



**SPECIAL CONCURRENT CITY COUNCIL, HOUSING AND REDEVELOPMENT AUTHORITY, AND  
PLANNING COMMISSION WORKSESSION  
RICHFIELD MUNICIPAL CENTER, BARTHOLOMEW ROOM  
AUGUST 20, 2018  
6:30 PM**

Call to order

1. Housing proposal on Portland Avenue between 66th and 67th Streets

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

August 16, 2018

Council Memorandum No. 64

The Honorable Mayor  
and  
Members of the City Council

HRA Memorandum No. 14

Housing and Redevelopment  
Authority Commissioners  
City of Richfield

Subject: Portland Roundabout Remnant Parcel - Development Proposal

Council and Commissioner Members:

Following construction of the Portland Avenue roundabout in 2008, several remnant parcels (6613 – 6625 Portland Avenue) remained and were identified for residential development. At the August 20 work session, the Council and Commissioners will hear a development proposal for the property from Interstate Development (developers of Plaza 66).

Victoria Perbix from Interstate will present preliminary plans for a multi-family housing development on the site.

Respectfully submitted,



Steven L. Devich  
City Manager

SLD:mp

Email: Assistant City Manager  
Planning Commissioners  
Department Directors



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING  
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS  
AUGUST 20, 2018  
7:00 PM**

Call to Order

Approval of the minutes of the: (1) Special concurrent City Council and Housing and Redevelopment Authority meeting of July 16, 2018; and (2) Regular Housing and Redevelopment Authority meeting of July 16, 2018.

**AGENDA APPROVAL**

1. Approval of the Agenda
2. **Consent Calendar contains several separate items which are acted upon by the HRA in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further HRA action on these items is necessary. However, any HRA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for HRA discussion and action. All items listed on the Consent Calendar are recommended for approval.**
  - A. Consideration of the adoption of a resolution amending Resolution No. 1199 regarding an advance of certain costs in connection with property located within the Cedar Avenue Tax Increment Financing District.  
Staff Report No. 28
  - B. Consideration of the adoption of a resolution amending Resolution No. 1300 regarding an advance of certain costs in connection with property located within Tax Increment Financing District 2018-1 (Cedar Point II).  
Staff Report No. 29
  - C. Cancellation of the public hearing regarding the sale of 6310 Irving Avenue to Neighborworks Home Partners, LLC.  
Staff Report No. 30
3. Consideration of items, if any, removed from Consent Calendar

**PUBLIC HEARINGS**

4. Public hearing and consideration of the adoption of a resolution authorizing the sale of 7300 Portland Avenue to Twin Cities Habitat for Humanity, Inc., and approval of a contract with Twin Cities Habitat for Humanity, Inc. for the development of a single-family home.  
Staff Report No. 31
5. Public hearing and consideration of the adoption of a resolution approving a Contract for Private Development with NHH Companies, LLC for redevelopment of the Cedar Point II Housing area with up to 80 units of for-sale townhomes.  
Staff Report No. 32

6. Continue the public hearing on the sale of property and consideration of a Contract for Private Development with NHH Companies, LLC for redevelopment of the Cedar Point II Housing area with 218 units of apartments to September 17, 2018.

Staff Report No. 33

#### **OTHER BUSINESS**

7. Consideration of the approval of an assignment of a Housing and Redevelopment Authority Transformation Home Loan at 6701 Washburn Avenue to Equihance Partners, LLC and the execution of all related documents by the Executive Director and Board Chair.

Staff Report No. 34

8. Consideration of the adoption of a resolution authorizing the purchase of real property located at 6501 Penn Avenue, pending a finding of consistency by the Richfield Planning Commission.

Staff Report No. 35

9. Consideration of the adoption of resolutions regarding the modification of the Redevelopment Plan for the Richfield Redevelopment Project Area, the modification to the Tax Increment Financing Plan for the Cedar Avenue Tax Increment Financing District, and the establishment of Tax Increment Financing District No. 2018-1.

Staff Report No. 36

10. Consideration of the adoption of resolutions approving proposed property tax levy for payable 2019 for certification to Hennepin County.

