. Contractor shall not use water when it may create hazardous or objectionable conditions such as flooding or pollution.

9.2. Contractor shall clean adjacent structures and improvements of dust, dirt and debris caused by demolition operations and return adjacent areas to condition existing prior to start of work.

9.3. Contractor shall demolish buildings, other structures, improvements, and landscaping completely and remove all debris from the Property. Contractor may use such methods as required to complete the work subject to the limitations of governing regulations.

9.4. Contractor shall proceed with demolition in a systematic manner, from top of structures to ground, and will complete demolition work above each floor or tier before disturbing supports on lower levels.

9.5 After the Building has been removed from the Property, Contractor shall remove all foundation walls and the basement floor slab, and shall remove all other at grade masonry, concrete slabs, sidewalks, steps, and driveways from the Property. ALL ASPHALT, MASONRY, AND NON-MASONRY MATERIAL MUST BE TRANSPORTED AWAY FROM THE SITE.

9.6 Immediately upon the removal of the Building from its foundation, Contractor shall furnish and erect on the Property a wood slat snow fence or an approved substitute, either one being in good repair and reasonably acceptable to HRA. The fence shall be at least four feet in height, shall completely enclose the open basement, and shall remain in place until the basement is filled, at which time it shall be removed;

9.7. Contractor shall locate demolition equipment throughout the building and remove materials so as to not impose excessive loads to supporting walls, floor or framing.

9.8. Contractor shall provide and maintain interior and exterior shoring, bracing or other structural support to preserve structural stability and prevent movement, settlement or collapse of the building.

9.9. Contractor shall break up any concrete slabs-on-grade and remove from the Property.

9.10. Contractor shall demolish footings, foundation walls, tunnels and other below-grade structures and remove from the Property.

9.11. After removing all foundation walls and the basement floor slab, as provided above, Contractor shall fill the basement to ground surface level with clean compactable

soil. The basement hole MUST BE inspected by the City Inspector prior to filling, and any unauthorized debris removed. The fill must not contain any hazardous substance or disposed building material.

9.12. All sheds and other accessory structures, clothesline and other poles, and landscape structures shall be removed from the Property.

9.13. Contractor may not cut or remove a tree from the Property without prior permission from HRA. If any trees are cut or destroyed by Contractor without prior approval, Contractor will pay to HRA damages of \$200 per tree. Any such damages shall be deducted from Contractor's payment. Any trees approved by the HRA for removal and cut or felled in the moving process shall be removed immediately, and the tree stumps may remain.

9.14 Contractor shall provide certificate of well abandonment if required.

Section 10. Debris Control

10.1. Contractor shall maintain the Property free of extraneous debris.

10.2. Contractor shall prohibit overloading of trucks to prevent spillage on access and haul routes.

10.3. Contractor shall maintain a sweeping and clean-up program to prevent deposition, release and disbursement of soils and debris onto paved surfaces.

Section 11. Disposal

11.1. Contractor shall move from the Property all debris, rubbish and other materials resulting from demolition operations.

11.2. Contractor shall transport materials from the Property and legally dispose of them off-site in accordance with governing regulations.

Section 12. Earthwork

12.1. Contractor shall rough grade the Property using clean fill after completing all abatement and demolition activities; taper edges of all excavated areas to minimize slope of 2 to 1, keeping soil disturbance to a minimum. Property must be seeded, and erosion control measures must remain in place until turf is established. The Contractor must comply with all requirements of the Minnehaha Creek Watershed District related to the Work. Final payment will not be made until turf is established.

Section 13. Excusable Delays

13.1. The following circumstances, and only these circumstances, will, at the HRA's discretion, be considered legitimate cause for a change in the commencement and/or completion dates specified in Section 4 of this Agreement:

- a. Material delay -- material delays that are beyond the control of the Contractor, which can be shown to have directly caused the overall late completion.
- b. Adverse weather and emergency conditions -- weather or emergency conditions that directly affect the scheduling of exterior work over a significant portion of the term of this Agreement.
- c. Strikes -- Contractors who face union work stoppage in the case where they have to rely on such a work force in order to complete the Work.
- d. Amendments -- amendments in the original scope of work, which can be reasonably shown to require an extension of the time allowed for completion.
- e. Other delays -- act or neglect of the HRA, or of an employee of either, or of a separate contractor employed by the HRA, or by changes ordered in the Work or by unavoidable casualties or other causes beyond the Contractor's control.

Section 14. Change Order

14.1. The HRA has the right, within the general scope of the Work and without notice to any surety or sureties of the Contractor, if any, to make changes in the Work, either by altering the nature of the same or by adding to or deducting from it.

14.2. This is a lump sum contract. The Contractor must immediately contact the HRA prior to exceeding the Contract Price set out in Section 3.1. In the event an unknown condition is encountered during the Contractor's performance of the Work, the Contractor must notify the HRA's project manager immediately. The appropriate course of action will be determined and, if necessary, a change order will be authorized prior to the start of the work. Change orders for additional payment will not be granted due to the Contractor underestimating quantities of material(s), winter weather conditions or the amount of labor required in order to perform the Work. For change orders related to Hazardous or Regulated Materials, the HRA reserves the right to subcontract the work to another contractor.

14.3. All changes shall, except in the case of emergencies endangering the safety of persons or property, be made by written change order. The parties shall determine the effect of any change order on the Contract Price and project schedule by mutual

agreement. The Contractor must promptly comply with any and all written change orders. No such change order shall be deemed to invalidate the remaining terms and conditions contained in this Contract.

Section 15. Waiver of Liability

15.1 It is agreed that the Work is undertaken at the sole risk of the Contractor. The Contractor does expressly forever release the HRA and the City from any claims, demands, injuries, damage actions, or causes of action whatsoever, arising out of or connected with the Work.

Section 16. Indemnification

16.1. Any and all claims that arise or may arise as a consequence of any act or omission on the part of the Contractor, its agents, servants, or employees while engaged in the performance of the Work shall in no way be the obligation or responsibility of the HRA or the City. To the fullest extent permitted by law, the Contractor agrees to defend, indemnify and hold harmless the City and the HRA, and their employees, officials, volunteers and agents from and against all claims, actions, damages, losses and expenses, including attorney fees, arising out of the Contractor's negligence or the Contractor's performance or failure to perform its obligations under this Agreement. The Contractor's indemnification obligation shall apply to the Contractor's subcontractor(s), or anyone directly or indirectly employed or hired by the Contractor, or anyone for whose acts the Contractor may be liable. The Contractor agrees this indemnity obligation shall survive the completion or termination of this Agreement.

Section 17. Insurance

17.1. The Contractor agrees that in order to protect itself, the HRA, and the City under the indemnity provisions set forth in Section 16 of this Agreement, it will at all times during the term of this Agreement, maintain, at a minimum, the following insurance policies:

- a. Workers Compensation Insurance. The Contractor shall maintain worker's compensation insurance in compliance with all applicable statutes including Chapter 176 of the Minnesota Statutes. Such policy shall include Employer's Liability Coverage and at least such amount(s) as are customarily provided in worker's compensation policies issued in Minnesota. Contractor further agrees to require all subcontractors and independent contractors to maintain worker's compensation insurance in compliance with all applicable statutes and to monitor the compliance of such subcontractors and independent contractors with the applicable statutes.
- b. Commercial General Liability Insurance. The Contractor shall maintain Occurrence Based Commercial General Liability Insurance ("CGL"),

providing coverage on an "occurrence", rather than on a "claims made" basis, which policy shall include coverage for the Completed Operations Hazard, and which shall also include a Broad Form General Liability Endorsement, ISO number GL 0404, or an equivalent form (or forms), so long as such an equivalent form (or forms) *affords* coverage which is in all material respects at least as broad. Any equivalent form (or forms) of coverage shall be approved by the HRA.

The Contractor agrees to maintain total liability policy limits of at least One Million Dollars (\$1,500,000), applying to liability for Bodily Injury, Personal Injury, and Property Damage, which total limits may be satisfied by the limits afforded under its Occurrence Based CGL policy as specified above, or by such policy in combination with the limits afforded by an Umbrella Liability Policy (or policies) provided, however, that the coverage afforded under any such Umbrella Liability Policy shall be at least as broad as that afforded by the underlying occurrence based CGL Policy as specified above.

- c. Automobile Liability Insurance. The Contractor shall maintain automobile liability insurance covering liability for Bodily Injury and Property Damage arising out of the ownership, use, maintenance, or operation of all owned, non-owned, and hired automobiles and other motor vehicles. Such policy shall provide total liability limits for combined Bodily Injury and/or Property Damage in the amount of at least One Million Dollars (\$1,500,000) per accident, which total limits may be satisfied by the limits afforded under such policy, or by such policy in combination with the limits afforded by an Umbrella Liability Policy (or policies) provided, however, that the coverage afforded under any such Umbrella Liability Policy shall be at least as broad as that afforded by the underlying automobile liability insurance policy.

The HRA and the City shall be named as "additional insured" parties with respect to the insurance policies specified in (b) and (c) above. The Contractor shall not commence work until a Certificate of Insurance evidencing all of the insurance policies required above is approved and a written Notice to Proceed is issued by an authorized representative of the HRA. The HRA shall, at any time during the term of this agreement, have the right to require that the Contractor secure any additional insurance, or additional feature to existing insurance, as the HRA may reasonably require for the protection of its interests or those of the public. It is expressly understood that the HRA does not in any way represent that the minimum insurance coverage set forth in this paragraph is sufficient or adequate to protect the interest or liabilities of the Contractor.

Section 18. Bond

18.1. No payment or performance bonds for the Work shall be required pursuant to Minn. Stat. § 574.26.

Section 19. Lien Waiver

19.1. Neither the Contractor nor any subcontractor or other person or entity furnishing labor, equipment, or materials in connection with the Work shall file any mechanic's lien against the HRA's buildings, structures or land or any part thereof, provided that the HRA makes all payments due to Contractor under this Contract. The Contractor shall protect, defend, indemnify, and hold harmless the HRA and the City from any and all claims, demands, or actions of whatever nature arising out of work, labor, equipment, or materials furnished by the Contractor or its subcontractors in connection with the Work, provided that the HRA makes all payments due to Contractor under this Contract. Payment of the Contract Price shall not be due until the Contractor has delivered to the HRA lien waivers acceptable to the HRA, which release the HRA from all liens that may arise in connection with the Work. The Contractor shall list on the attached Exhibit A the names of all suppliers and/or subcontractors that will provide materials, services, or labor in connection with the Work. The Contractor will notify the HRA of any changes in this list prior to the commencement of the Work.

Section 20. Subcontractors

- 20.1. Contractor agrees to bind every subcontractor by the terms, conditions, and provisions set forth in the Contract that are applicable to the subcontractor's work, unless otherwise specifically agreed otherwise in writing by the HRA.
- 20.2. Contractor agrees to pay every subcontractor within 10 days of receipt of payment from the HRA pursuant to Minn. Stat. § 471.425.

Section 21. Assignment

21.1. This Contract shall be binding upon the Contractor, its legal representatives, heirs, successors, and assigns. No assignment or attempted assignment of this Contract or any rights hereunder shall be effective unless the written consent of the HRA is first obtained. No such assignment, even if consented to by the HRA, shall relieve the Contractor from liability under this Contract for the performance and completion of the Work in accordance with the Contract. Notwithstanding the foregoing, Contractor shall be entitled to use subcontractors to perform the Work.

Section 22. Entire Agreement

22.1. The Contract contains all the terms, conditions, and provisions pertaining to the Work to be completed by the Contractor, there being no other understandings, agreements, or warranties, express or implied. All prior negotiations and dealings regarding the subject matter of the Agreement are superseded by and merged into the Contract.

Section 23. Default

23.1. The occurrence of any of the following shall constitute default by the Contractor and, if not corrected within 15 days of the HRA providing the Contractor with notice of the default, shall allow the HRA to terminate this Agreement: (1) failure to perform the Work as stated in this Contract; (2) failure to perform or complete the Work by the completion date as set forth in this Contract or as otherwise agreed to by the parties; (3) filing bankruptcy; (4) making a material misrepresentation; (5) disregarding laws, ordinances, rules, regulations or orders of any public authority having jurisdiction; (6) failure to make satisfactory progress toward completion of the Work; or (7) failure to perform any other material provision of this Agreement. The HRA may lawfully terminate this Contract if, after providing the Contractor with 15 days notice of the default, the Contractor does not correct the default. Upon default of this Agreement by the Contractor, the HRA may withhold any payment due the Contractor for purposes of set-off until such time as the exact amount of damages due is determined. Furthermore, the HRA may use any unpaid or retained amounts to correct any defective work or materials and to complete the Work as needed. Such withholding shall not constitute default or failure to perform on the part of the HRA.

Section 24. Governing Law

24.1. This Contract shall be construed in accordance with and governed by the laws of the state of Minnesota.

Section 25. Amendment

25.1. This Contract may be modified or amended only with the written approval of the HRA and the Contractor.

Section 26. Construction

26.1. In the event that any one or more of the provisions of this Contract, or any application thereof, shall be found to be invalid, illegal, or otherwise unenforceable, the validity, legality, and enforceability of the remaining provisions or any application thereof shall not in any way be affected or impaired thereby.

Section 27. Authority

27.1. Each of the undersigned parties warrants that it has the full authority to execute this Contract, and each individual signing this Contract on behalf of a corporation hereby warrants that he or she has full authority to sign on behalf of the corporation and that he or she represents and binds such corporation thereby.

Section 28. Waiver

28.1. No failure by the HRA to insist upon the strict performance of any covenant, duty, agreement, or condition contained in this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any

other covenant, agreement, term, or condition, nor does it imply that such covenant, agreement, term, or condition may be waived again.

Section 29. Nondiscrimination

29.1 In the hiring of employees to perform work under this Contract, the Contractor shall not discriminate against any person by reason of any characteristic protected by state or federal law.

Section 30. Notices

30.1 All notices and other communications under this Agreement must be in writing and must be given by registered or certified mail, postage prepaid, or delivered by hand at the addresses set forth below:

Notice to HRA: Attn: Housing Specialist
6700 Portland Avenue
Richfield, MN 55423

Notice to Contractor: SR Stevens
4975 255th Street West
Farmington, MN 55024

Working Hours Cell Phone: 651-307-0751
Non-working Hours Cell Phone: 651-463-4609

Section 31. Savings Clause

31.1 If any court finds any portion of this Agreement to be contrary to law, invalid, or unenforceable, the remainder of the Contract will remain in full force and effect.

Section 32. Payments to Contractor and Completion

- 32.1. The Contractor shall be paid upon completion of the Work in accordance with the payment schedule of the HRA, if any, and this section.
- 32.2. Prior to receiving payment for Substantial Completion of the Work, the Contractor shall in writing state that the respective portion of the Work has been substantially completed and is free and clear of all liens as provided in this Contract. Upon Substantial Completion and inspection and verification by the HRA, the payment for that portion of the Work shall be made. Final payment shall be made when Contractor certifies that Final Completion has been achieved and verified by the HRA.

IN WITNESS WHEREOF, the parties have caused this Contract to be duly executed in their names and behalves and on or as of the date and year first above written.

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

By _____
Mary B. Supple
Its Chair

By _____
Steven L. Devich
Its Executive Director

SR Stevens Excavating, Inc.

By _____
Its _____

THIS INSTRUMENT DRAFTED BY:

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

EXHIBIT A

LIST OF SUPPLIERS AND SUBCONTRACTORS

Metro General Services (Sewer & Water)



STAFF REPORT NO. 41
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/16/2017

REPORT PREPARED BY: John Stark, Community Development Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
10/10/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
10/11/2017

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a resolution approving a Revised Contract for Private Development with Inland Development Partners for the Cedar Point South Redevelopment Area.

EXECUTIVE SUMMARY:

At a Special Meeting on August 29, the Richfield Housing and Redevelopment Authority (HRA) approved a Contract for Private Development with Inland Development Partners (IDP) for the Cedar Point South Redevelopment Area. Since that time, a number of minor issues or points needing further contractual clarification have emerged. HRA staff has worked with the HRA's legal counsel (Julie Eddington of Kennedy & Graven) as well as with the developer and their legal counsel to modify the Contract that the HRA approved in August as a Revised Contract to reflect the required changes.

Among the changes being contemplated are:

- Language to reflect requirements resulting from a 2002 grant agreement with the Metropolitan Airports Commission;
- A requirement that the City and/or HRA enter into an agreement with IDP relating to the construction of Richfield Parkway as well as right-of-entry agreements allowing IDP to access HRA property during the construction;
- A requirement that the City and/or HRA enter into an agreement with IDP regarding any costs (which, as stated in the resolution, is deferred to the authority of the Executive Director);
- The removal of language pertaining to IDP's purchase of additional properties outside of their development area;
- Removes inconsistencies in construction commencement and completion dates (now to commence no later than August 1, 2018 with the road construction to be complete by December 1, 2018 and the apartments to be complete by August 1, 2020);
- Removes four lots from the list of properties to be purchased by IDP (the HRA will retain these lots, as they are needed for the roadway and other public improvements);
- Language detailing the Cash Surplus Note has been added;
- There are a number of additional edits made to the document that are simple corrections or revisions of dates to reflect the revised contract and are not substantive.

RECOMMENDED ACTION:

By motion: Adopt a resolution approving a Revised Contract for Private Development with Inland

Development Partners for the Cedar Point South Redevelopment Area.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- On October 19, 2015 the Richfield HRA entered into a Preliminary Development Agreement with the Anderson Companies (predecessor to Inland Development Partners) for the development of the Cedar Point South Redevelopment Area.
- On August 29, 2017 the Richfield HRA approved a Contract for Private Development with Inland Development Partners for the Cedar Point South Redevelopment Area.

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

- None

C. CRITICAL TIMING ISSUES:

- The developer (IDP) must submit contractual changes to their major financing partner (the U.S. Department of Housing and Urban Development) in a timely basis in order to keep the project on schedule.

D. FINANCIAL IMPACT:

- None of the proposed revisions will have any financial impacts to the Richfield HRA or the City of Richfield.

E. LEGAL CONSIDERATION:

- HRA legal staff drafted to Revised Contract for Private Development.

ALTERNATIVE RECOMMENDATION(S):

- Adopt the attached resolution with changes to the Revised Contract.
- Do not adopt the attached resolution (which may ultimately make the project infeasible).

PRINCIPAL PARTIES EXPECTED AT MEETING:

A representative of Inland Development Partners.

ATTACHMENTS:

Description	Type
□ Resolution Amending Contract	Resolution Letter
□ Amended Contract (redlined)	Contract/Agreement

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

RESOLUTION NO. _____

**RESOLUTION APPROVING CONTRACT FOR PRIVATE DEVELOPMENT
WITH CHAMBERLAIN APARTMENTS, LLC**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) owns certain property (the “Authority Property”) located or to be located within one or more certain tax increment financing districts within the Richfield Redevelopment Project (the “Project”) in the City of Richfield, Minnesota (the “City”); and

WHEREAS, on August 29, 2017, the Board of Commissioners of the Authority (the “Board”) adopted a resolution approving a Contract for Private Development proposed to be entered into between the Authority and Inland Development Partners, LLC, relating to the acquisition and development of certain land located within the Project and owned by the Authority (the “HRA Property”) by Inland Development Partners, LLC for the purposes of constructing a multifamily housing development; and

WHEREAS, the form and contents of the Contract for Private Development has changed significantly since the August approval; and

WHEREAS, there has been presented before this Board a new form of Contract for Private Development (the “Agreement”) proposed to be entered into between the Authority and Chamberlain Apartments, LLC, a Delaware limited liability company (the “Developer”), pursuant to which the Developer will acquire the HRA Property and certain other parcels of property within the Project (collectively, the “Development Property”) and construct a multifamily housing development with approximately 283 apartment units, substantially rehabilitate three 11-unit apartment buildings, and construct underground parking (the “Minimum Improvements”), and the Authority will reimburse the Developer for a portion of land acquisition costs and certain site improvements costs related thereto with tax increment generated from the Development Property; 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 Agreement is hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Directed are hereby authorized and directed to execute the Agreement for and on behalf of the Authority in substantially the form now on file with the Community Development Director but with such modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

2. The Board hereby delegates the authority to the Executive Director of the Authority to investigate the extent of debris and foundations on the HRA Property and whether any contamination has resulted due to the buried debris and foundations. The Board further delegates the authority to the Executive Director of the Authority to negotiate an agreement with Developer regarding the payment of the reasonable costs of the cleanup of the debris and the foundations on the HRA Property and the reasonable costs of any potential remediation of environmental hazards that are directly related to the burial of such debris.

3. The Board hereby delegates the authority to the Executive Director of the Authority to negotiate an agreement with the Metropolitan Airports Commission (“MAC”) related to sale of the HRA Property, the use of the proceeds of the sale of such property, and the consents required from the MAC

pursuant to the Agreement, dated March 20, 2002, related to the \$10,000,000 grant provided by MAC to the City of Richfield under the Airport Improvement Program.

4. 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 Agreement.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota
this 16th day of October, 2017.

Mary Supple, Chair

ATTEST:

Doris Rubenstein, Secretary

~~Ninth Draft~~
~~August 29, 2017~~

**CONTRACT
FOR
PRIVATE DEVELOPMENT**

By and Between

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

and

CHAMBERLAIN APARTMENTS, LLC

Dated: ~~August~~October __, 2017

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

TABLE OF CONTENTS

	<u>Page</u>
PREAMBLE	1
ARTICLE I <u>Definitions</u>	
Section 1.1. Definitions	2
ARTICLE II <u>Representations and Warranties</u>	
Section 2.1. Representations by the Authority	5 <u>6</u>
Section 2.2. Representations by the Developer	6 <u>7</u>
ARTICLE III <u>Property Acquisition; Financing</u>	
Section 3.1. Status of Development <u>Platted</u> Property	7 <u>8</u>
Section 3.2. Conveyance of HRA Property	7 <u>8</u>
Section 3.3. Acquisition of Additional Property	8 <u>10</u>
Section 3.4. Relocation	9 <u>10</u>
Section 3.5. Issuance of Pay-As-You-Go TF Note	9 <u>11</u>
Section 3.6. Reimbursement of Authority for HRA Property Purchase Price	9 <u>11</u>
Section 3.7. Termination of TIF District	10 <u>12</u>
Section 3.8. Payment of Administrative Costs	10 <u>12</u>
Section 3.9. Records	10 <u>12</u>
Section 3.10. Purpose of Assistance	10 <u>12</u>
Section 3.11. Construction of <u>Roadway</u> - Richfield Parkway	10 <u>12</u>
Section 3.12. Public Art	10 <u>12</u>
Section 3.13. Hennepin County Grant	10 <u>13</u>
Section 3.14. Metropolitan Grant	11 <u>13</u>
Section 3.15. Developer Reimbursement from Grant Proceeds	11 <u>13</u>
ARTICLE IV <u>Construction of Minimum Improvements</u>	
Section 4.1. Construction of Improvements	12 <u>14</u>
Section 4.2. Construction Plans	12 <u>14</u>
Section 4.3. Commencement and Completion of Construction	13 <u>15</u>
Section 4.4. Certificates of Completion	13 <u>15</u>
Section 4.5. Rental Housing Affordability Covenants	13 <u>15</u>
Section 4.6. Disqualification of TIF District	14 <u>15</u>
Section 4.7. Affordable Housing Report	14 <u>16</u>
ARTICLE V <u>Insurance and Condemnation</u>	
Section 5.1. Insurance	15 <u>17</u>

Section 5.2.	Subordination	16 <u>18</u>
--------------	---------------------	-------------------------

ARTICLE VI

Tax Increment; Taxes

Section 6.1.	Right to Collect Delinquent Taxes.....	17 <u>19</u>
Section 6.2.	Reduction of Taxes	17 <u>19</u>
Section 6.3.	Qualifications	18 <u>20</u>
Section 6.4.	Minimum Assessment Agreement.....	18 <u>20</u>

ARTICLE VII

Financing

Section 7.1.	Mortgage Financing	19 <u>21</u>
Section 7.2.	Authority's Option to Cure Default in Mortgage	19 <u>21</u>
Section 7.3.	Modification; Subordination	19 <u>21</u>
Section 7.4.	Termination	19 <u>21</u>

ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1.	Representation as to Development.....	20 <u>22</u>
Section 8.2.	Prohibition Against Developer's Transfer of Property and Assignment of Agreement	20 <u>22</u>
Section 8.3.	Release and Indemnification Covenants.....	21 <u>23</u>

ARTICLE IX

Events of Default

Section 9.1.	Events of Default.....	23 <u>25</u>
Section 9.2.	Remedies on Default.....	23 <u>25</u>
Section 9.3.	Termination or Suspension of TIF Note	24 <u>26</u>
Section 9.4.	Revesting Title in Authority Upon Happening of Event Subsequent to Conveyance to Developer	24 <u>26</u>
Section 9.5.	Resale of Required Property; Disposition of Proceeds	24 <u>26</u>
Section 9.6.	No Remedy Exclusive.....	25 <u>27</u>
Section 9.7.	No Additional Waiver Implied by One Waiver.....	25 <u>27</u>
Section 9.8.	Attorney Fees and Costs	25 <u>27</u>
Section 9.9.	Right of Purchase and Right of First Refusal Agreement	25 <u>27</u>

ARTICLE X

Additional Provisions

Section 10.1.	Conflict of Interests; Authority Representatives Not Individually Liable.....	27 <u>29</u>
Section 10.2.	Equal Employment Opportunity	27 <u>29</u>
Section 10.3.	Restrictions on Use	27 <u>29</u>
Section 10.4.	Provisions Not Merged With Deed.....	27 <u>29</u>
Section 10.5.	Titles of Articles and Sections	27 <u>29</u>
Section 10.6.	Notices and Demands	27 <u>29</u>
Section 10.7.	Counterparts	27 <u>29</u>
Section 10.8.	Recording	28 <u>30</u>

Section 10.9.	Amendment.....	28 30
Section 10.10.	Preliminary Development Agreement.....	28 Authority 30

TESTIMONIUM	S-1
SIGNATURES	S-1

EXHIBIT A	Development Property
EXHIBIT B	Authorizing Resolution
EXHIBIT C	Form of Investment Letter
EXHIBIT D	Certificate of Completion
EXHIBIT E	Developer Surplus Cash Note
EXHIBIT F	Declaration of Restrictive Covenants
EXHIBIT G	Right of Purchase and Right of First Refusal Agreement
EXHIBIT H	Improvements by Developer to be Reimbursed with Grant Proceeds
EXHIBIT I	Substantial Rehabilitation
EXHIBIT J	Minimum Assessment Agreement
EXHIBIT K	Developer Surplus Cash Note Guaranty
EXHIBIT L	Form of Quit Claim Deed

CONTRACT FOR PRIVATE DEVELOPMENT

THIS CONTRACT FOR PRIVATE DEVELOPMENT (this “Agreement”), made as of the ____ day of ~~August~~October, 2017, by and 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 CHAMBERLAIN APARTMENTS, LLC, a Delaware limited liability company (the “Developer”).

WITNESSETH:

WHEREAS, the Authority was created pursuant to Minnesota Statutes, Sections 469.001 to 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 (“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 (“Redevelopment Project”) pursuant to the HRA Act; and

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

WHEREAS, the Authority plans to establish the Tax Increment Financing District No. 2017-1 (a housing district) (The Chamberlain) (the “TIF District”) within the Richfield Project pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the “TIF Act”) in order to facilitate redevelopment of certain property in the Redevelopment Project and promote the development of affordable housing within the City; and

WHEREAS, the Developer proposes to acquire certain property from the Authority (the “HRA Property”) and certain other additional properties within the TIF District and construct a multifamily housing development with approximately 283 apartment units, substantially rehabilitate three 11-unit apartment buildings, and construct underground parking (the “Minimum Improvements”); and

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

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

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

ARTICLE I

Definitions

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

“Additional Property” means the property legally described under the subheading “Additional Property” in EXHIBIT A.

“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.

“Authorizing Resolution” means the resolution of the Authority, substantially in the form of the attached EXHIBIT B to be adopted by the Board to authorize the issuance of the TIF Note.

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

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

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

“City” means the City of Richfield, Minnesota.

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

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

“County” means Hennepin County, Minnesota.

“Developer” means Chamberlain Apartments, LLC, a Delaware limited liability company, or its permitted successors and assigns.

“Developer Surplus Cash Note” means the Developer Surplus Cash Note set forth in EXHIBIT E and payable with surplus cash of the Developer.

“Developer Surplus Cash Note Guaranty” means the Developer Surplus Cash Note Guaranty Agreement set forth in EXHIBIT K.

“Development Property” means the real property described in EXHIBIT A of this Agreement, including the HRA Property and the Additional Property.

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

“Grant Proceeds” means the proceeds of the Hennepin County Grant and the Met Council Grant, as applicable.

“Hennepin County Grant” means the Transportation Oriented Development grant to be obtained from Hennepin County in the amount of \$450,000.

“Holder” means the owner of a Mortgage.

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

“HRA Property” means the property owned by the HRA on the date of this Agreement and legally described under the subheading “HRA Property” ~~in EXHIBIT~~ and “HRA Remnant Parcels” in EXHIBIT A.

“HRA Property Purchase Price” means \$1,711,445.

“HRA Remnant Parcels” means the property owned by the HRA on the date of this Agreement and described under the subheading “HRA Remnant Parcels” in EXHIBIT A.

“MAC Grant Agreement” means the Agreement, dated March 20, 2002, between the City of Richfield and the Metropolitan Airports Commission.

“Material Change” means a change in construction plans that adversely affects generation of tax increment or changes the number of units of rental housing.

“Maturity Date” means the later of the date that the (i) TIF Note has been paid in full or terminated, whichever is earlier, and (ii) the HRA Property Purchase Price is paid in full.

“Met Council Grant” means the Livable Communities Grant to be obtained from the Metropolitan Council in the amount of \$1,360,000.

“Minimum Assessment Agreement” means the Minimum Assessment Agreement described in Section 6.4 and in substantially the form set forth in EXHIBIT J.

“Minimum Improvements” means the construction in three distinct Phases of a multifamily housing development consisting of three buildings with approximately 283 apartment units, Substantial Rehabilitation of three 11-unit apartment buildings, construction of underground parking on the Development Property, and construction of a public roadway.

“Minimum Market Value” has the meaning set forth in Section 4.2(a)(vi).

“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 VIII of this Agreement.

“Phases” means the phases of construction of the Minimum Improvements described in Section 4.3.

“Platted Property” means the HRA Property, a portion of the HRA Remnant Parcels, and Lot 14, Block 4, Wexler’s Addition.

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

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

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

“Redevelopment Project” means the Richfield Redevelopment Project.

“Right of Purchase and Right of First Refusal Agreement” means the Right of Purchase and Right of First Refusal Agreement, to be entered into between the Authority and the Developer as described in Sections 3.2(i) and 9.9 hereof and substantially in the form set forth in EXHIBIT G.

“State” means the State of Minnesota.

“Substantial Rehabilitation” means activities described in EXHIBIT I to be completed with respect to the three 11-unit apartment buildings as part of the Minimum Improvements.

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

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

“Tax Increment District” or “TIF District” means the ~~Cedar Avenue~~ Tax Increment Financing District, ~~a redevelopment~~ No. 2017-1, a housing district.

“Tax Increment Plan” or “TIF Plan” means the Tax Increment Financing Plan for ~~Cedar Avenue~~ Tax Increment Financing District, ~~as approved by the City Council on September 26, 2006, No 2017-1,~~ as it may be amended and supplemented.

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

“TIF Note” means the Tax Increment Limited Revenue Note, substantially in the form contained in Schedule A attached to the Authorizing Resolution, to be delivered by the Authority to the Developer pursuant to Section 3.4(a) hereof and payable from Available Tax Increment received from the TIF District.

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of strikes, 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, 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.

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

ARTICLE II

Representations and Warranties

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

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

(b) The Authority proposes to assist in financing certain land acquisition costs 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 activities of the Authority undertaken pursuant to this Agreement are necessary to foster the redevelopment of certain real property which for a variety of reasons is presently underutilized, to eliminate current blighting factors and prevent the emergence of further blight at a critical location in the City, to create increased tax base in the City, to increase housing opportunities in the City, and to stimulate further development of the TIF District and Redevelopment Project as a whole.

(d) The Authority 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. The Authority is aware of no facts the existence of which would cause the Development Property or the proposed Minimum Improvements to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(e) 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.

(f) 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.

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

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

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

(b) The Developer will construct, operate and maintain the Minimum Improvements in accordance with the terms of this Agreement, Redevelopment Plan and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

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

(d) The Developer will use commercially reasonable efforts to obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

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

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

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

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ARTICLE III

Property Acquisition; Financing

Section 3.1. Status of ~~Development~~Platted Property. The Authority currently owns the HRA Property and shall convey the ~~Development~~Platted Property to the Developer pursuant to the provisions of Section 3.2 hereof. The Developer is responsible for purchasing the Additional Property.

Section 3.2. Conveyance of HRA Property.

(a) Upon execution of this Agreement, the Developer agrees to convey the property legally described as Lot 14, Block 4, Wexler's Addition (with an address of 6715 18th Avenue South) to the Authority pursuant to Section 3.14 hereof. Upon conveyance of such property, the Authority will then consent to the plat prepared by Developer of Lot 14, Block 4, Wexler's Addition and the HRA Property (the "Platted Property").