Staff Report No. 37

#### **HRA DISCUSSION ITEMS**

11. HRA Discussion Items

#### **EXECUTIVE DIRECTOR REPORT**

12. Executive Director's Report

#### **CLAIMS AND PAYROLLS**

13. Claims and Payrolls

14. 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

## Special concurrent City Council and Housing and Redevelopment Authority Work Session

**July 16, 2018**

### CALL TO ORDER

The work session was called to order by Chair Supple at 6:17 p.m. in the Bartholomew Room.

*Council Members Present:* Pat Elliot; Mayor; Michael Howard; Maria Regan Gonzalez; and Simon Trautmann.

*Council Members Absent:* Edwina Garcia.

*HRA Members Present:* Mary Supple, Chair; Michael Howard, Sue Sandahl; Erin Vrieze Daniels; and Pat Elliot.

*Staff Present:* Steve Devich, City Manager; John Stark, Community Development Director; Julie Urban, Housing Manager; Mary Tietjen, City Attorney; and Kate Aitchison, Housing Specialist.

Item #1	NOAH UPDATE
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Community Development Director John Stark and Housing Manager Julie Urban presented an update on NOAH tools and strategies for preserving and strengthening the City's naturally occurring affordable rental housing.

Housing Manager Urban presented a draft Tenant Protection Ordinance and provided an update on the development and implementation of that future ordinance.

Community Development Director John Stark presented a draft version of the Inclusionary Housing Policy and provided an update on the development of that policy.

### ADJOURNMENT

The work session was adjourned by unanimous consent at 7:02 p.m.

Date Approved: August 20, 2018

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Mary B. Supple  
HRA Chair

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Kate Aitchison  
Housing Specialist

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Steven L. Devich  
Executive Director



# HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

## Regular Meeting

July 16, 2018

### CALL TO ORDER

The meeting was called to order by Chair Supple at 7:08 p.m.

*HRA Members Present:* Mary Supple, Chair; Pat Elliott; Michael Howard; Sue Sandahl; and Erin Vrieze Daniels.

*Staff Present:* Steve Devich, Executive Director; John Stark, Community Development Director; Melissa Poehlman, Community Development Assistant Director; Julie Urban, Housing Manager; Julie Eddington, HRA Attorney; and Kate Aitchison, Housing Specialist.

### APPROVAL OF THE MINUTES OF THE REGULAR HRA MEETING OF JUNE 18, 2018

M/Vrieze Daniels, S/Sandahl to approve the minutes of the June 18, 2018 Housing and Redevelopment Authority regular meeting.

Motion carried 5-0.

<b>Item #1</b>	<b>APPROVAL OF THE AGENDA</b>
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Chair Supple requested the removal item #4 from the agenda.

M/Sandahl, S/Elliott to approve the agenda with the noted deletion.

Motion carried 5-0.

<b>Item #2</b>	<b>CONSENT CALENDAR</b>
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Executive Director Devich presented the Consent agenda:

- A. Consideration of the adoption of a resolution amending the funding source for an interfund loan approved by Housing and Redevelopment Authority Resolution No. 1175 on January 22, 2014, and Resolution No. 1223 on February 16, 2016, for the 2014-1 Tax Increment Financing District (former City Garage site). (S.R. No. 20)
- B. Consideration of the adoption of a resolution consenting to the inclusion of certain Housing and Redevelopment Authority property by NHH Properties, dba NHH Companies, LLC with respect to land use approvals and a petition to vacate portions of 64th Street adjacent to Housing and Redevelopment Authority property. (S.R. No. 21)

M/Elliott, S/Howard, to approve of the consent calendar agenda.

Motion carried 5-0.

<b>Item #3</b>	<b>PUBLIC HEARING AND CONSIDERATION OF THE ADOPTION OF A RESOLUTION AUTHORIZING THE SALE OF 7324 GIRARD AVENUE TO AARON AND ASHLEY BUCHANAN, AND THE APPROVAL OF A CONTRACT FOR PRIVATE DEVELOPMENT WITH AARON AND ASHLEY BUCHANAN FOR THE CONSTRUCTION OF A SINGLE FAMILY HOME THROUGH THE RICHFIELD REDISCOVERED PROGRAM.</b>
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Housing Specialist Aitchison presented Staff Report No. 23.

Art Felgate, resident of 7329 Girard Avenue stated he was concerned about the low sale price of the home, in comparison to the assessed tax value of the property. He stated he approves of the program, but wondered if the low sale price would impact his own property values.