(b) In preparation to purchase the HRA Property, investigation by the Developer has found debris left in foundations on certain parcels of the HRA Property. The Developer is concerned about the cost of removing the debris and the foundations, as well as the cost of removing any potential contamination that may have occurred as a direct result of the buried debris. The Authority understands that, as the owner of such parcels, it is its responsibility to pay for the costs of any removal of the debris and foundation and to pay for any resulting contamination. Prior to the conveyance of the Platted Property to the Developer, the Authority covenants to enter into an agreement with the Developer pursuant to which the Authority shall pay the reasonable costs of the cleanup of the debris and the foundations on parcels of the HRA Property and the reasonable costs of any potential remediation of environmental hazards that are directly related to the burial of such debris.

(c) ~~(a)~~ The Authority will convey the ~~HRA~~Platted Property ~~to the Developer~~ via ~~a one or more~~ quit claim ~~deed~~deeds in the form set forth in EXHIBIT L. The conveyance of the ~~HRA~~Platted Property to the Developer is contingent on the following:

(i) the Board of the Authority holding a public hearing and approving the sale of the HRA Property;

(ii) pursuant to Section 4 of MAC Grant Agreement, the Metropolitan Airports Commission approving the form of the quit claim deeds conveying the properties noted to be restricted by the MAC Grant Agreement in writing;

(iii) pursuant to Section 11 of the MAC Grant Agreement, the Metropolitan Airports Commission approving the sale of the remnant parcels (as defined in the MAC Agreement) to be conveyed to Developer and described in EXHIBIT A in writing;

(v) the Developer and the City entering into a development agreement regarding the construction of the extension of Richfield Parkway (including a right of entry on any Development Property owned by the City that may be needed for the road construction) as described in Section 3.11 hereof;

(v) the Developer and the City entering into a maintenance agreement for the north corner portion of Lot 4, Block 2, Wexler's Addition that will be retained by City (north of the driveway) pursuant to which the Developer will maintain such property; and

(vi) the Authority and the Developer entering into a right of entry agreement as described in Section 3.11 hereof.

The contingencies set forth above are for the benefit of both the Authority and the Developer and cannot be waived. The HRA Property will be conveyed “as-is” and “where-is” except for the representations of the Authority in this Agreement. Within 60 days following execution of this Agreement, the Authority will provide the Developer with a commitment for title insurance for the HRA Property from a title insurance company (the “Title Company”) acceptable to Developer. The Developer will be responsible for reimbursing the Authority for the cost of preparation of the commitment for title insurance. The Developer shall pay for the cost of obtaining a policy of title insurance. The Developer shall request and pay for an ALTA survey of the HRA Property. Upon execution of this Agreement, the Authority shall provide the Developer with all documents related to any and all environmental reviews of the HRA Property.

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

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

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

- i. ~~A~~One or more quit claim ~~deed~~deeds conveying the ~~HRA~~Platted Property to the Developer.
- ii. A non-foreign affidavit, properly executed, containing such information as is required by Internal Revenue Code section 1445(b)(2) and its regulations.
- iii. A standard form Seller’s Affidavit.
- iv. A well certificate in the form required by law.
- v. Any affidavit and disclosures required by law pertaining to private sewage treatment systems.

- vi. Any affidavits, certificates, or other documents that may be required under applicable law and/or that are reasonably determined by Developer or the Title Company to be necessary to transfer the ~~HRA~~Platted Property to Developer and to evidence that the Authority has duly authorized the transactions contemplated hereby.

(e) The Developer acknowledges that the Authority will be conveying the ~~HRA~~Platted Property to the Developer for a purchase price of \$1,711,445 (the "HRA Property Purchase Price"). On the date of Closing, the Developer shall pay a portion of the HRA Property Purchase Price to the Authority in the amount of \$300,000. The remainder of the HRA Property Purchase Price will be paid by the Developer over time through payments on the Developer Surplus Cash Note as described more fully in Section 3.6.

~~(f) The Authority may purchase one or more parcels of the Additional Property purchased by Developer in conjunction with the construction of the Minimum Improvements that the Developer will not need to own following the completion of the Minimum Improvements. The Authority will purchase such properties based on the appraised market value of such property. The portion of the HRA Property Purchase Price due at Closing shall be reduced by the appraised market value of the properties the Authority agrees to purchase from the Developer.~~ (g) The Closing will not take place until the Developer has, and the Developer's obligations hereunder are contingent upon, (i) the Developer having, ~~(i)~~ obtained all necessary land use approvals from the City, including without limitation, obtaining all necessary approvals for the creation of the TIF District (including rezoning and a comprehensive plan amendment); (ii) the Developer having acquired the remaining Additional Property, as described in Section 3.3 hereof; (iii) the Developer having executed and delivered to the Authority the Declaration of Restrictive Covenants set forth in EXHIBIT F; ~~(iv) submitted evidence to the Authority that it has paid relocation assistance to all renters (if any) occupying the Additional Property when Developer purchased the Additional Property and that it has obtained waivers of relocation assistance from the owners of the Additional Property, as described in Section 3.4;~~ (v) the Right of Purchase and Right of First Refusal Agreement set forth in EXHIBIT G, the Developer Surplus Cash Note in EXHIBIT E, and the Minimum Assessment Agreement set forth in EXHIBIT J; (iv) the Developer having delivered the Developer Surplus Cash Note Guaranty set forth in EXHIBIT K; (v) the contingencies in Section 3.2(c) are satisfied; (vi) the Developer having obtained a commitment for financing the Minimum Improvements and all conditions for closing have been met to the such lender's satisfaction; ~~(vi) and (vii) the Developer having~~ completed its due diligence regarding the Development Property and found it to be acceptable; ~~and (vii) the Authority has conducted a public hearing on the sale of the HRA Property to the Developer.~~

~~(hg)~~ In the event that the Closing has not taken place by April 1, 2018, and unless extended by mutual agreement of the parties, this Agreement will terminate and be of no further force and effect, and the parties will be relieved of any further obligations hereunder. Notwithstanding the foregoing, the deadline for the Closing may be postponed to August 1, 2018, if the Developer has completed the following actions: (i) submitted all paperwork necessary to the City to obtain all required building permits for the Minimum Improvements; and (ii) obtained a commitment from one or more lenders to provide financing for the Minimum Improvements.

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

Section 3.3. Acquisition of Additional Property. The Developer has acquired one parcel of the Additional Property. The Developer will use commercially reasonable efforts to acquire the remaining Additional Property. If the Developer is unable to acquire all 4 parcels included in the Additional Property on or before August 1, 2018, the Authority may terminate this Agreement. The Authority has no obligation to acquire Additional Property, and has played no role in any of Developer's acquisition activities.

Section 3.4. Relocation. (a) For each parcel of the Additional Property yet to be acquired by the Developer (as described in EXHIBIT A), 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 Authority. The Parties acknowledge that no tenants will be relocated from the three buildings located on the Additional Property to be purchased by Kraus Anderson (to be contributed to Developer). All rehabilitation of the three buildings will be done with tenants remaining in their units.

With respect to the purchase of the Additional Property located at 6715 18th Avenue South, an affiliate of Developer purchased this property (Inland Development Partners LLC). There was a tenant in the home at some point before the Developer bought the home and the Developer (and Inland Development Partners LLC) diligently attempted to locate the tenant but were unable to locate the name and address of the prior tenant to inform the tenant of any relocation benefits that may have been available to the tenant. The Developer was represented by legal counsel when negotiating this Agreement and has been advised of its responsibilities under the Minnesota Uniform Relocation Act.

(b) Without limiting the Developer’s obligations under Section 8.3, the Developer will indemnify, defend, and hold harmless the Authority, the City, and their governing body members, employees, agents, and contractors from any and all claims for benefits or payments arising out of the relocation or displacement of any person from the Additional Property as a result of the implementation of this Agreement and any and all damages, losses, or expenses of the Authority and the City, including reasonable attorneys’ fees, related to such claims that the Authority or the City may be held liable for.

Section 3.5. Issuance of Pay-As-You-Go TIF Note. (a) To reimburse the Developer for certain Public Redevelopment Costs, the Authority shall issue and deliver to the Developer in the principal amount of \$8,492,000 in substantially the form set forth in Schedule A of the Authorizing Resolution attached as 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 consider an Authorizing Resolution in the form attached hereto as EXHIBIT B and deliver the TIF Note upon delivery by the Developer of an investment letter in substantially the form attached to this Agreement as EXHIBIT C, together with evidence reasonably satisfactory to the Authority that the Developer has paid the Public Redevelopment Costs in at least the principal amount of the TIF Note. The principal of and interest on the TIF Note shall be payable each Payment Date solely with Available Tax Increment subject to the provisions of Section 3.6 hereof.

(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 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 one or more lenders that provides part of the financing or refinancing 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 the form set forth in EXHIBIT C.

Section 3.6. Reimbursement of Authority for HRA Property Purchase Price. The amount of the HRA Property Purchase Price due and owing to the Authority at Closing is \$1,711,445. The Developer shall pay a portion of the HRA Property Purchase Price in the amount \$300,000 to the Authority on the date of Closing.

The remainder of the HRA Property Purchase Price (\$1,411,445) will be repaid through principal and interest payment under the Developer Surplus Cash Note, payment of which shall commence August 1, 2025 with interest at a rate of two percent (2.0%) per annum and shall continue until all principal of and interest on the Developer Surplus Cash Note is paid in full. The form of the Developer Surplus Cash Note is set forth in EXHIBIT E. The Developer Surplus Cash Note shall be secured by the Developer Surplus Cash Note Guaranty in the form set forth in EXHIBIT K. In the event that the required payments cannot be made from Surplus Cash (as defined in the Developer Surplus Cash Note) of the Developer, such payments will be made by Kraus-Anderson, Incorporated, a Minnesota corporation, under the Developer Cash Note Guaranty. The entire amount due and owing under the Developer Surplus Note shall be due and payable in full on the occurrence of any of the following events: (a) the voluntary or involuntary sale, transfer, or conveyance of any part of the Development Property or the Minimum Improvements (which shall not include liens securing the financing required for the acquisition and construction of the Development Property and the Minimum Improvements); (b) the voluntary or involuntary sale, transfer or conveyance of any part of the Developer; or (c) the refinancing of the debt incurred to acquire the Development Property and construct the Minimum Improvements.

If the TIF District is disqualified as described in Section 4.6, the Authority is required by the TIF Act to stop payments of Available Tax Increment to pay principal of and interest on the TIF Note. If such event occurs, the Developer will be responsible for paying the remaining amount of the Developer Surplus Cash Note, with any accrued interest, to the Authority.

Section 3.7. Termination of TIF District. At ~~anytime~~any time following the reimbursement of the Authority for the HRA Property Purchase Price and the payment in full of the principal of and interest on 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 3.8. Payment of Administrative Costs. Pursuant to a Preliminary Development Agreement, dated October 14, 2015, between the Authority, the City, and an affiliate of the Developer, the Developer has (Inland Development Partners LLC), \$5,000 was deposited with the Authority ~~-\$5,000~~ to pay Administrative Costs. The Authority will use such deposit to pay “Administrative Costs,” which term means out of pocket costs incurred by the Authority, together with staff and consultant costs of the Authority, all attributable to or incurred in connection with the negotiation, preparation or modification of this Agreement, the TIF Plan, and other documents and agreements in connection with the establishment of the TIF District and development of the Development Property, and not previously paid by Developer. At the Developer’s request, but no more often than monthly, the Authority will provide the Developer with a written report including invoices, time sheets or other comparable evidence of expenditures for Administrative Costs and the outstanding balance of funds deposited. At any time the deposit drops below \$1,000, the Developer shall replenish the deposit to the full \$5,000 within 30 days after receipt of written notice thereof from the HRA. If at any time the Authority determines that the deposit is insufficient to pay Administrative Costs, the Developer is obligated to pay such shortfall within 15 days after receipt of a written notice from the Authority containing evidence of the unpaid costs. If Administrative Costs incurred, and reasonably anticipated to be incurred are less than the deposit by the Developer, the Authority shall return to the Developer any funds not anticipated to be needed.

Section 3.9. Records. The Authority and its representatives shall have the right at all reasonable times after reasonable notice to inspect, examine and copy all books and records of Developer relating to the Minimum Improvements and the costs for which the Developer has been reimbursed with Available Tax Increment.

Section 3.10. Purpose of Assistance. The parties agree and understand that the purpose of the Authority’s financial assistance to the Developer is to facilitate development of housing, and is not a “business subsidy” within the meaning of Minnesota Statutes, Sections 116J.993 to 116J.995.

Section 3.11. Construction of Roadway - Richfield Parkway. In conjunction with the construction of the Minimum Improvements, the Developer has agreed to construct an extension of Richfield Parkway between 66th Street and 68th Street. The construction of the extension of Richfield Parkway will be memorialized in a development agreement between the City and the Developer. The Authority will also provide a right of entry for the Developer to enter upon any Development Property owned by the Authority to complete the construction of the extension of Richfield Parkway.

Section 3.12. Public Art. The Developer shall incorporate two or three pieces of public art within the Minimum Improvements that are visible to the general public and are mutually agreeable to both the Developer and the Authority. Examples of public art include a sculpture, a water fountain, an artistically styled play set, or a mural.

Section 3.13. Hennepin County Grant. The Authority will apply for one or more Transportation Oriented Development grants from Hennepin County in the cumulative amount of \$450,000 (collectively, the “Hennepin County Grant”) in the fall of 2017. The proposed uses of the proceeds of the Hennepin County Grant, if received, include reimbursement for acquisition of property and construction of a trail for the Three Rivers Park District. The Authority will also investigate additional sources of grant funding for these costs.

Section 3.14. Metropolitan Council Grant. The Authority has applied for and been awarded a Livable Communities grant from the Metropolitan Council in the amount of \$1,360,000 (the “Met Council Grant”). The proceeds of the Met Council Grant may be used to acquire one single family home and demolish and construct a portion of the Richfield Parkway. The Authority will purchase the property located at 6715 18th Avenue South from the Developer for a purchase price of \$220,385 from the proceeds of the Met Council Grant. After purchase by the Authority, 6715 18th Avenue South will become part of the Platted Property to be conveyed to the Developer.

Section 3.15. Developer Reimbursement from Grant Proceeds. The Developer has agreed to acquire certain property and construct the improvements described in EXHIBIT H. The Developer will be reimbursed by the Authority with Grant Proceeds for the improvements described in EXHIBIT H and constructed by the Developer. If the Developer does not meet the contingencies set forth in Section 3.2(ef) necessary to buy the HRA Property, the Authority shall continue to have the obligation to reimburse the Developer for the costs it incurs with respect to constructing the improvements described in EXHIBIT H. This Authority’s obligation to reimburse the Developer for these costs shall continue even if additional grant funding for the reimbursement cannot be obtained. The Developer and the Authority agree to comply with all requirements of the agreements related to the Met Council Grant. The Developer and the Authority will work cooperatively to request disbursements of Grant Proceeds from the Metropolitan Council. The Authority shall disburse Grant Proceeds from the Metropolitan Council to the Developer within 30 days of (i) completion of the construction of the improvements described in EXHIBIT H; and (ii) satisfaction of all conditions for disbursement of the Met Council Grant in accordance with any documents prepared in connection with such grant.

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ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Improvements. Following the conveyance of the HRA Property to the Developer, the Developer agrees that it will construct the Minimum Improvements on the Development Property substantially in accordance with the Construction Plans as approved pursuant to Section 4.2, and at all times prior to the Maturity Date, will operate and maintain, preserve and keep the Minimum Improvements or cause such improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition. The Authority shall have no obligation to operate or maintain the Minimum Improvements.

Section 4.2. Construction Plans. (a) 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 Modified 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 \$43,835,000 (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 therefore, and shall be made within 30 days after the date of their receipt by the Authority. If the Authority Representative rejects any Construction Plans in whole or in part, the Developer shall submit new or corrected Construction Plans within 30 days after written notification to the Developer of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the Authority. The Authority Representative's approval shall not be unreasonably withheld, delayed or conditioned. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements constructed in accordance with said plans) comply to the Authority's satisfaction with the provisions of this Agreement relating thereto.

(b) If the Developer desires to make any Material Change in the Construction Plans after their approval by the Authority, the Developer shall submit the proposed change to the Authority for its approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section 4.2 of this Agreement with respect to such previously approved Construction Plans, the Authority shall approve the proposed change and notify the Developer in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the Authority unless rejected, in whole or in part, by written notice by the Authority to the Developer, setting forth in detail the reasons therefor. Such rejection shall be made within 30 days after receipt of the notice of such change. The Authority's approval of any such change in the Construction Plans may be conditioned on amendment to provisions of this Agreement if such amendments will mitigate the materiality of such proposed changes.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer will commence the construction of the Minimum Improvements in phases as follows:

Phase I (Roadway)

Commenced by ~~May~~August 1, 2018, and substantially completed by December 31, 2018.

Phase II (Substantial Rehabilitation of three 11 unit apartment buildings)

Commenced by August 1, 2018, and substantially completed by August 1, 2020.

Phase III (construction of three multi-family building with approximately 93 units, 95 units and 95 units, respectively)

Commenced by August 1, 2018, and substantially completed by ~~June~~August 1, 2020.

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

(b) If the Authority Representative shall refuse or fail to provide any certification in accordance with the provisions of this Section 4.4 of this Agreement, 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 the Agreement, or is otherwise in default, and what measures or acts will be necessary, in the opinion of the Authority, for the Developer to take or perform in order to obtain such certification.

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

Section 4.5. Rental Housing Affordability Covenants. The Developer agrees that at all times from initial occupancy of the Minimum Improvements constructed within the TIF District through the date that the TIF District is decertified, at least 20% of the units within the Minimum Improvements shall be reserved for occupancy by individuals whose income is 50% 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 F and record such agreement against the Development Property.

Section 4.6. Disqualification of TIF District. If the Authority or the City receives notice from the State Department of Revenue, the State Auditor, any Tax Official or any court of competent jurisdiction that

the TIF District does not qualify as a “housing district” due to the failure to satisfy the income restrictions described in Section 4.5, such event shall be deemed an Event of Default under this Agreement; provided, however, that the Authority may not exercise any remedy under this Agreement so long as such determination is being contested and has not been finally adjudicated. If the TIF District is disqualified, the Authority is required by the TIF Act to stop payments of Available Tax Increment to pay principal of and interest on the TIF Note and the HRA Property Purchase Price. If such event occurs, the Developer will be responsible for paying the remaining amount of the HRA Property Purchase Price, with any accrued interest, to the HRA. In addition to any remedies available to the Authority and the City under Article IX hereof, the Developer shall indemnify, defend and hold harmless the Authority and the City for any damages or costs resulting therefrom. Such indemnification and hold harmless will include the immediate payment to the Authority for any portion of the value of the Authority Property not already reimbursed from tax increment.

Section 4.7. Affordable Housing Reporting. At least annually, no later than January 31 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.

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ARTICLE V

Insurance

Section 5.1. Insurance. (a) The Developer will provide and maintain at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the Authority, furnish the Authority with proof of payment of premiums on policies covering the following:

(i) Builder's risk insurance, written on the so-called "Builder's Risk – Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in nonreporting form on the so-called "all risk" form of policy. The interest of the Authority shall be protected in accordance with a clause in form and content 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) ~~(i)~~ Insurance against loss and/or damage to the Minimum Improvements under a policy or policies covering such risks as are ordinarily insured against by similar businesses.

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

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

(c) All insurance required in this Article V shall be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the Authority policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article V of this Agreement 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 or if not available from the insurance company, from the Developer. 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 \$500,000 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 \$500,000 and the Developer fails to complete any repair, reconstruction or restoration of the Minimum Improvements within twenty-four months from the date of damage, the Authority may, at its option, terminate the TIF Note as provided in Section 9.3(b) hereof. The Authority shall extend the twenty-four month time period for compliance an additional twelve months if the Developer is diligently pursuing the required repair, reconstruction or restoration of the Minimum Improvements. 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. Subordination. Notwithstanding anything to the contrary contained in this Article V, the rights of the Authority with respect to the receipt and application of any proceeds of insurance shall, in all respects, be subject and subordinate to the rights of any lender under a Mortgage approved pursuant to Article VII of this Agreement.

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ARTICLE VI

Tax Increment; Taxes

Section 6.1. Right to Collect Delinquent Taxes. The Developer acknowledges that the Authority is providing substantial aid and assistance in furtherance of the redevelopment through issuance of the TIF 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 attorney fees.

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

The Developer also agrees that it will not, 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 described in Section 4.2(a)(vi).

The Developer may, at any time following the issuance of the Certificate of Completion, seek through petition or other means to have the Assessors 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, as defined in the TIF Note, based on the Minimum Market Value as described in the Minimum Assessment Agreement, 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 any retroactive reduction in market value of the Development Property. If the Developer fails to notify the Authority of the tax petition, the Authority shall have the right to withhold all payments of principal and interest on the TIF Note until the Developer's challenge is resolved. 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.

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.

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

Section 6.4. Minimum Assessment Agreement. (a) On or before Closing, the Developer shall execute the Minimum Assessment Agreement pursuant to Minnesota Statutes, Section 469.177, subd. 8, specifying an assessor's minimum market value for the Development Property with the Minimum Improvements constructed thereon.

(b) The Minimum Assessment Agreement shall be substantially in the form attached hereto as EXHIBIT J. Nothing in the Assessment Agreement shall limit the discretion of the assessor to assign a market value to the property in excess of such assessor's minimum market value nor prohibit the Developer from seeking through the exercise of legal or administrative remedies a reduction in such market value for property tax purposes, provided however, that the Developer shall not seek a reduction of such market value below the assessor's minimum market value in any year so long as such Minimum Assessment Agreement shall remain in effect. The Assessment Agreement shall remain in effect for the period described in EXHIBIT J.

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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 equity for such construction, is sufficient for payment of the Minimum Improvements. Such commitments may be submitted as short term financing, long term mortgage financing, a bridge loan with a long term take-out financing commitment, or any combination of the foregoing.

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

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

Section 7.3. Modification; Subordination. In order to facilitate the Developer obtaining financing for the development of the Minimum Improvements, the Authority agrees to subordinate its rights under this Agreement to the Holder of any Mortgage securing construction or permanent financing or subsequent refinancing, under terms and conditions reasonably acceptable to the Authority. An agreement to subordinate this Agreement must be approved by the Board of the Authority.

Section 7.4. Termination. 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.

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ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

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

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

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

(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.

(ii) Any proposed transferee, by instrument in writing satisfactory to the Authority and in form recordable among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of the Authority, have expressly assumed all of the obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Development Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the Authority) deprive the Authority of any rights or remedies or controls with respect to the Development Property or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Development Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the Authority of or with respect to any rights or remedies or 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, 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) 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. The Authority shall take action on the requested transfer or assignment within forty-five days of the request from the Developer. The Authority's approval of such transfer or assignment shall not be unreasonably withheld if evidence is provided that the transferee or assignee is financially capable, experienced, and reputable.

Section 8.3. Release and Indemnification Covenants. (a) Except for any willful misrepresentation, gross negligence or any willful or wanton misconduct of the Authority, or its board members, officers, agents or employees, the Developer releases from and covenants and agrees that the Authority and its governing body members, officers, agents, servants and employees thereof shall not be liable for and agrees to indemnify and hold harmless the Authority and its respective governing body members, officers, agents, servants and employees thereof against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements.

(b) Except for any willful misrepresentation, gross negligence or any willful or wanton misconduct of the Authority, or its board members, officers, agents or employees, the Developer agrees to protect and defend the Authority and its governing body members, officers, agents, servants and employees thereof, now or forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, maintenance and operation of the Minimum Improvements. As to any willful misrepresentation, gross negligence or any willful or wanton misconduct of the Authority, or its board members, officers, agents or employees, the Authority agrees to protect and defend the Developer, its officers, agents, servants and employees and hold the same harmless from any such proceedings.

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

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

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ARTICLE IX

Events of Default

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

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

(b) The Developer:

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

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

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

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

(v) ~~(iv)~~ is adjudicated as bankrupt or insolvent.

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

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

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

(c) Upon a default by the Developer, including a failure of the Guarantor to make payments in full under the Developer Surplus Cash Note, 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.

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

Section 9.3. Termination or Suspension of TIF Note. 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 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; provided that, upon Developer's failure to comply with Developer's obligations under Sections 4.1 or 5.1, if uncured after thirty 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 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 regarding compliance with the income restrictions described in Section 4.5, the Authority may suspend payments of Available Tax Increment under the TIF Note.

Section 9.4. Revesting Title in Authority Upon Happening of Event Subsequent to Conveyance to Developer. In the event that subsequent to conveyance of the HRA Property to the Developer and prior to Developer satisfying the conditions for receipt by the Developer of the Certificate of Completion for the Minimum Improvements, the Developer, subject to Unavoidable Delays, fails to commence or complete construction of the Minimum Improvements by the dates specified in Section 4.3 hereof, and such failure to commence or complete is not cured within 90 days after written notice from the Authority to the Developer to do so; then the Authority shall have the right to re-enter and take possession of the HRA Property and to terminate and revert in the Authority the HRA Property, it being the intent of this provision, together with other provisions of the Agreement, that the conveyance of the HRA Property to the Developer shall be made upon, and that the deeds shall contain a condition subsequent to the effect that in the event of any default on the part of the Developer in performance of the obligations specified in this Section 9.4 and failure on the part of the Developer to remedy, end, or abrogate such default within the period and in the manner stated in this Section, the Authority at its option may declare a termination in favor of the Authority of the title, and of all the rights and interests in and to the HRA Property and that such title and all rights and interests of the Developer, and any assigns or successors in interest to and in the HRA Property, shall revert to the Authority, as applicable, but only if the events stated in this Section have not been cured within the time periods provided above. Pursuant to Section 7.3, the Authority may subordinate its right of reverter. Following completion of construction in accordance with the provisions of Section 4.3 hereof, the Authority will execute a release of its right of reverter in recordable form.

Section 9.5. Resale of Reacquired Property; Disposition of Proceeds. Upon the revesting in the Authority of title to and/or possession of the HRA Property, the Authority shall, pursuant to their responsibilities under law, use their best efforts to sell the HRA Property and in such manner as the Authority to a qualified and responsible party or parties (as determined by the Authority) who will assume the obligation of making or completing the Minimum Improvements or such other improvements in their stead as shall be satisfactory to the Authority in accordance with the uses specified for the HRA Property in this Agreement.

During any time while the Authority has title to and/or possession of a parcel of property obtained by reverter, the Authority will not disturb the rights of any tenants under any leases encumbering such parcel. Upon resale of the HRA Property, the proceeds thereof shall be applied:

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

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

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

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

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

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

Section 9.9. Right of Purchase and Right of First Refusal Agreement. Following the conveyance of the HRA Property to the Developer, if the Developer, subject to Unavoidable Delays, fails to commence construction of the Minimum Improvements by the dates specified in Section 4.3 hereof, and such failure to commence is not cured within 90 days after written notice from the Authority to the Developer to do so, then

the Authority shall have the right to repurchase the HRA Property for the price the Developer paid for the HRA Property or purchase all of the Development Property from the Developer for the price the Developer paid for the Development Property. In addition, prior to commencement of construction of the Minimum Improvements, if the Developer determines to sell all or any part of the Development Property, the Authority shall have the right to purchase the portion of the Development Property to be sold to a third party by the Developer for the lower of (i) the price the third party has agreed to pay for such property or (ii) the price the Developer paid for such property. For the avoidance of doubt, the purchase price paid for the HRA Property at Closing was \$1,711,445. To memorialize the Authority's right of purchase and right of first refusal, the Developer and the Authority shall enter into a Right of Purchase and Right of First Refusal Agreement in substantially the form set forth in EXHIBIT G, which shall be recorded against the Development Property acquired by the Developer.

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ARTICLE X

Additional Provisions

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

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

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

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

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

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

(a) in the case of the Developer, is addressed to or delivered personally to the Developer c/o Kraus Anderson Inc., 523 South 8th Street, Minneapolis, MN 55404, Attn: Bruce Engelsma, with a copy c/o Inland Development Partners, 20505 Lakeview Ave., Deephaven, MN 55331, Attn: Kent Carlson;

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

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

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

Section 10.8. Recording. The Authority may record a memorandum of this Agreement and any amendments thereto with the Hennepin County recorder. The Developer shall pay all costs for recording.

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

Section 10.10. ~~Preliminary Development Agreement. On the date of execution of this Agreement by both parties, the Preliminary Development Agreement, dated October 14, 2015, between the Authority, the City, and the Developer shall terminate.~~ Section 10.11—Authority. In all instances where the Authority's consent is required under this Agreement, such consent shall not be unreasonably withheld.

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

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

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

By _____
Its Chair

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ~~August~~October ___, 2017, by Mary B. Supple, the Chairperson of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ~~August~~October ___, 2017, by Steven L. Devich, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

CHAMBERLAIN APARTMENTS, LLC

By : Kraus-Anderson, Incorporated

~~Its~~

Its: Managing Member

By:

Bruce W. Engelsma

Its: Chief Executive Officer

[illegible]

The foregoing instrument was acknowledged before me this _____, 2017, by _____, the _____, on behalf of the company.

Notary Public

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

**EXHIBIT A
DEVELOPMENT PROPERTY**

HRA Property

Address	Parcel Identification No.	Legal Descriptions
6609 17th Avenue South	26-028-24-41-0078	Lot 15, Block 2, Wexler's Addition
6601 17th Avenue South	26-028-24-41-0079	Lot 16, Block 2, Wexler's Addition
6615 17th Avenue South	26-028-24-41-0077	Lot 14, Block 2, Wexler's Addition
6621 17 th Avenue South	26-028-24-41-0076	Lot 13, Block 2, Wexler's Addition
6627 17 th Avenue South	26-028-24-41-0075	Lot 12, Block 2, Wexler's Addition
6633 17 th Avenue South	26-028-24-41-0074	Lot 11, Block 2, Wexler's Addition
6639 17 th Avenue South	26-028-24-41-0073	Lot 10, Block 2, Wexler's Addition
6645 17 th Avenue South	26-028-24-41-0072	Lot 9, Block 2, Wexler's Addition
6620 18th Avenue South	26-028-24-41-0067	Lot 4, Block 2, Wexler's Addition
6626 18 th Avenue South	26-028-24-41-0068	Lot 5, Block 2, Wexler's Addition
6632 18 th Avenue South	26-028-24-41-0069	Lot 6, Block 2, Wexler's Addition
6638 18 th Avenue South	26-028-24-41-0070	Lot 7, Block 2, Wexler's Addition
6644 18 th Avenue South	26-028-24-41-0071	Lot 8, Block 2, Wexler's Addition
6700 18 th Avenue South	26-028-24-41-0080	Lot 1, Block 3, Wexler's Addition
6708 18 th Avenue South	26-028-24-41-0081	Lot 2, Block 3, Wexler's Addition
6714 18 th Avenue South	26-028-24-41-0082	Lot 3, Block 3, Wexler's Addition
6720 18 th Avenue South	26-028-24-41-0083	Lot 4, Block 3, Wexler's Addition
6726 18 th Avenue South	26-028-24-41-0084	Lot 5, Block 3, Wexler's Addition
6732 18 th Avenue South	26-028-24-41-0085	Lot 6, Block 3, Wexler's Addition
6738 18 th Avenue South	26-028-24-41-0086	Lot 7, Block 3, Wexler's Addition
6744 18 th Avenue South	26-028-24-41-0087	Lot 8, Block 3, Wexler's Addition
6701 18 th Avenue South	26-028-24-41-0107	Lot 16, Block 4, Wexler's Addition
6709 18 th Avenue South	26-028-24-41-0106	Lot 15, Block 4, Wexler's Addition
6721 18 th Avenue South	26-028-24-41-0104	Lot 13, Block 4, Wexler's Addition
6727 18 th Avenue South	26-028-24-41-0103	Lot 12, Block 4, Wexler's Addition
6733 18 th Avenue South	26-028-24-41-0102	Lot 11, Block 4, Wexler's Addition
6739 18 th Avenue South	26-028-24-41-0101	Lot 10, Block 4, Wexler's Addition
6745 18 th Avenue South	26-028-24-41-0100	Lot 9, Block 4, Wexler's Addition
6700 Cedar Avenue South	26-028-24-41-0096	Lots 1 and 2, Block 4, Wexler's Addition

HRA Remnant Parcels Created Following Construction of Roadway

<u>Address</u>	<u>Parcel Identification No.</u>	<u>Legal Descriptions</u>
6620 18 th Avenue South*	26-028-24-41-0067	Lot 4, Block 2, Wexler's Addition
6615 17 th Avenue South**	26-028-24-41-0077	Lot 14, Block 2, Wexler's Addition

**Portion of this HRA Remnant Parcel not used for roadway will become part of Platted Property.*

***The Portion of this HRA Remnant Parcel south of the driveway will become part of Platted Property and the other portion of this HRA Remnant Parcel will be conveyed to City for a driveway and a small landscaped corner property. Developer will enter into maintenance agreement with City for the maintenance of the small landscaped corner property to the North of the driveway.*

~~Additional Property to be purchased by Developer~~ Additional Property purchased by Developer

<u>Address</u>	<u>Parcel Identification No.</u>	<u>Legal Descriptions</u>
<u>6715 18th Avenue South</u>	<u>26-028-24-41-0105</u>	<u>Lot 14, Block 4, Wexler's Addition</u>

Additional Property to be purchased by Developer

Address	Parcel Identification No.	Legal Descriptions
6715 18th Avenue South	26-028-24-41-0105	Lot 14, Block 4, Wexler's Addition
6720 Cedar Avenue South	26-028-24-41-0097	Lots 3 & 4, Block 4, Wexler's Addition
6730 Cedar Avenue South	26-028-24-41-0098	Lots 5 & 6, Block 4, Wexler's Addition
6744 Cedar Avenue South	26-028-24-41-0099	Lots 7 & 8, Block 4, Wexler's Addition

[TO INSERT PLATTED PROPERTY DESCRIPTIONS PRIOR TO RECORDING CONTRACT]

**EXHIBIT B
AUTHORIZING RESOLUTION**

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

RESOLUTION NO. _____

**RESOLUTION APPROVING THE ISSUANCE OF, AND
PROVIDING THE FORM, TERMS, COVENANTS AND
DIRECTIONS FOR THE ISSUANCE OF ITS TAX INCREMENT
LIMITED REVENUE NOTE, SERIES _____ IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
\$ _____**

BE IT RESOLVED BY the Board of Commissioners (“Board”) of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”), as follows:

Section 1. Authorization; Award of Sale.