Community Development Director Stark stated that each case is different and in this case there were a lot of costs saved in selling to the city, and that the seller was willing to take the amount offered by the city.

M/Howard, S/Sandahl to close the public hearing.

Motion carried 5-0.

M/Howard, S/Elliott to adopt a resolution authorizing the sale of 7324 Girard Avenue to Aaron and Ashley Buchanan, and to approve a contract for Private Development with Aaron and Ashley Buchanan for the construction of a single-family home through the Richfield Rediscovered Program, contingent upon attorney review.

Commissioner Vrieze Daniels stated she agreed with Mr. Felgate and would be voting against the proposal in consistency with her previous vote.

Chair Supple asked if any substantial changes were made to the contract. Housing Specialist Aitchison stated the contract had been finalized.

Commissioner Sandahl stated that the impact of this program on a community that is fully built. There is also an incentive to surrounding homeowners to improve their own properties.

Motion carried 4-1, with Commissioner Vrieze Daniels voting against the proposal.

<b>Item #5</b>	<b>CONSIDERATION OF THE APPROVAL OF PROGRAM GUIDELINES FOR THE FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM.</b>
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Housing Specialist Aitchison presented Staff Report No. 24.

Commissioner Howard stated that he thinks this is an excellent opportunity to move forward with equity work. He asked how marketing of the program would be undertaken.

Housing Specialist Aitchison stated that city staff would be working with Minnesota Housing to promote the program, along with Minnesota Housing's programs, in a four-part mailing campaign, along with other outreach events.

Housing Manager Urban stated that Minnesota Housing would also provide a script that would help staff walk through the process of homeownership preparation with callers.

Chair Supple stated her support for this program, especially as it is able to help households of color pursue homeownership opportunities, especially because Richfield's disparity in homeownership rates is one of the worst in the State. She also stated that she also appreciates that a lot of the work for the program can be done ahead of time.

Chair Supple asked if there were any plans for substantial changes to the program guidelines. Housing Specialist Aitchison replied that the guidelines were finalized.

M/Vrieze Daniels, S/Howard to approve the program guidelines for the First Time Homebuyer Downpayment Assistance Program.

Motion carried 5-0.

<b>Item #6</b>	<b>CONSIDERATION OF THE AUTHORIZATION OF FUNDING AND APPROVAL OF LOAN DOCUMENTS FOR THE ACQUISITION OF PROPERTY LOCATED WITHIN THE CEDAR POINT II HOUSING REDEVELOPMENT AREA BY NHH PROPERTIES DBA NHH COMPANIES, LLC.</b>
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Housing Manager Urban presented Staff Report No. 25.

Commissioner Elliott stated he is excited to see the acquisitions moving forward for this project. He asked the developer about the status of the project and the number of townhomes on the project. Adam Seraphine, NHH Properties, responded that adding density to the project helped to make the project feasible.

M/Elliott, S/Howard to authorize the funding and approval of loan documents for the acquisition of property located within the Cedar Point II Housing Redevelopment Area by NHH Properties dba NHH Companies, LLC.

Chair Supple clarified the role of the staff to provide funding to NHH Properties for acquisition. Chair Supple also asked about the alterations to legal documents. Housing Manager Urban responded that the HRA attorney will be granted authority to review documents on behalf of the HRA.

Motion carried 5-0.

<b>Item #7</b>	<b>CONSIDERATION OF THE ADOPTION OF A RESOLUTION AUTHORIZING AN INTERFUND LOAN IN THE AMOUNT OF \$730,000 FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH PROPERTY LOCATED WITHIN TAX INCREMENT FINANCING DISTRICT 2018-1 (CEDAR POINT II PROJECT)</b>
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Housing Manager Urban presented Staff Report No. 26.

M/Sandahl, S/Vrieze Daniels to adopt a resolution authorizing an interfund loan in the amount of \$730,000 for advance of certain costs in connection with property located with the Tax Increment Financing District 2018-1.

Motion carried 5-0.

<b>Item #8</b>	<b>CONSIDERATION OF THE ADOPTION OF A RESOLUTION APPROVING AN AMENDED AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT WITH LYNDAL GARDENS, LLC FOR REMAINING LAND AT THE FORMER LYNDAL GARDENS CENTER SITE.</b>
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Assistant Community Development Director Poehlman presented Staff Report No. 27.