1.01. Authorization. The Authority has heretofore approved the establishment of Tax Increment Financing District No. 2017-__ (a housing district) (Cedar Point South Project) (the “TIF District”) within the Richfield Redevelopment Project (“Redevelopment Project”), and has adopted a tax increment financing plan for the purpose of financing certain improvements within the Redevelopment Project.

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 development costs of the Redevelopment District. Such bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The Authority hereby finds and determines that it is in the best interests of the Authority that it issue and sell its Tax Increment Limited Revenue Note, Series _____ (the “TIF Note”), in the aggregate principal amount of up to \$ _____ for the purpose of financing certain public redevelopment costs of the Tax Increment Plan for the TIF District.

1.02. Issuance, Sale and Terms of the TIF Note. The Authority entered into a Contract for Private Development, dated _____, 2017, between the Authority and the Owner (the “Agreement”). Pursuant to the Agreement, the TIF Note shall be sold to Chamberlain Apartments, LLC (the “Owner”). The TIF Note shall be dated as of the date of delivery and shall bear interest at the rate of __% per annum [lesser of 4.6% or actual financing rate] to the earlier of maturity or prepayment. In exchange for the Authority’s issuance of the TIF Note to the Owner, the Owner shall pay certain public redevelopment costs related to the Minimum Improvements (as defined in the Agreement) pursuant to Section 3.3 of the Agreement. The TIF Note will be delivered in the principal amount of up to \$8,492,000 for reimbursement of public redevelopment costs in accordance with the terms of Section 3.4(a) of the Agreement.

Section 2. Form of TIF Note. The TIF Note shall be in substantially the form set forth in Schedule A attached hereto, with the blanks to be properly filled in and the principal amount and payment schedule adjusted as of the date of issue.

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. 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 and interest on the TIF Note shall be payable by check or draft issued by the Registrar described herein.

3.02. Dates; Interest Payment Dates. Subjection to the provisions of the Agreement, principal of and interest on 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, whether or not such day is a business day.

3.03. Registration. The Authority hereby appoints the Authority's Executive Director to perform the functions of registrar, transfer agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the Authority and the Registrar with respect thereto shall be as follows:

(a) Register. 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) Transfer of TIF Note. Upon surrender for transfer of the TIF Note, including any assignment or exchange thereof, duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, and the payment by the Owner of any tax, fee, or governmental charge required to be paid by or to the Authority with respect to such transfer or exchange, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates. Notwithstanding the foregoing, the TIF Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the Authority has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner 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.

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

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

(c) Cancellation. The TIF Note surrendered upon any transfer shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the Authority.

(d) Improper or Unauthorized Transfer. When a 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 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) Persons Deemed Owners. The Authority and the Registrar may treat the person in whose name a Note is at any time registered in the bond register as the absolute owner of the 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 and interest on such 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 Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of a 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.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case any Note shall become mutilated or be lost, stolen, or destroyed, the Registrar shall deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of such mutilated Note or in lieu of and in substitution for such Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the TIF Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that such 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 Note has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Note prior to payment.

3.04. Preparation and Delivery. The TIF Note shall be prepared under the direction of the Executive Director of the Authority and shall be executed on behalf of the Authority by the signatures of its Chair and its 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 Note, 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, the TIF Note shall be delivered by the Authority to the Owner following the delivery of the necessary items delineated in Section 3.3 of the Agreement.

Section 4. Security Provisions.

4.01. Pledge. The Authority hereby pledges to the payment of the principal of and interest on the TIF Note Available Tax Increment as defined in the TIF Note. Available Tax Increment shall be applied to payment of the principal of and interest on the TIF Note in accordance with Section 3.3 of the Agreement and the terms of the form of TIF Note set forth in Schedule A attached to this resolution.

4.02. Bond Fund. Until the date the TIF Note is no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the Authority shall maintain a separate and special "Bond Fund" to be used for no purpose other than the payment of the principal of and interest on the TIF Note. The Authority irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment. Any Available Tax Increment remaining in the Bond Fund shall be

transferred to the Authority's account for TIF District upon the payment of all principal and interest to be paid with respect to the TIF Note.

Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The officers of the Authority are hereby authorized and directed to prepare and furnish to the Owner of the TIF Note 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.

Section 6. Effective Date. This resolution shall be effective upon full execution of the Agreement.

Adopted by the Board of Commissioner the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, this ____ day of _____, 20__.

Chair

Executive Director

Schedule A to Exhibit B

FORM OF TIF NOTE

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

No. R-1

\$8,492,000

TAX INCREMENT LIMITED REVENUE NOTE
SERIES _____

<u>Rate</u>	<u>Date of Original Issue</u>
[lesser of 4.6% or actual financing rate]	_____

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 Chamberlain Apartments, LLC, or registered assigns (the “Owner”), the principal sum of \$8,492,000 and to pay interest thereon at the rate of six and three quarters percent per annum, as and to the extent set forth herein.

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

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

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

3. Available Tax Increment. Payments on this Note are payable on each Payment Date in the amount of and solely payable from “Available Tax Increment,” which will mean, on each Payment Date, ninety percent (90%) of the Tax Increment (as defined in the Agreement) attributable to the Development Property (as defined in the Agreement) and paid to the Authority by Hennepin County in the six months preceding the Payment Date, all as the terms are defined in the Contract for Private Development between the Authority and Owner dated as of ~~August~~October, 2017 (the “Agreement”). The principal of and interest on this Note shall be payable each Payment Date solely from Available Tax Increment. Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under the Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Executive Director

Chair

REGISTRATION PROVISIONS

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

Date of Registration

Registered Owner

Signature of Executive Director

CHAMBERLAIN
APARTMENTS, LLC
Federal ID # _____

[End of Form of TIF Note]

EXHIBIT C
INVESTMENT LETTER

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

Re: \$_____ Tax Increment Limited Revenue Note, Series 201_____

The undersigned, as Owner of \$_____ in principal amount of the above captioned Note (the "Note") pursuant to a resolution of the Authority adopted on _____, 20__ (the "Resolution"), hereby represents to you and to Kennedy & Graven, Chartered, Minneapolis, Minnesota, development counsel, as follows:

1. We understand and acknowledge that the TIF Note is delivered to the Owner as of this date pursuant to the Resolution and the Contract for Private Development between the Authority and the Owner, dated as of _____, 2017 (the "Contract").

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 (as defined in the Contract) prepared by the Authority or its financial advisors in connection with the TIF District (as defined in the Contract), 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 have made any representations as to the status of interest on the TIF Note for state or federal income tax purposes.

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

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

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

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

(Remainder of this page intentionally left blank)

[OWNER]

By_____

Its_____

Dated: _____, 20__

EXHIBIT D
CERTIFICATE OF COMPLETION
(To be provided for each Phase)

The undersigned hereby certifies that Chamberlain Apartments, LLC, a Delaware limited liability company (the “Developer”), has fully complied with its obligations under Articles III and IV of that document titled “Contract for Private Development,” dated _____, 2017, between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota and the Developer (“Agreement”), a memorandum of which was recorded on _____, as document no. _____, with respect to construction of Phase ____ of the Minimum Improvements in accordance with Article IV of the Agreement, and that the Developer is released and forever discharged from its obligations with respect to construction of Phase ____ of the Minimum Improvements under Articles III and IV of the Agreement.

Dated: _____, 20__.

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

By _____
Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

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

Notary Public

EXHIBIT E
DEVELOPER SURPLUS CASH NOTE
(Project – Chamberlain Multifamily Housing in Richfield, Minnesota)

FOR VALUE RECEIVED, CHAMBERLAIN APARTMENTS, LLC, a Delaware limited liability company (“Maker”) promises to pay to 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 (“Payee”) the sum of One Million Four Hundred Eleven Thousand Four Hundred Forty Five Dollars (\$1,411,445), that was advanced pursuant to that certain Contract for Private Development, dated _____, 2017, between the Maker and the Payee (the “Development Contract”) with interest at the rate of two percent (2.0%) per annum payable semi-annually, commencing August 1, 2025, and thereafter on the first day of February and August until the entire indebtedness has been paid. Any interest not so paid shall not create any default in the terms of this Developer Surplus Cash Note, but shall accrue and be payable in full on the maturity date hereof. In any event, the balance of principal, if any remaining unpaid, plus accrued interest, shall be due and payable on _____, 20____ (the “Maturity Date”). [Note: The Maturity Date must be on or after the maturity date of the Borrower’s Security Instrument.] (The definition of any capitalized term or word used herein but not defined shall have the meaning given such term in that certain Regulatory Agreement for Multifamily Projects between Maker and the U.S. Department of Housing and Urban Development (“HUD”) (the “Borrower’s Regulatory Agreement”), and/or the Borrower’s Security Instrument, as defined below.)

This Developer Surplus Cash Note is subject to the following terms and conditions:

1. By May 31st of each year, beginning May 31, 2025, and continuing until the Maturity Date, the Maker shall deliver to the Payee a certificate signed by an officer of the Maker’s managing member providing the calculation of Surplus Cash (as defined in the U.S. Department of Housing and Urban Development (“HUD”) Regulatory Agreement for Multifamily Projects, dated on or after October 1, 2017, between the Maker and HUD) available for distribution by the Maker. The Payee requires scheduled payments to be made in an amount equal to \$43,950.00 on each February 1 and August 1, commencing August 1, 2025 (each a “Payment Date”). Payments shall be payable by the Maker on each Payment Date from Surplus Cash, as provided in Section 3.6 of the Development Contract, and shall continue until principal of and interest on this Note is paid in full. If the payments are not paid in full for each required payment date, such payments will be made by Kraus-Anderson, Incorporated, a Minnesota corporation, as the guarantor under the Developer’s Surplus Cash Note Guaranty Agreement, dated _____, 2017.

2. Prior to the Maturity Date, the entire amount due and owing under this Developer Surplus Note shall be due and payable in full on the occurrence of any of the following events: (a) the voluntary or involuntary sale, transfer, or conveyance of any part of the Development Property or the Minimum Improvements (which shall not include liens securing the financing required for the acquisition and construction of the Development Property and the Minimum Improvements); (b) the voluntary or involuntary sale, transfer or conveyance of any part of the Developer; or (c) the refinancing of the debt incurred to acquire the Development Property and construct the Minimum Improvements.

3. In the event that the maturity date of that certain [Mortgage, Deed of Trust, Deed to Secure Debt, Security Deed or Other Designation as Appropriate in Jurisdiction], Assignment of Leases, Rents and Revenue and Security Agreement, dated _____ in the principal amount of \$ _____ made by Maker to _____ (“Lender”) in connection with the Project referenced above (the “Borrower’s Security Instrument”) is extended and such extension is approved by HUD then in such event the Maturity Date shall automatically be extended to the extended maturity date of the Borrower’s Security Instrument without further consent of Payee.

4. Except as provided in Section 7 below, as long as HUD is the insurer or holder of the Note secured by the Borrower's Security Instrument, payments due under this Developer Surplus Cash Note shall be payable only from Surplus Cash. The restriction on payment imposed by this Section shall not excuse any default caused by the failure of Maker to pay the indebtedness evidenced by this Developer Surplus Cash Note.

5. In the event the Indebtedness secured by the Borrower's Security Instrument is paid in full and the Borrower's Security Instrument released of record, then the holder of this Developer Surplus Cash Note may, at its option, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. Notwithstanding the foregoing, in the event said indebtedness is paid in full by way of any substitute indebtedness of Maker secured by any substitute security instrument insured or held by HUD under Section 223(a)(7) of the National Housing Act, as amended, the Maturity Date of this Developer Surplus Cash Note shall automatically be extended to the maturity date of the substitute security instrument without the consent of Payee.

6. Maker may pay any part or all of the principal of this Developer Surplus Cash Note on any interest payment date, provided no such prepayment of principal in any amount or any payment of interest shall be made except from Surplus Cash in accordance with the conditions prescribed in the Borrower's Regulatory Agreement.

7. Notwithstanding the provisions of Sections 4, 6, and 9, Maker may also make payments due hereunder from sources other than income of the Project or Project sources.

8. Any unauthorized payments, as determined by HUD, shall be returned to the Project.

9. Except as permitted pursuant to Section 7 hereof, no prepayment of this Developer Surplus Cash Note shall be made until after final endorsement for mortgage insurance by HUD of the Note, unless such prepayment is made from non-Project sources.

10. This Developer Surplus Cash Note is non-negotiable.

11. Interest on this Developer Surplus Cash Note shall not be compounded as long as HUD is the insurer or holder of the Note secured by the Borrower's Security Instrument.

12. Maker hereby waives presentment, demand, protest and notice of demand, protest and nonpayment of this Developer Surplus Cash Note.

13. The terms and provisions of this Developer Surplus Cash Note are also for the benefit of and are enforceable by HUD against any party hereto, their successors and assigns. This Developer Surplus Cash Note shall not be modified or amended without the written consent of HUD.

14. IN WITNESS WHEREOF, Maker has executed this Developer Surplus Cash Note on this
day of _____, 20__.

MAKER:

CHAMBERLAIN APARTMENTS, LLC

By: _____
Name: _____
Title: _____

Maker and Payee hereby certify that this is a bona fide transaction and that they fully understand all the requirements of this Developer Surplus Cash Note, and that no prepayment of principal or interest shall be made or accepted without evidence that HUD has authorized such prepayment, unless such prepayment is from Surplus Cash or non-Project sources as described in Sections 4, 6, and 9. If an unauthorized prepayment is made or accepted, the funds shall be returned to the Project immediately upon discovery.

Maker and Payee hereby certify that the statements and representations of fact contained in this instrument and all documents in connection with this transaction are, to the best of their knowledge, true, accurate, and complete. This instrument has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring the Loan, and may be relied upon by HUD as a true statement of the facts contained therein.

MAKER:

CHAMBERLAIN APARTMENTS, LLC

By: _____
Name: _____
Title: _____

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

By _____

Its Chair

By _____

Its Executive Director

EXHIBIT F
DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS (this “Declaration”) dated as of _____, by CHAMBERLAIN APARTMENTS, LLC, a Delaware limited liability company (the “Developer”), is given to the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”).

RECITALS

WHEREAS, the Authority entered into that certain Contract for Private Development, dated _____, filed _____, 20____ in the Office of the Recorder for Hennepin County as Document No. _____ (the “Contract”), between the Authority and the Developer; and

WHEREAS, pursuant to the Contract, the Developer is obligated to cause construction of ____ housing units of rental housing (the “Project”) on the property described in EXHIBIT A hereto (the “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 Property for the term described herein and binding upon all subsequent owners of the 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. Term of Restrictions.

(a) Occupancy and Rental Restrictions. The term of the Occupancy Restrictions set forth in Section 3 of this Declaration 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 Property. The period from commencement to termination is the “Qualified Project Period.”

(b) Termination of Declaration. This Declaration will terminate upon the date that is 26 years after the commencement of the Qualified Project Period.

(c) Removal from Real Estate Records. 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. Project Restrictions.

(a) the Developer represents, warrants, and covenants that:

(i) All leases of 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) 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) Tenant Income Provisions. The Developer represents, warrants, and covenants that:

(i) Qualifying Tenants. From the commencement of the Qualified Project Period, at least 64 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 fifty percent (50%) 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 140 percent 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 Unit will not continue to be treated as a Qualifying Unit.

(ii) Certification of Tenant Eligibility. 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 as EXHIBIT B hereto, or in any other form as may be approved by the Authority (the "Eligibility Certification"), in which the prospective Qualifying Tenant certifies as to qualifying as low or moderate income. 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 Project unit or resided therein during the immediately preceding calendar year.

(iii) Lease. The form of lease to be utilized by the Developer in renting any units in the Project 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 January 31 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 dwelling units of the Project 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 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) Notice of Non-Compliance. The Developer will immediately notify the Authority if at any time during the term of this Declaration the dwelling units in the Project are not occupied or available for occupancy as required by the terms of this Declaration.

(b) Section 8 Housing. 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. Transfer Restrictions. 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. Notice of Sale. In consideration of the financial assistance provided to the Developer pursuant to Article III 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 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 Minimum Improvements (as defined in the Contract) on the 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.

~~6.7.~~ Indemnification. The Developer hereby indemnifies, and agrees to defend and hold harmless, the Authority 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.

~~7.8.~~ Agent of the Authority. 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.

~~8.9.~~ Severability. The invalidity of any clause, part or provision of this Declaration will not affect the validity of the remaining portions thereof.

~~9.10.~~ Notices. 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 Ave. So.
 Richfield, MN 55423
 Attn: Community Development Director;

To the Developer: Chamberlain Apartments, LLC
 [c/o Kraus Anderson Inc.](#)
 [523 South 8th Street](#)
 [Minneapolis, MN 55404](#)
 [Attn: Bruce Engelsma](#)

With a copy to: Inland Development Partners

20505 Lakeview Ave.
Deephaven, MN 55331
Attn: Kent Carlson

~~10~~11. Governing Law. This Declaration is governed by the laws of the State of Minnesota and, where applicable, the laws of the United States of America.

~~11~~12. Attorneys' Fees. 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.

~~12~~13. Declaration Binding. 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 I(b).

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

CHAMBERLAIN APARTMENTS, LLC,
a Delaware limited liability company

By _____
Its Chief Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, the Chief Manager of Chamberlain Apartments, LLC, a Delaware limited liability company, on behalf of the Developer.

Notary Public

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

This Declaration 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 foregoing instrument was acknowledged before me this _____, 2017, by
_____ and _____, the Chair and Executive Director, respectively, of the
Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

EXHIBIT A
Legal Description

~~[insert]~~ TO INSERT PLATTED PROPERTY DESCRIPTIONS PRIOR TO RECORDING!

EXHIBIT B

Certification of Tenant Eligibility

(INCOME COMPUTATION AND CERTIFICATION)

Project: [Address]

Owner:

Unit Type: _____ 1 BR _____ 1 BR + Den _____ 2 BR

1. I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons (including minors) who are to occupy the unit in the above apartment development for which application is made, all of whom are listed below:

Name of Members of the Household	Relationship To Head of Household	Age	Place of 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. Calculation of Eligible Tenant Income:

(a) Enter amount entered for entire household in 2 above: \$ _____

(b) If the amount entered in 3(a) above is greater than \$5,000, enter the greater of (i) the amount entered 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)): \$ _____

2. The amount entered in 1(c) is less than or equal to _____ 50% of median income for the area in which the Project is located, as defined in the Declaration. 50% is necessary for status as a "Qualifying Tenant" under Section 3(a) of the Declaration.

3. Number of apartment unit assigned: _____.

4. This apartment unit was _____ was not _____ last occupied for a period of at least 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit was less than or equal to 50% of Median Income in the area.

5. Check as applicable: _____ Applicant qualifies as a Qualifying Tenant (tenants of at least _____ units must meet), or _____ Applicant otherwise qualifies to rent a unit.

THE UNDERSIGNED HEREBY CERTIFIES THAT HE/SHE HAS NO KNOWLEDGE OF ANY FACTS WHICH WOULD CAUSE HIM/HER TO BELIEVE THAT ANY OF THE INFORMATION PROVIDED BY THE TENANT MAY BE UNTRUE OR INCORRECT.

_____,
a Delaware limited liability company, as Managing Agent
for CHAMBERLAIN APARTMENTS, LLC, a Delaware
limited liability company

By _____
Its _____

EXHIBIT C

Certificate of
Continuing Program Compliance

Date: _____

The following information with respect to the Project located at _____, Richfield, Minnesota (the "Project"), is being provided by Chamberlain Apartments, LLC (the "Owner") to the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority"), pursuant to that certain Declaration of Restrictive Covenants dated as of _____, 2017 (the "Declaration"), with respect to the Project:

(A) The total number of residential units which are available for occupancy is 106. The total number of these units occupied is _____.

(B) The following residential units (identified by unit number) are currently occupied by "Qualifying Tenants," as the term is defined in the Declaration (for a total of ____ units):

1 BR Units:

1 BR + Den Units:

2 BR Units:

(C) The following residential units which are included in (B) above, have been re-designated as units for Qualifying Tenants since _____, 20____, the date on which the last "Certificate of Continuing Program Compliance" was filed with the Authority by the Owner:

Unit Number	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							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							

(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 _____, _____, 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) The rental levels for each Qualifying Tenant comply with the maximum permitted under the Declaration.

IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of the Owner, on _____, 2017.

CHAMBERLAIN APARTMENTS, LLC,
a Delaware limited liability company

By _____

Its _____

EXHIBIT G
RIGHT OF PURCHASE AND RIGHT OF FIRST REFUSAL AGREEMENT

THIS RIGHT OF PURCHASE AND RIGHT OF FIRST REFUSAL AGREEMENT (the “Agreement”) is given as of this ____ day of _____, 20__ (the “Effective Date”), by the CHAMBERLAIN APARTMENTS, LLC, a Delaware limited liability company (the “Developer”), to HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”).

1. Contract for Private Development. The Developer and the Authority have entered into a Contract for Private Development, dated _____ (the “Contract”), pursuant to which the Authority has conveyed certain real property to the Developer as legally described in SCHEDULE A (the “HRA Property”) and the Developer has obtained certain parcels adjacent to the HRA Property as legally described in SCHEDULE B (the “Developer Property”). Pursuant to the Contract, the Developer has agreed to construct a multifamily housing development consisting of three buildings with approximately 283 apartment units, substantially rehabilitate three 11-unit apartment buildings, construct underground parking, and construct a roadway on the HRA Property and the Developer Property. All terms capitalized herein and not defined herein shall have the meaning given such term in the Contract.

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

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

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

5. Notice of Acceptable Offer. If at any time or times during the term of this Agreement, the Developer receives an offer acceptable to the Developer for the purchase of all or any part of the HRA Property or the Developer Property, then the Developer shall forthwith forward a copy of such offer (the “Acceptable Offer”) to the Authority.

6. Exercise by Authority. The Authority shall have a period of 30 days after receiving such copy of the Acceptable Offer within which to notify the Developer that the Authority elects to purchase the Property (or the

portion thereof covered by the Acceptable Offer) (the "Sale Property") on the terms contained therein. Any such notice from the Authority shall be accompanied by any earnest money required under the terms of the Acceptable Offer, which shall then constitute a contract between the Developer and the Authority even though neither has signed it.

7. Waiver by Authority. If the Authority does not notify the Developer within the 30 day period described in Section 4 of the Authority's election to purchase such Sale Property, the Developer shall be free to sell such Sale Property to the person who submitted the Acceptable Offer (or to such person's permitted assigns) on the terms specified therein, and the Authority shall upon request execute and deliver an instrument in recordable form appropriate to evidence the Authority's relinquishment of its rights under this Agreement with respect to such transaction. Notwithstanding any such relinquishment, the Authority's rights under this Agreement shall remain in effect with respect to any part of the Property not covered by the Acceptable Offer, and, if the transaction contemplated by the Acceptable Offer fails for any reason to close, with respect to any subsequent offer to purchase all or any part of the Property covered by such Acceptable Offer.

8. Contract Restrictions on Transfer of Property. If the Authority determines to waive its right to purchase the Sale Property, the Developer remains obligated to comply with the requirements set forth in Section 8.2 of the Contract related to transfers of the Development Property and the assignment of the Contract.

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

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

If to Developer: Chamberlain Apartments, LLC
[c/o Kraus Anderson Inc.](#)
[523 South 8th Street](#)
[Minneapolis, MN 55404](#)
[Attn: Bruce Engelsma](#)

With a copy to: [Inland Development Partners](#)
20505 Lakeview Ave.
Deephaven, MN 55331
Attn: _____; [Kent Carlson](#)

a. _____

~~b.~~ If to Authority: Housing and Redevelopment Authority in and for the City of Richfield

6700 Portland Ave. South
Richfield, MN 55423
Attn: Community Development Director

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

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

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

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

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

IN WITNESS WHEREOF, the Developer has executed this Agreement on the date set forth in its acknowledgement, intending it to take effect as of the date first mentioned above.

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

(SEAL)

By _____
Its Chair

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____, 2017, by _____ and _____, the Chair and Executive Director, respectively, of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

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

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

CHAMBERLAIN APARTMENTS, LLC

By _____
Its _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____, 2017, by
_____, the _____, on behalf of the company.

Notary Public

SCHEDULE A

HRA PROPERTY DESCRIPTION

Development HRA Property ~~owned by HRA~~

Address	Parcel Identification No.	Legal Descriptions
6609 17th Avenue South	26-028-24-41-0078	Lot 15, Block 2, Wexler's Addition
6601 17th Avenue South	26-028-24-41-0079	Lot 16, Block 2, Wexler's Addition
6615 17th Avenue South	26-028-24-41-0077	Lot 14, Block 2, Wexler's Addition
6621 17 th Avenue South	26-028-24-41-0076	Lot 13, Block 2, Wexler's Addition
6627 17 th Avenue South	26-028-24-41-0075	Lot 12, Block 2, Wexler's Addition
6633 17 th Avenue South	26-028-24-41-0074	Lot 11, Block 2, Wexler's Addition
6639 17 th Avenue South	26-028-24-41-0073	Lot 10, Block 2, Wexler's Addition
6645 17 th Avenue South	26-028-24-41-0072	Lot 9, Block 2, Wexler's Addition
6620 6626 18 th Avenue South	26-028-24-41- 0067 0068	Lot 4,5 , Block 2, Wexler's Addition
6626 6632 18 th Avenue South	26-028-24-41- 0068 0069	Lot 5,6 , Block 2, Wexler's Addition
6632 6638 18 th Avenue South	26-028-24-41- 0069 0070	Lot 6,7 , Block 2, Wexler's Addition
6638 6644 18 th Avenue South	26-028-24-41- 0070 0071	Lot 7,8 , Block 2, Wexler's Addition
6644 6700 18 th Avenue South	26-028-24-41- 0071 0080	Lot 8,1 , Block 2,3 , Wexler's Addition
6700 6708 18 th Avenue South	26-028-24-41- 0080 0081	Lot 1,2 , Block 3, Wexler's Addition
6708 6714 18 th Avenue South	26-028-24-41- 0081 0082	Lot 2,3 , Block 3, Wexler's Addition
6714 6720 18 th Avenue South	26-028-24-41- 0082 0083	Lot 3,4 , Block 3, Wexler's Addition
6720 6726 18 th Avenue South	26-028-24-41- 0083 0084	Lot 4,5 , Block 3, Wexler's Addition
6726 6732 18 th Avenue South	26-028-24-41- 0084 0085	Lot 5,6 , Block 3, Wexler's Addition
6732 6738 18 th Avenue South	26-028-24-41- 0085 0086	Lot 6,7 , Block 3, Wexler's Addition
6738 6744 18 th Avenue South	26-028-24-41- 0086 0087	Lot 7,8 , Block 3, Wexler's Addition
6744 6701 18 th Avenue South	26-028-24-41- 0087 0107	Lot 8,16 , Block 3,4 , Wexler's Addition
6701 6709 18 th Avenue South	26-028-24-41- 0107 0106	Lot 16,15 , Block 4, Wexler's Addition
6709 6721 18 th Avenue South	26-028-24-41- 0106 0104	Lot 15,13 , Block 4, Wexler's Addition
6721 6727 18 th Avenue South	26-028-24-41- 0104 0103	Lot 13,12 , Block 4, Wexler's Addition
6727 6733 18 th Avenue South	26-028-24-41- 0103 0102	Lot 12,11 , Block 4, Wexler's Addition
6733 6739 18 th Avenue South	26-028-24-41- 0102 0101	Lot 11,10 , Block 4, Wexler's Addition
6739 18th Avenue South	26-028-24-41-0101	Lot 10, Block 4, Wexler's Addition
6745 18 th Avenue South	26-028-24-41-0100	Lot 9, Block 4, Wexler's Addition
6700 Cedar Avenue South	26-028-24-41-0096	Lots 1 and 2, Block 4, Wexler's Addition

HRA Remnant Parcels Created Following Construction of Roadway

<u>Address</u>	<u>Parcel Identification No.</u>	<u>Legal Descriptions</u>
6620 18 th Avenue South*	26-028-24-41-0067	Lot 4, Block 2, Wexler's Addition
6615 17 th Avenue South**	26-028-24-41-0077	Lot 14, Block 2, Wexler's Addition

**Portion of this HRA Remnant Parcel not used for roadway will become part of Platted Property.*

*** The Portion of this HRA Remnant Parcel south of the driveway will become part of Platted Property and the other portion of this HRA Remnant Parcel will be conveyed to City for a driveway and a small landscaped*

corner property. Developer will enter into maintenance agreement with City for the maintenance of the small landscaped corner property to the North of the driveway.

[TO INSERT PLATTED PROPERTY DESCRIPTIONS PRIOR TO RECORDING]

SCHEDULE B

DEVELOPER PROPERTY DESCRIPTION

Developer Property to be acquired by Developer

Address	Parcel Identification No.	Legal Descriptions
6715 18 th Avenue South	26-028-24-41-0105	Lot 14, Block 4, Wexler's Addition
6720 Cedar Avenue South	26-028-24-41-0097	Lots 3 & 4, Block 4, Wexler's Addition
6730 Cedar Avenue South	26-028-24-41-0098	Lots 5 & 6, Block 4, Wexler's Addition
6744 Cedar Avenue South	26-028-24-41-0099	Lots 7 & 8, Block 4, Wexler's Addition

[\[TO INSERT PLATTED PROPERTY DESCRIPTIONS PRIOR TO RECORDING\]](#)

EXHIBIT H
IMPROVEMENTS BY DEVELOPER TO BE REIMBURSED WITH GRANT PROCEEDS

The improvements to be reimbursed by the Met Council Grant are:

1. Construction of two blocks of Richfield Parkway from 66th Street to 68th Street.
2. Construction of sidewalk along the same portion of Richfield Parkway.
3. Landscaping on the same portion of Richfield Parkway.
4. The cost of the purchase of property already acquired by the Developer located at 6715 18th Avenue South, Richfield.

If the Hennepin County Grant is obtained, it would reimburse the Developer for:

1. The purchase of property located at 6701 17th Ave. S., Richfield, which will only be acquired by Developer if the Hennepin County grant is obtained.

~~[insert detailed drawing of improvements to be done or detailed written explanation of improvements]~~

2. The construction of the trail, which the developer will build even if the Hennepin County grant is not obtained.

EXHIBIT I SUBSTANTIAL REHABILITATION

The following activities will be performed, in conjunction with the closing of the loan and construction of the new buildings, on the three existing buildings, 6744, 6730, and 6720 Cedar Avenue, Richfield MN and constitute “Substantial Rehabilitation”:

1. New trash enclosures for each building will be constructed.
2. New vinyl windows (Pella 250 or equivalent) will be installed on all elevations (and will be equivalent in nature to the windows installed in the new buildings being constructed as part of the Minimum Improvements)
3. New HVAC systems (utilizing existing vents) with a furnace and condenser for central air conditioning will be installed in each unit. Through wall penetrations where existing air conditioners are located will be repaired. Condenser units will be located on the exterior adjacent to the laundry area of each building.
4. New attic insulation will be installed, and building penetrations, as applicable, will be sealed.

[insert]

EXHIBIT J
MINIMUM ASSESSMENT AGREEMENT

THIS MINIMUM ASSESSMENT AGREEMENT, made on or as of the ___ day of ~~August~~October, 2017 (the "Minimum Assessment Agreement"), is by and 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 CHAMBERLAIN APARTMENTS, LLC, a Delaware limited liability company (the "Developer").