Commissioner Vrieze Daniels stated she is excited to see the project moving forward.

Commissioner Howard asked if inclusionary housing policies will be incorporated in this proposal. Assistant Community Development Director Poehlman stated that the policies have been informally required for many years, and that this situation did incorporate the same requirements.

Chair Supple asked whether the units in the development will be accessible to persons with disabilities. Colleen Carey, president with the Cornerstone Development Group, stated that there are many elevators in the buildings, and that the units could be adapted to be accessible for a buyer that needed accommodations.

Chair Supple asked about the timing of retail development. Colleen Carey responded that commercial development is driven by market demand, but that she is working with a few different prospective tenants for the retail space. Cornerstone Group is waiting for the right combination of tenants for this space.

M/Supple, S/Vrieze Daniels to adopt a resolution approving an amended and restated Contract for Private Development with Lyndale Gardens, LLC for remaining land at the former Lyndale Gardens Center site.

Motion carried 5-0.

<b>Item #9</b>	<b>EXECUTIVE DIRECTOR REPORT</b>
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Executive Director Devich had nothing to report.

It was noted that the groundbreaking for the Chamberlain development will be held on Thursday, July 19th at 2:00 p.m.

<b>Item #10</b>	<b>HRA DISCUSSION ITEMS</b>
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Commissioner Vrieze Daniels asked if there was an update on the property at 6626 2nd Avenue. Housing Manager Urban stated that staff is conversing with the HRA attorney and has not come to a decision about the Quiet Title Action.

Chair Supple stated the meeting for the Southdale Library redevelopment has been rescheduled for Saturday, September 22nd. Preliminary concepts are to be shared, as per the information found on the Hennepin County Library website.

<b>Item #11</b>	<b>CLAIMS AND PAYROLL</b>
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M/Elliott, S/Sandahl that the following claims and payroll be approved:

<b>U.S. BANK</b>	
Section 8 Checks: 129877-129960	\$162,117.20
HRA Checks: 33474-33489	\$ 40,860.12
<b>TOTAL</b>	<b>\$202,947.32</b>

Motion carried 5-0.

<b>ADJOURNMENT</b>
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The meeting was adjourned by unanimous consent at 7:50 p.m.

Date Approved: August 20, 2018

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Mary B. Supple  
HRA Chair

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Kate Aitchison  
Housing Specialist

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Steven L. Devich  
Executive Director



**STAFF REPORT NO. 28**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**8/20/2018**

REPORT PREPARED BY: Myrt Link, Community Development Accountant

DEPARTMENT DIRECTOR REVIEW: Melissa Poehlman, Acting Community Development Director  
8/14/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the adoption of a resolution amending Resolution No. 1199 regarding an advance of certain costs in connection with property located within the Cedar Avenue Tax Increment Financing District.**

**EXECUTIVE SUMMARY:**

The Housing and Redevelopment Authority (HRA) approved an interfund loan for acquisition of property in the Cedar Avenue Tax Increment Financing (TIF) District on March 16, 2015. Tax increment generated from this District was to be used to pay back the loan.

The property that was acquired using this interfund loan is now in the new 2018-1 TIF District that is being established.

The amended resolution moves the costs incurred to date from the Cedar Avenue District to the 2018-1 District and allows for any repayment to be made from the 2018-1 District.

The Office of the State Auditor requires an amendment to the resolution when any changes are made to an interfund loan.

**RECOMMENDED ACTION:**

**By motion: Adopt a resolution amending Resolution No. 1199 regarding an advance of certain costs in connection with property located within the Cedar Avenue Tax Increment Financing District.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- Resolution No. 1199 that was authorized by the HRA on March 16, 2015 established an interfund loan in an amount of \$565,000 for the acquisition of property within the Cedar Avenue TIF District.
- The funding source for the interfund loan was the Development Account.
- A total of \$359,000 has been expended to date to purchase properties located at 6333 16th Avenue S and 6401 16th Avenue S.
- These two properties are located in the new 2018-1 TIF District that is being established.



- All costs will be transferred from the Cedar Avenue TIF District to the 2018-1 TIF District and any repayment will be made from increment generated by this District.

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

- It is the HRA's policy to comply with the Office of the State Auditor's requirements.