WITNESSETH,

WHEREAS, the Authority and the Developer have entered into that certain Contract for Private Development, dated ~~August~~October __, 2017 (the "Contract"), regarding the acquisition of property, the construction of a multifamily housing development with approximately 283 apartment units, the substantial rehabilitation of three 11-unit apartment buildings, and the construction of underground parking (the "Minimum Improvements") to be constructed on property legally described in Exhibit A (the "Development Property"); and

WHEREAS, the Authority and the Developer desire to establish a minimum market value for the Development Property and the Minimum Improvements to be constructed thereon, pursuant to Minnesota Statutes, Section 469.177, subdivision 8; and

WHEREAS, the Authority and the County Assessor (the "Assessor") have reviewed the preliminary plans and specifications for the Minimum Improvements and have inspected such improvements;

NOW, THEREFORE, the parties to this Minimum Assessment Agreement, in consideration of the promises, covenants and agreements made by each to the other, do hereby agree as follows:

1. All capitalized terms used herein and not otherwise defined have the definition given such terms in the Contract.

2. The minimum market value which shall be assessed for ad valorem tax purposes for the Development Property, together with the Minimum Improvements constructed thereon, shall be \$15,433,000 as of January 2, 2018, notwithstanding the progress of construction by such date, until January 2, 2019.

3. The minimum market value which shall be assessed for ad valorem tax purposes for the Development Property, together with the Minimum Improvements constructed thereon, shall be \$38,401,000 as of January 2, 2019, notwithstanding the progress of construction by such date, and as of each January 2 thereafter until January 1, 2020.

4. The minimum market value which shall be assessed for ad valorem tax purposes for the Development Property, together with the Minimum Improvements constructed thereon, shall be \$43,835,000 as of January 2, 2020, notwithstanding the progress of construction by such date, and as of each January 2 thereafter until termination of this Minimum Assessment Agreement under Section 4 hereof.

5. The minimum market value herein established shall be of no further force and effect and this Minimum Assessment Agreement shall terminate on the Maturity Date. The Authority shall execute a certificate or affidavit upon the occurrence of a termination event referred to in this Section 5 indicating that this Minimum Assessment Agreement has terminated and shall supply such certificate to the Developer for

recording. Notwithstanding anything to the contrary in this Minimum Assessment Agreement or in the Contract, this Minimum Assessment Agreement shall not terminate prior to the payment in full of HRA Property Purchase Price.

6. This Minimum Assessment Agreement shall be promptly recorded by the Authority. The Developer shall pay all costs of recording.

7. Neither the preambles nor provisions of this Minimum Assessment Agreement are intended to, nor shall they be construed as, modifying the terms of the Contract.

8. This Minimum Assessment Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

9. Each of the parties has authority to enter into this Minimum Assessment Agreement and to take all actions required of it, and has taken all actions necessary to authorize the execution and delivery of this Minimum Assessment Agreement.

10. In the event any provision of this Minimum Assessment Agreement shall be held invalid and unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

11. The parties hereto agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements, amendments and modifications hereto, and such further instruments as may reasonably be required for correcting any inadequate, or incorrect, or amended description of the Development Property or the Minimum Improvements or for carrying out the expressed intention of this Minimum Assessment Agreement.

12. This Minimum Assessment Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by all parties hereto.

13. This Minimum Assessment Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

14. This Minimum Assessment Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

IN WITNESS WHEREOF, the Authority and the Developer have caused this Minimum Assessment Agreement to be executed in their respective corporate names by their duly authorized officers, all as of the date and year first written above.

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

By _____
Its Chairperson

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ~~August~~October ____, 2017, by Mary B. Supple, the Chairperson of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ~~August~~October ____, 2017, by Steven L. Devich, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

Signature page of the Developer to the Minimum Assessment Agreement, dated as of the date and year first written above.

CHAMBERLAIN APARTMENTS, LLC

By _____
Its _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____, 2017, by _____, the _____, on behalf of the company.

Notary Public

CERTIFICATION BY CITY ASSESSOR

The undersigned, having reviewed the plans and specifications for the improvements to be constructed and the market value assigned to the land upon which the improvements are to be constructed, hereby certifies as follows: the undersigned Assessor, being legally responsible for the assessment of the above described property, hereby certifies that the market values assigned to the land and improvements are reasonable.

ASSESSOR FOR HENNEPIN COUNTY

By _____

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of ~~August~~October, 2017, by _____, the County Assessor of Hennepin County.

Notary Public

EXHIBIT A

LEGAL DESCRIPTION

~~[insert]~~ TO INSERT PLATTED PROPERTY DESCRIPTIONS PRIOR TO RECORDING

EXHIBIT K
DEVELOPER SURPLUS CASH NOTE GUARANTY

This Developer's Surplus Cash Note Guaranty Agreement, dated _____, 2017 (the "Guaranty"), is made and entered into by Kraus-Anderson, Incorporated a Minnesota corporation (the "Guarantor"), for the benefit of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a body corporate and politic organized and existing under the laws of the State of Minnesota (the "Lender"). All capitalized terms used in this Guaranty and not defined herein shall have the meanings assigned to such terms in the Developer Surplus Cash Note, dated as of the date hereof (the "Developer Surplus Cash Note"), executed by Chamberlain Apartments, LLC, a Delaware limited liability company (the "Developer") for the benefit of the Lender.

RECITALS

The Developer has requested that the Lender provide a loan to the Developer in the original principal amount of \$1,411,445 related to the acquisition of land conveyed to Developer by Lender and located in the City of Richfield, Minnesota (the "Seller Loan").

The proceeds derived from the Seller Loan will be loaned pursuant to the terms of the Developer Surplus Cash Note. The execution and delivery of the Developer Surplus Cash Note has been in all respects duly and validly authorized by the Board of Commissioners of the Lender pursuant to a resolution adopted by the Board of Commissioners of the Lender on August 29, 2017.

As a condition for providing the Seller Loan, the Lender has required that the Guarantor guaranty certain aspects of repayment of the Seller Loan.

The Guarantor desires that the Lender provide the Seller Loan as outlined above and herein.

Now, therefore, in consideration of the Lender providing the Seller Loan and as an inducement to the Lender to deliver the Seller Loan proceeds to the Developer, the Guarantor does hereby, subject to the terms hereof, covenant and agree with Lender as follows:

Section 1. Representations and Warranties of Guarantor. The Guarantor hereby warrants and represents as follows:

(a) The Guarantor is a corporation duly organized and validly existing and in good standing under the laws of the State of Minnesota. The Guarantor has the power and authority to enter into this Guaranty and by proper action has authorized the execution and delivery of this Guaranty.

(b) The execution and delivery of this Guaranty, the consummation of the transactions contemplated hereby, and the fulfillment of the terms and conditions hereof, do not and will not conflict with or result in a breach of any of the terms and conditions of the respective articles of incorporation and bylaws of the Guarantor. The execution and delivery of this Guaranty, the consummation of the transactions contemplated hereby, and the fulfillment of the terms and conditions hereof, do not and will not conflict with or result in a breach of any restriction, agreement, instrument, indenture, mortgage, deed of trust, indebtedness, judgment, decree, order, statute, or rule or regulation to which the Guarantor is a party or by which any of its property is bound or result in the creation or imposition of any lien, charge, or encumbrance of any nature upon any property or assets of the Guarantor contrary to the terms of any instrument or agreement.

(c) The Guarantor shall not consolidate with or merge into another corporation, association, or entity or permit any other corporation, association, or entity to consolidate with or merge into the Guarantor, unless (1) the surviving, resulting, or transferee corporation, association, or other entity (a “Transferee”), as the case may be, assumes in writing all of the obligations of the Guarantor under this Guaranty, (2) the net worth of the Transferee is at least 100% of that of the Guarantor immediately prior to such consolidation or merger, (3) the Guarantor certifies in writing to the Lender that such action will not result in a default under any note, loan agreement, or other instrument by which such Guarantor is bound; and (4) the Lender approves the Transferee taking on the obligations of this Guaranty. In the event of such sale, transfer, consolidation or merger as permitted under this Section 1.1 ©, the Guarantor shall be relieved of all its obligations under this Guaranty.

Section 2. Guaranty. The Guarantor guarantees to the Lender the following (the “Obligations”):

(a) Beginning August 1, 2025, the Developer’s payments to the Lender in repayment of the Seller Loan, and upon the terms of the Developer Surplus Cash Note in accordance with Section 3 hereof.

(b) The full and prompt payment of all obligations owed by the Developer under the Developer Surplus Cash Note.

Section 3. Payment. In the event payment is not made of any of the Obligations under Section 2, upon written demand of the Lender, the Guarantor shall forthwith pay all such sums in default and, to the extent permitted by law, interest on any overdue payments, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation expenses, disbursements, and advances of the Lender, its agents and counsel. All payments by the Guarantor shall be paid in lawful money of the United States of America and shall be made directly to the Lender.

Notwithstanding the foregoing, commencing on August 1, 2025 and on each February 1 and August 1 thereafter, the Authority will be paid \$43,950 for the HRA Property Purchase Price due and owing after Closing (which includes the principal amount of the HRA Property Purchase Price, plus 2% interest accruing from the Closing). Such payments shall be made in the first instance from Surplus Cash of the Developer in accordance with the Developer Surplus Cash Note. In the event that the Developer’s payments under the Developer Surplus Cash Note do not equal \$43,950 on any payment date, the Guarantor shall be responsible for the difference. Such payments shall continue until all principal of and interest on the Developer Surplus Cash Note is paid in full and will be payable hereunder.

Section 4. Costs, Expenses, and Fees. If the Guarantor fails to perform or observe the terms and conditions of this Guaranty, the Guarantor agrees to pay the full amount of all costs, expenses, and fees, including all reasonable attorneys’ fees, which may be paid or incurred by the Lender in enforcing or attempting to enforce this Guaranty against the Guarantor.

Section 5. Obligations Absolute and Unconditional. The Obligations of the Guarantor under this Guaranty to guarantee the performance of the Obligations under Section 2(a) hereof, to guarantee payment of the Obligations under Section 2(b) and to pay all other sums due hereunder and to perform and observe all other covenants and obligations herein shall arise absolutely and unconditionally when the payments under the Seller Loan and the Developer Surplus Cash Note are due. Such obligations shall not be affected, modified, or impaired upon the occurrence from time to time of any event, including without limitation, any of the following:

- (a) the compromise, settlement, release, or termination of any or all of the obligations, covenants, or agreements of the Lender or the Developer under the Seller Loan documents;
- (b) the failure to give notice to the Guarantor of the occurrence of an Event of Default under the terms and provisions of this Guaranty, or any event of default under the Seller Loan;
- (c) the waiver by the Lender of the payment, performance, or observance by the Lender, the Developer, or the Guarantor of any of the obligations, covenants, or agreements of any of them contained in the Seller Loan, this Guaranty or any collateral documents;
- (d) to the extent permitted, any extension by the Lender of the time for payment of principal on the Seller Loan, or of the time for performance of any other obligations, covenants, or agreements arising out of the Developer Surplus Cash Note, the Development Contract, this Guaranty or any collateral documents or any extension or renewal thereof;
- (e) the modification or amendment (whether material or otherwise) of any obligation, covenant, or agreement set forth in the Seller Loan or any collateral documents, or the securing of any other guarantees, collateral, or security to further secure the Seller Loan or any other obligations secured by this Guaranty;
- (f) any failure, omission, delay, or lack on the part of the Lender to enforce, assert, or exercise any right, power, or remedy conferred on the Lender in this Guaranty, the Seller Loan, the collateral documents, or any other act or acts on the part of the Lender, the Seller Loan or collateral documents;
- (g) to the extent permitted by law, the voluntary or involuntary liquidation, dissolution, sale, or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting the Guarantor, the Developer, or the Lender, or any of the assets of any of them, or any allegation or contest of the validity of this Guaranty in any such proceeding;
- (h) to the extent permitted by law, the release or discharge, voluntarily or by operation of law, of the Developer or any other obligor or guarantor from the performance or observance of any obligation, covenant, or agreement contained in the Developer Surplus Cash Note or this Guaranty;
- (i) the default or failure of the Guarantor fully to perform any of its obligations set forth in this Guaranty;
- (j) the assignment or mortgaging or the purported assignment or mortgaging of all or any part of the interest of the Developer in the Project or any failure of title with respect to the Developer's interest therein; or
- (k) any determination of the illegality, invalidity, or unenforceability of the Bonds, the Loan Agreement, any collateral documents, or this Guaranty, or any of the provisions thereof, and any prohibition by operation of law against enforcing the claim against the Developer or any other obligor.

Section 6. Waiver. The Guarantor hereby expressly waives: (a) notice of any of the matters referred to in Section 5 of this Guaranty; (b) any demand (except as specified in Section 3 in this Guaranty), proof of notice of nonpayment of any of the Obligations or the occurrence of an Event of Default under any of the collateral documents, and (c) notice from the Lender from time to time of the Seller Loan and their acceptance of and reliance on this Guaranty.

Section 7. Defenses. No set-off, counterclaim, reduction, or diminution of any obligation or any defense of any kind or nature which the Guarantor has or may have against the Lender shall be available hereunder to the Guarantor against the Lender.

Section 8. Limitation of Liability. It is expressly understood and agreed that the officers, directors, employees, or agents of the Guarantor shall not be personally liable under this Guaranty. This limitation clause shall not be deemed to release the obligations of the Guarantor hereunder or to limit the right of the Lender to enforce this Guaranty against the Guarantor.

Section 9. Entire Agreement. This Guaranty constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the Guarantor and the Lender with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Section 10. Discontinued or Abandoned Proceedings. If the Lender has instituted any proceeding to enforce any right or remedy under this Guaranty and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Lender, then and in every such case the Guarantor and the Lender, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Lender shall continue as though no such proceeding had been instituted.

Section 11. Venue and Service. The Guarantor irrevocably: (a) agrees that any suit, action, or other legal proceeding arising out of this Guaranty may be brought in the courts of the State of Minnesota or the courts of the United States for the State of Minnesota; (b) consents to the jurisdiction of each such court in any suit, action, or proceeding; and (c) waives any objection which it may have to the laying of the venue of any suit, action, or proceeding in any of such courts. The Guarantor further agrees and consents that any such service of process upon it shall be taken and held to be valid personal service upon it whether or not the Guarantor shall then be doing or at any time shall have done, business within the State of Minnesota and that any such service of process shall be of the same force and validity as if service were made upon it according to the laws governing the validity and requirements of such service in such state, and waives all claim or error by reason of any such service, provided that a copy of such notice shall be mailed by registered or certified mail to the Guarantor at its respective address on file with the Lender.

Section 12. Invalidity or Unenforceability. The invalidity or unenforceability of any one or more phrases, sentences, clauses, or sections in this Guaranty shall not affect the validity or enforceability of the remaining portion of this Guaranty, or any part thereof.

Section 13. Applicable Law. This Guaranty is intended to be interpreted in accordance with and governed by the laws of the State of Minnesota.

Section 14. Delivery of Notices. Any notice, demand, or request by the Lender to the Guarantor shall be in writing and shall be deemed to have been duly given or made to the Guarantor if either delivered personally to an officer of the Guarantor or if mailed by registered or certified mail to the Guarantor at the address on

file with the Lender. Notice so mailed shall be deemed given and made upon deposit in the United States mail.

Section 15. Termination of Guaranty. This Guaranty shall terminate upon the repayment in full of the Seller Loan.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed in its name as of the date first written above.

KRAUS-ANDERSON, INCORPORATED

By _____
Its _____

EXHIBIT L
FORM OF QUIT CLAIM DEED

QUIT CLAIM DEED

eCRV number: _____

Deed Tax Due: \$ _____ **Date:** _____, 2017

FOR VALUABLE CONSIDERATION, 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 “Grantor”), hereby conveys and quitclaims to Chamberlain Apartments, LLC, a Minnesota limited liability company, or its assignee (the “Grantee”), the land described as follows (hereinafter referred to as the “Property”):

[Parcels for which MAC grant restrictions apply:]

Lot 5, Block 2, Wexler’s Addition
Lot 6, Block 2, Wexler’s Addition
Lot 7, Block 2, Wexler’s Addition
Lot 8, Block 2, Wexler’s Addition
Lot 1, Block 3, Wexler’s Addition
Lot 2, Block 3, Wexler’s Addition
Lot 3, Block 3, Wexler’s Addition
Lot 4, Block 3, Wexler’s Addition
Lot 5, Block 3, Wexler’s Addition
Lot 6, Block 3, Wexler’s Addition
Lot 7, Block 3, Wexler’s Addition
Lot 8, Block 3, Wexler’s Addition
Lot 16, Block 4, Wexler’s Addition
Lot 15, Block 4, Wexler’s Addition
Lot 13, Block 4, Wexler’s Addition
Lot 12, Block 4, Wexler’s Addition
Lot 11, Block 4, Wexler’s Addition
Lot 10, Block 4, Wexler’s Addition
Lot 9, Block 4, Wexler’s Addition

[Other HRA Parcels:]

Lot 13, Block 2, Wexler’s Addition
Lot 12, Block 2, Wexler’s Addition
Lot 11, Block 2, Wexler’s Addition
Lot 10, Block 2, Wexler’s Addition
Lot 9, Block 2, Wexler’s Addition
Lots 1 and 2, Block 4, Wexler’s Addition

[HRA Remnant Parcel (subject to MAC grant restrictions):]

Portion of Lot 4, Block 2, Wexler’s Addition
Portion of Lot 14, Block 2, Wexler’s Addition

[TO INSERT PLATTED PROPERTY DESCRIPTIONS PRIOR TO RECORDING]

Part or all of the land is Registered (Torrens) ☐

To have and to hold the same, together with all the hereditaments and appurtenances thereunto belonging subject to the following exceptions:

It is understood and agreed that this Quit Claim Deed is given pursuant to that certain Contract for Private Development, dated _____, 2017 (the "Agreement"), between the Grantor and the Grantee, and is subject to the following covenants, conditions, restrictions and provisions. The capitalized terms not defined herein shall have the meanings given them in the Agreement.