**C. CRITICAL TIMING ISSUES:**

- None

**D. FINANCIAL IMPACT:**

- Available tax increment generated from the 2018-1 Tax Increment Financing District will be used to pay the interfund loan.

**E. LEGAL CONSIDERATION:**

- The resolution was drafted by HRA legal counsel.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not approve the proposed change to move costs from the Cedar Avenue TIF District to the 2018-1 TIF District and also allow repayment from this District.

**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 AMENDING RESOLUTION NO. 1199 REGARDING AN ADVANCE OF  
CERTAIN COSTS IN CONNECTION WITH PROPERTY LOCATED WITHIN THE CEDAR  
AVENUE TAX INCREMENT FINANCING DISTRICT (A REDEVELOPMENT DISTRICT)**

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. Pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the “TIF Act”) and Laws of Minnesota 2005, Chapter 152, Article 2, Section 25, as amended by Laws of Minnesota 2017, 1<sup>st</sup> Special Session, Chapter 1, Article 6, Section 18, the City of Richfield, Minnesota and the Authority established the Cedar Avenue Tax Increment Financing District (a redevelopment district) (the “Cedar Avenue TIF District”) within the Richfield Redevelopment Project Area, which is administered by the Authority.

1.02. 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 (each such advance being referred to as an “interfund loan”) in order to finance expenditures that are eligible to be paid with tax increments under the TIF Act.

1.03. On March 16, 2015, the Board of Commissioners of the Authority adopted Resolution No. 1199 (the “Original Interfund Loan Resolution”), which authorized an interfund loan in the amount of \$565,000 (the “Interfund Loan”) to finance the acquisition of property within the Cedar Avenue TIF District for redevelopment purposes. The Authority expended \$359,000 for the acquisition of land within the Cedar Avenue TIF District.

1.04. Pursuant to the terms of the Original Interfund Loan Resolution, the Interfund Loan was made from the Development Fund, or any other fund designated by the Authority, and any repayments of the Interfund Loan were required to be payable to the Authority’s TIF Fund for the Cedar Avenue TIF District.

1.05. The land acquired with the Interfund Loan has been removed from the Cedar Avenue TIF District and placed in the Authority’s Tax Increment Financing District No. 2018-1 (a housing district) (Cedar Point II Project) (“TIF District No. 2018-1”).

1.06. The Authority has determined to amend the terms of the Original Interfund Loan Resolution so that any repayments of the Interfund Loan will now be made from tax increment derived from TIF District No. 2018-1.

Section 2.      Terms of Interfund Loan. The Interfund Loan shall be repaid in accordance with the Original Interfund Loan Resolution. Commencing with the first Payment Date (as defined in the Original Interfund Loan Resolution) following the adoption of this resolution, all repayments of the Interfund Loan shall be made to the TIF Fund for TIF District No. 2018-1.

Section 3. Miscellaneous.

3.01. Authority staff and officials are hereby authorized and directed to execute any documents and take any other actions necessary to carry out the intent of this resolution.

3.02. Unless otherwise amended by this resolution, the Original Interfund Loan Resolution shall remain in full force and effect.

Section 4. Effective Date. This resolution is effective upon approval.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20<sup>th</sup> day of August, 2018.

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Mary Supple, Chair

ATTEST:

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Erin Vrieze Daniels, Secretary



**STAFF REPORT NO. 29**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**8/20/2018**

REPORT PREPARED BY: Myrt Link, Community Development Accountant

DEPARTMENT DIRECTOR REVIEW: Melissa Poehlman, Acting Community Development Director  
8/15/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the adoption of a resolution amending Resolution No. 1300 regarding an advance of certain costs in connection with property located within Tax Increment Financing District 2018-1 (Cedar Point II).**

**EXECUTIVE SUMMARY:**

The Housing and Redevelopment Authority (HRA) approved Resolution No. 1300 on July 16, 2018, authorizing an interfund loan for up to \$630,000 for property acquisition and an additional \$100,000 for administrative costs for Tax Increment Financing (TIF) District 2018-1 that is being established.

The HRA has proposed to convey property to the NHH Companies LLC (Developer) for a purchase price of \$184,000. The amended resolution will add \$184,000 to the existing interfund loan to fund the land write-down on a temporary basis. Funds are available in the HRA Development Account for this amount.

The Office of the State Auditor requires an amendment to a resolution when changes are made to an interfund loan.

**RECOMMENDED ACTION:**

**By motion: Adopt a resolution amending Resolution No. 1300 for an advance of certain costs in connection with property located within Tax Increment Financing District 2018-1 (Cedar Point II).**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- On March 19, 2018, the Housing and Redevelopment Authority approved a Preliminary Development Agreement with NHH Companies, LLC to redevelop the Cedar Point II Housing area.
- It is the intent for the HRA and Developer to enter into a Contract for Private Development pursuant to which the Developer will construct and develop approximately 80 affordable owner-occupied townhomes.
- On July 16, 2018 the HRA approved an interfund loan in the amount \$630,000 from the HRA Development Account for property acquisition and \$100,000 from the HRA General Fund for administrative costs for TIF District 2018-1.

- The HRA has proposed to convey property to the Developer for a purchase price of \$184,000.
- The total of the interfund needs to be amended to fund the land write-down of \$184,000 on a temporary basis. The total of the interfund loan will now be \$914,000. The Development Account is the funding source for \$814,000 in property acquisition and the HRA is the funding source for the \$100,000 in administrative costs.
- The \$184,000 will be repaid by the Developer no later than the date that they sell at least eight townhome units, plus 4.0% interest.

**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 advances may be legally authorized, in order to finance the qualified costs.
- It is the HRA's policy to comply with the Office of the State Auditor's requirements.

**C. CRITICAL TIMING ISSUES:**

- Funds need to be available before an anticipated September closing date.

**D. FINANCIAL IMPACT:**

- The Developer will pay back the \$184,000 no later than the date that they sell at least eight townhome units, plus interest in the amount of 4.0% per annum.

**E. LEGAL CONSIDERATION:**

- The resolution was prepared by HRA legal counsel.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not approve the amended interfund loan.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Representatives of NHH Companies LLC.

**ATTACHMENTS:**

Description	Type
□ Resolution	Resolution Letter

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

**RESOLUTION NO. \_\_\_\_**

**RESOLUTION AMENDING RESOLUTION NO. 1300 REGARDING AN FOR ADVANCE OF  
CERTAIN COSTS IN CONNECTION WITH PROPERTY LOCATED WITHIN TAX  
INCREMENT FINANCING DISTRICT NO. 2018-1 (A HOUSING DISTRICT) (CEDAR POINT  
II PROJECT)**

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. Pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"), the City of Richfield, Minnesota (the "City") and the Authority intend to establish Tax Increment Financing District No. 2018-1 (a housing district) (Cedar Point II Project) (the "TIF District") within the Richfield Redevelopment Project Area, which is administered by the Authority.

1.02. 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 (each such advance being referred to as an "interfund loan") in order to finance expenditures that are eligible to be paid with tax increments under the TIF Act.

1.03. The Authority has determined to advance funds in a maximum amount of \$630,000 to NHH Companies L.L.C., a Minnesota limited liability company (the "Developer"), in the form of a forgivable loan to acquire various properties within the TIF District for the purpose of constructing affordable housing (the "Land Loan"). It is the intent of the Authority and the Developer to enter into a contract for private development pursuant to which the Developer will construct and develop approximately 80 affordable owner-occupied townhomes (the "Project") on certain property owned by the Authority (the "Property") within the TIF District. If the Developer commences construction of the Project, the Authority will forgive all or a portion of the Land Loan and will instead reimburse itself with tax increment derived from the TIF District.

1.04. On July 16, 2018, the Board of Commissioners of the Authority adopted Resolution No. 1300 (the "Original Interfund Loan Resolution"), pursuant to which the Authority approved an interfund loan in the amount of \$630,000 to fund the Land Loan and an interfund loan in the amount of \$100,000 to pay for administrative costs of the TIF District (together, the "Original Interfund Loan").

1.05. The Authority has proposed to convey the Property to the Developer for a purchase price of \$184,000 (the "Purchase Price"), with the Purchase Price to be paid no later than the date that the Developer sells at least 8 townhome units, plus interest in the amount of 4.0% per annum.

1.06. In order to fund the land write-down in the amount of \$184,000 on a temporary basis, the has determined to amend the Original Interfund Loan Resolution in order to use funds available in the amount of \$184,000, which will constitute an additional interfund loan. Such additional interfund loan shall be designated the "Additional Interfund Loan."