Section 1. Reverter. The Grantee's rights and interest in the Property are subject to the terms and conditions of Section 9.4 of the Agreement relating to the Grantor's right to re-enter and revest in the Grantor title to the Property; provided, however, that such rights to re-enter and revest title shall terminate upon the issuance of a certificate of occupation by the City of Richfield.

[for MAC Grant restricted parcels only] Section 2. Resale and Development Controls. Each parcel of the Property shall be developed in conformity with Richfield's Comprehensive Plan and shall adhere to any MAC, FAA, or Mn/DOT limitations relating to height, noise, use compatibility, light or electronic interference. Any reuse of the Property shall be in accordance with FAA's 2/16/99 Policy and Procedure on Use of Airport Revenue.

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

- ☐ The Seller certifies that the Seller does not know of any wells on the described real property.
- ☐ A well disclosure certificate accompanies this document or has been electronically filed. (If electronically filed, insert WDC number: _____).
- ☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

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

By _____
Its Chair

By _____
Its Executive Director

STATE OF MINNESOTA _____)
_____) ss
COUNTY OF HENNEPIN _____)

The foregoing was acknowledged before me this _____ day of _____, 2017, by Mary Supple, the Chair of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of Minnesota, on behalf of the Grantor.

Notary Public

STATE OF MINNESOTA _____)
_____) ss
COUNTY OF HENNEPIN _____)

The foregoing was acknowledged before me this _____ day of _____, 2017, by Steven L. Devich, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of Minnesota, on behalf of the Grantor.

Notary Public

This instrument was drafted by:

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

Tax Statements should be sent to:

Chamberlain Apartments, LLC
c/o Kraus Anderson Inc.
523 South Eighth Street
Minneapolis, MN 55404

Document comparison by Workshare 9 on Wednesday, October 11, 2017 3:17:51 PM

Input:	
Document 1 ID	PowerDocs://DOCSOPEN/480174/11
Description	DOCSOPEN-#480174-v11-RHRA_Chamberlain_Development_CPD
Document 2 ID	PowerDocs://DOCSOPEN/480174/15
Description	DOCSOPEN-#480174-v15-RHRA_Chamberlain_Development_CPD
Rendering set	Standard

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	472
Deletions	229
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	705



STAFF REPORT NO. 42
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/16/2017

REPORT PREPARED BY: Myrt Link, Community Development Accountant

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
10/10/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
10/11/2017

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a resolution authorizing an Interfund Loan for land costs and other qualified costs in the proposed Tax Increment Financing District 2017-1 Housing (The Chamberlain).

EXECUTIVE SUMMARY:

The Housing and Redevelopment Authority (HRA) will be considering action to establish Tax Increment Finance (TIF) District 2017-1 Housing at the November 20, 2017 meeting. This District will contain a multi-family housing project in the Cedar Point South area and is being developed by Inland Development Partners.

In the event the TIF District is established, it is recommended that the HRA establish an Interfund Loan for an amount not to exceed \$1,611,445 for land costs (up to \$1,411,445) and other qualified costs (up to \$200,000).

The source of the Interfund Loan will be the HRA General Fund. Repayment of the loan will be from tax increment generated from the proposed 2017-1 Housing District. The interest rate of the loan will be 4%.

RECOMMENDED ACTION:

By motion: Approve a resolution authorizing an Interfund Loan in an amount up to \$1,611,445 for advance of certain costs in connection with Tax Increment Financing District 2017-1 (The Chamberlain).

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The City Council called for a Public Hearing on October 10, 2017, on the adoption of a modification to the Redevelopment Plan for the Richfield Redevelopment Project area, the modification to the Tax Increment Plan for the Cedar Avenue Tax Increment Financing District, and the proposed establishment of Tax Increment Financing District 2017-1 Housing.
- On November 20, 2017 the HRA will consider a resolution for the adoption of a modification to the Redevelopment Plan for the Richfield Redevelopment Project area, the modification to the Tax Increment Plan for the Cedar Avenue Tax Increment Financing District, and the proposed establishment of Tax Increment Financing District 2017-1 Housing.

- The City Council will hold a public hearing on November 28, 2017 and consider adoption of a modification to the Redevelopment Plan for the Richfield Redevelopment Project area, the modification to the Tax Increment Plan for the Cedar Avenue Tax Increment Financing District, and the proposed establishment of Tax Increment Financing District 2017-1 Housing.

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

- Under Minnesota Statutes, Section 469.178, Sub 7, the HRA is authorized to advance or loan money from the General Fund or any other fund from which such activities may be legally authorized, in order to finance the qualified costs.

C. CRITICAL TIMING ISSUES:

- There are certain qualified costs incurred by the HRA that are not reimbursable under the Development Contract with Inland Development Partners. In order for the HRA to reimburse itself with future tax increment revenue, an Interfund Loan must be adopted.

D. FINANCIAL IMPACT:

- The source of funds for the Interfund Loan will be the HRA's General Fund.
- Reimbursement will be made from tax increment generated by proposed Tax Increment Financing District 2017-1 Housing.
- The interest rate for repayment will be 4%, which is the maximum rate allowed under Minnesota Statute.

E. LEGAL CONSIDERATION:

- The resolution was prepared by HRA legal counsel.

ALTERNATIVE RECOMMENDATION(S):

- Do not approve the Interfund Loan.
- Approve the Interfund Loan and identifying an alternative source of funds.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter

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

RESOLUTION NO. ____

**RESOLUTION AUTHORIZING INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS
IN CONNECTION WITH TAX INCREMENT FINANCING DISTRICT NO. 2017-1 (THE
CHAMBERLAIN)**

BE IT RESOLVED By the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) as follows:

Section 1. Background.

1.01. The Authority intends to establish Housing Tax Increment Financing District No. 2017-1 (The Chamberlain), a housing district, within the Richfield Redevelopment Project, located in the City of Richfield, Minnesota (the “City”), pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), and Sections 469.001 through 469.047, as amended.

1.02. The Authority may incur certain costs related to the TIF District, which costs may be financed on a temporary basis from available Authority funds.

1.03. 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.

1.04. The Authority owns certain property (the “Redevelopment Property”) and has incurred or will incur certain costs to prepare such property for redevelopment. The Authority has determined that the market price of the improved Redevelopment Property is at least \$1,711,445.

1.05. It is proposed that the Authority enter into a Contract for Private Development (the “Contract”) with Chamberlain Apartments, LLC, a Delaware limited liability company (the “Developer”), pursuant to which the Authority will convey the Redevelopment Property to the Developer for a price of \$300,000 and the Developer will pay the Authority over time the additional \$1,411,445 (the “Land Costs”) from surplus cash derived from the project to be built on the Redevelopment Property pursuant to a Developer Surplus Cash Note provided to the Authority.

1.06. If the Developer does not pay to the Authority any portion of the \$1,411,445 due and owing under the Developer Surplus Cash Note, plus any accrued interest, the Authority shall have the ability to reimburse itself for such Land Costs (plus accrued interest) with tax increment from the TIF District. Interest shall commence on the date the Redevelopment Property is conveyed to the Developer. Any reimbursement from tax increment from the TIF District for Land Costs is subordinate to payments due and owing to the Developer under the tax increment pay as you go note to be issued to the Developer pursuant to Section 3.5 of the Contract for Private Development between the Authority and the Developer.

1.07. In addition to the land write-down, the Authority has determined to pay for other costs identified in the TIF Plan consisting of land/building acquisition, site improvements/preparation, interest, and administrative costs (collectively, the “Qualified Costs”), which costs may be financed on a temporary basis from funds of the Authority available for such purposes. Any reimbursement for

Qualified Costs is not subordinate to payments due and owing to the Developer under the tax increment pay as you go note to be issued to the Developer.

1.08. The Authority intends to reimburse itself for the Land Costs, if necessary, and Qualified Costs from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the “Interfund Loan”).

Section 2. Repayment of Interfund Loan.

2.01. The Authority will reimburse itself for the Land Costs in the amount of up to \$1,411,445 (if necessary) and other Qualified Costs in the amount of up to \$200,000 (a total of \$1,611,445), together with interest at the rate per annum described below. Interest accrues on the principal amount of the Interfund Loan from the date the property is conveyed (hereafter, the “Closing Date”). The Interfund Loan shall bear interest at the rate of 4.0% per annum, which is the greater of the rate specified under Minnesota Statutes, Sections 270C.40 and Section 549.09, in effect for the calendar year in which the Closing Date occurs.

2.02. Principal and interest (the “Payments”) on the Interfund Loan shall be paid annually on December 31 (“Payment Date”), commencing on the first Payment Date on which the Authority has Available Tax Increment (defined below), or on any other dates that Available Tax Increment is available to pay Land Costs or the Qualified Costs, through the date of last receipt of Available Tax Increment from the TIF District.

2.03. Payments on the Interfund Loan will be made from Available Tax Increment, defined as tax increment from the TIF District received by the Authority from Hennepin County in the six-month period before any Payment Date which is not otherwise pledged to the Developer’s pay as you go note. Payments on the Interfund Loan will be made in the amount and only to the extent of Available Tax Increment. Payments shall be applied first to accrued interest, and then to unpaid principal. Interest accruing from the Closing Date will be compounded semiannually on December 31 of each year and added to principal until the first Payment Date, unless otherwise specified by the Executive Director.

2.04. The principal sum and all accrued interest payable under this resolution 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 any interfund loan.

2.05. This resolution 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. The Interfund Loan shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority and the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of Available Tax Increment. 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.

2.06. 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.

2.07. 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 that the interest rate may not be increased above the maximum specified in Section 469.178, subdivision 7 of the TIF Act.

Section 3. Effective Date. This resolution is effective upon approval.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 16th day of October, 2017.

Mary Supple, Chair

ATTEST:

Doris Rubenstein, Secretary



STAFF REPORT NO. 43
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/16/2017

REPORT PREPARED BY: Kate Aitchison, Housing Specialist

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
10/10/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
10/11/2017

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of an assignment of a Housing and Redevelopment Authority First Time Advantage Loan at 7632 Chicago Avenue to Viking Home Buyers LLC.

EXECUTIVE SUMMARY:

In 2004, the Richfield Housing and Redevelopment Authority (HRA) issued a \$10,000 First Time Advantage Loan to Tou Voraveth at 7632 Chicago Avenue. Foreclosure proceedings began on this property in 2010, and a Sheriff's Certificate was filed in May 2017. The final redemption period for this property will end November 16, 2017, at which point the bank will own the property.

During the redemption period, any lien holder may redeem the property for the price issued by the Sheriff's Certificate. Following the redemption period, all liens will be removed from title and the bank will hold all rights to the property. Any future purchase of the property from the bank will not include any repayment of the HRA's lien.

Pat Kloos, an investor with Viking Home Buyers, is proposing to buy the city's lien in order to take ownership of the property. Viking Home Buyers has offered the HRA \$2,000 for an assignment of the the HRA's mortgage. The home will be rehabilitated and listed for sale on the MLS.

RECOMMENDED ACTION:

By motion: Approve an assignment of a Housing and Redevelopment Authority lien against 7632 Chicago Avenue to Viking Home Buyers LLC for \$2,000.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The First Time Advantage Program provided remodeling loans to homeowners purchasing their first homes, who earned less than 80 percent of the Twin Cities Area Median Income (AMI). The program ran from 1997- 2007 and issued 44 loans.
- In 2004, the HRA entered into an agreement with Tou Voraveth under the First Time Advantage Program. The loan was for \$10,000, although only \$9,945.12 was paid out to the homeowner.
- Foreclosure proceedings began on the property in 2010, and the final redemption period will end on November 16, 2017.

- The house has been vacant since 2015. No inspection records are available to provide insight into the condition of the home.
- Viking Home Buyers has rehabilitated homes in Minneapolis, New Hope and Dakota County.
- Previously, one other investor approached the HRA about this process but decided not to pursue the assignment of mortgage.

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

- The HRA adopted Mortgage Foreclosure Response Program Procedural Guidelines in 2007, which include objectives of both protecting the HRA's mortgage interest and improving the housing stock for future homeowners.
- Neighborhoods in which there are one or more foreclosed and vacant homes have detrimental impacts on the surrounding property values. The Buyer is an investor who plans to make improvements to the home.

C. CRITICAL TIMING ISSUES:

- The foreclosure redemption period will expire on November 16, 2017, after which time the bank will obtain ownership, and a buyer may purchase the property directly from the bank, without requirements to satisfy other liens.
- It is unknown how long the bank would hold the property before selling it.
- The investor hopes to begin the rehabilitation quickly in order to reduce holding costs.

D. FINANCIAL IMPACT:

- The Sheriff's Certificate lists the price of the property at \$159,000. The investor estimates a payment of \$168,000, including fees, for the property.
- Based on an exterior, visual inspection, the investor plans \$30,000 worth of rehabilitation work.
- The estimated end sale price is \$240,000.
- As a lienholder, the HRA could redeem the mortgage itself; however, the CDBG funds used to purchase and rehabilitate foreclosed properties have been committed for 2017.
- If the mortgage is not assigned during the redemption period, the HRA will not receive any repayment for its lien.
- While the loan documents reference a \$10,000 loan, only \$9,945.12 was expended.
- Below is a rough development pro-forma from the investor:

Price of Property (payoff of 1st & 2nd mortgages + fees):	\$168,000
Estimated Cost of Rehab:	\$ 30,000
Taxes, commissions, fees, holding costs, etc:	\$ 22,773
	TOTAL \$220,773
Estimated Sale Price:	\$ 240,000
	PROFIT \$ 19,773

E. LEGAL CONSIDERATION:

- The HRA Attorney has reviewed the assignment document.

ALTERNATIVE RECOMMENDATION(S):

- Do not approve a proposal made by Viking Home Buyers LLC to purchase the HRA lien on 7632 Chicago Ave for \$2,000.
- Approve a proposal made by Viking Home Buyers LLC to purchase the HRA lien on 7632 Chicago Ave for a different amount.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Pat Kloos, Viking Home Buyers LLC

ATTACHMENTS:

Description	Type
❑ Letter of Intent Viking Home Buyers	Backup Material
❑ Photo of 7632 Chicago Ave	Backup Material

Viking Home Buyers LLC
5115 Excelsior Blvd. #473
St. Louis Park, MN 55426
Phone: 952-405-0494

October 8th, 2017

Re: Letter of Intent to acquire the 2nd mortgage on 7632 Chicago Ave, Richfield, MN 55423

Dear Richfield Housing Specialist:

Viking Home Buyers LLC, LLC. ("Purchaser") is pleased to submit an offer to have your 2nd mortgage at 7632 Chicago Ave, Richfield, MN 55423 ("Property") assigned to Purchaser. This letter is written with the intention of outlining the terms and conditions under which Purchaser or other entity designated by Purchaser would consider the purchase of the Property.

Property: 7632 Chicago Ave, Richfield, MN 55423

Seller: The Housing and Redevelopment Authority in and for the City of Richfield

Purchaser: The Purchaser will be Viking Home Buyers LLC

Purchase Price: The Purchase Price will be \$2,000 payable in certified funds to seller at closing

Property Analysis: There is a strong smell of mold detected from outside the house, which indicates a large mold infestation inside. The property is located right next to a highway (only one house between the property and the highway), and it is directly across the street from a church. Both are negatives for the value of the property, and the mold is especially a health concern with a public building like a church located across the street. Mold remediation of this size can cost around \$8,000. Plus the property has been vacant for at least two years according to a city sign posted on the back door. Looking in the windows you can tell this property needs everything from a rehab standpoint. We are estimating a \$60,000-\$70,000 rehab. The first mortgage went to the sheriff sale for \$159,000. After interest and attorney fees, we are guessing the payoff from the first mortgage to redeem will be \$165,000. We are offering to purchase your 2nd mortgage for \$2,000 and would redeem as junior creditor during the week of November 20th, 2017. We would have the property rehabbed asap.

Please let us know if you accept.

Thank you,
Pat Kloos


Viking Home Buyers LLC



7632

7632