1.07. The Original Interfund Loan and the Additional Interfund Loan shall be referred to herein as the "Interfund Loan" and is made in the amount of \$914,000. Any reimbursement for the Interfund

Loan 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 use tax increment revenues derived from the TIF District to repay all or a portion of the Interfund Loan.

Section 2. Terms of Additional Interfund Loan.

2.01. The Additional Interfund Loan shall be made from the Authority fund described above, or any other fund designated by the Authority, to the Authority's TIF Fund for the TIF District.

2.02. The Additional Interfund Loan is repayable solely from and to the extent that Available Tax Increment is available. "Available Tax Increment" means, on each Payment Date (as defined herein), all of the tax increment generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the Authority by Hennepin County, Minnesota, all in accordance with the TIF Act. Payments on the Additional Interfund Loan are on parity with the Original Interfund Loan and any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

2.03. Provided that there is Available Tax Increment to repay the Additional Interfund Loan, principal and interest (the "Payments") on the Additional Interfund Loan shall be paid semiannually on February 1 and August 1 (each a "Payment Date"), commencing on the first Payment Date after the advance of the Additional Interfund Loan. Payments shall continue until the earlier of (a) the date the principal and accrued interest of the Additional Interfund Loan is paid in full, or (b) the date of last receipt of tax increment from the TIF District. Payments on the Additional 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 date of each expenditure to the first Payment Date will be compounded semiannually on February 1 and August 1 of each year and added to principal, unless otherwise specified by the Additional Interfund Loan form.

2.04. The Additional Interfund Loan shall bear interest at the Authority's then current internal rate of return on the principal amount advanced, accruing from the date of each initial expenditure; provided, however that the interest rate shall not exceed the greater of the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the advance is authorized. The maximum interest rate in effect for calendar year 2018 is 4.0%.

2.05. 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.

2.06. 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 from Available Tax Increment pledged to the payment hereof under this resolution or any other sources of funds the Authority may use to pay the Payments. The Additional 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.

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.       Additional Interfund Loans Authorized.

3.01.   The Additional Interfund Loan with the terms set forth in Section 2 hereof is hereby approved.

3.02.   Authority staff and officials are hereby authorized and directed to execute any documents and take any other actions necessary to carry out the intent of this resolution.

3.03.   Unless otherwise amended by this resolution, the Original Interfund Loan Resolution shall remain in full force and effect.

Section 4.       Effective Date. This resolution is effective upon approval.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20<sup>th</sup> day of August, 2018.

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Mary Supple, Chair

ATTEST:

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Erin Vrieze Daniels, Secretary





**STAFF REPORT NO. 30**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**8/20/2018**

REPORT PREPARED BY: Kate Aitchison, Housing Specialist

DEPARTMENT DIRECTOR REVIEW: Melissa Poehlman, Acting Community Development Director  
8/14/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Cancellation of the public hearing regarding the sale of 6310 Irving Avenue to Neighborworks Home Partners, LLC.**

**EXECUTIVE SUMMARY:**

During the spring of 2018, staff had been working with Neighborworks Home Partners on the development of a proposal for the construction of a new home at 6310 Irving Avenue. This property was purchased by the Housing and Redevelopment Authority (HRA) in 2012 using Community Development Block Grant funding. A new home was to be built on the property under the New Home program, to be sold to households earning 80% of the Area Median Income.

Due to a number of factors, the development gap became too large to be covered by HRA funds. No solutions were found, and staff is exploring other courses of action for the property.

A legal notice was published on July 5 for a public hearing during the July 16 HRA meeting. A follow up notice was sent to residents letting them know that the meeting would tentatively be rescheduled for August 20, 2018.

**RECOMMENDED ACTION:**

**By motion: Cancel the public hearing regarding the sale of 6310 Irving Avenue to Neighborworks Home Partners, LLC.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- During the spring of 2018, HRA staff made contact with Neighborworks Home Partners for the development of a proposal for the property at 6310 Irving Avenue.
- Due to a number of factors specific to this parcel, the development became too expensive to be covered by HRA funds.
- A legal notice was published on July 5th.
- A courtesy mailing was mailed to neighbors on July 3rd.
- On July 12, the HRA issued another courtesy mailing notifying neighbors that the item may be rescheduled for the August 20 HRA meeting.

- On July 16, the HRA continued the public hearing.

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

- None

C. **CRITICAL TIMING ISSUES:**

- None

D. **FINANCIAL IMPACT:**

- None

E. **LEGAL CONSIDERATION:**

- The notice of a public hearing was published; therefore, the hearing should be officially cancelled.

**ALTERNATIVE RECOMMENDATION(S):**

- None

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

N/A



**STAFF REPORT NO. 31**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**8/20/2018**

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

DEPARTMENT DIRECTOR REVIEW: Melissa Poehlman, Acting Community Development Director  
8/14/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Public hearing and consideration of the adoption of a resolution authorizing the sale of 7300 Portland Avenue to Twin Cities Habitat for Humanity, Inc., and approval of a contract with Twin Cities Habitat for Humanity, Inc. for the development of a single-family home.**

**EXECUTIVE SUMMARY:**

Twin Cities Habitat for Humanity (TCHFH) is proposing to purchase 7300 Portland Avenue from the Housing & Redevelopment Authority (HRA) to construct a new home to be sold to households with incomes no greater than 60 percent of the Twin Cities Area Median Income (AMI). The home will be a three-bedroom, two-bath, 1,684 square foot, two-story home with a detached two-car garage.

The HRA purchased the substandard property in March 2018 under the New Home Program. The existing structure was deemed substandard due to its small size (~800 square feet) and position on the lot. The structure currently sits directly on the front property line rather than meeting setback requirements and the narrow lot width makes market-rate new construction difficult. Under this proposal, TCHFH would demolish the existing structure and construct a new home that would meet setback requirements and would relocate the driveway access to East 73rd Street rather than Portland Avenue.

**RECOMMENDED ACTION:**

**Conduct and close the public hearing and by motion: Adopt a resolution authorizing the sale of 7300 Portland Avenue to Twin Cities Habitat for Humanity, Inc., and approve a contract with Twin Cities Habitat for Humanity, Inc. for the development of a single-family home.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- In 2018, the HRA purchased the substandard property at 7300 Portland Avenue.
- TCHFH is proposing to construct a two-story home of 1,684 square feet, three bedrooms, two baths, and a two-car detached garage.
- In the past ten years, eleven new homes have been constructed under the New Home program for affordable purchase and over 50 homes have been built since 1981.
- TCHFH has the experience, capability, and financial security to develop the properties and has previously constructed ten homes throughout the City.

- The New Home Program allows homes to be sold to households earning up to 80 percent of AMI (\$68,000 for a family of four); however, TCHF's policy and funding sources target households whose income does not exceed 60 percent of the AMI.
- TCHF achieves long-term affordability with its projects by retaining the right to repurchase a home it has developed and reselling it to income-qualified families.
- A neighborhood meeting was held on August 6, 2018. Three neighbors attended and voiced their support for the project.

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

- The New Home Program implements the goal of the Comprehensive Plan to ensure sufficient diversity in the housing stock to provide for a range of household sizes, income levels and needs. The Program carries out the policies that support this goal including:
  - Promote the development of a balanced housing stock that is available to a range of income levels.
  - Promote the development, management and maintenance of affordable housing in the City through assistance programs, alternative funding sources, and the creation of partnerships whose mission is to promote low to moderate income housing.
- The proposed housing is consistent with the Housing Vision Statement that was accepted by the City Council and HRA in June 2013. The Statement calls for a full range and balance of housing types in the community that match the choices of residents at every stage of their lives.

**C. CRITICAL TIMING ISSUES:**

- Closing would occur between September 2018 and March 2019.
- Construction would begin in the Spring of 2019.
- TCHF hosted a neighborhood open house on August 6, 2018, to share plans and answer questions.

**D. FINANCIAL IMPACT:**

- TCHF is proposing to pay the HRA \$40,000 for the property.
- The property was purchased for \$141,000 using Housing and Redevelopment funds in March 2018.

**E. LEGAL CONSIDERATION:**

- Notice of the public hearing was published in the Sun Current on August 9, 2018.
- Mailed notice was also sent as a courtesy to homeowners and occupants within 350 feet of the property.
- The HRA Attorney prepared the Contract for Private Development.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not approve the resolution authorizing sale of the properties to Twin Cities Habitat for Humanity, Inc.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Chad Dipman, Twin Cities Habitat for Humanity

**ATTACHMENTS:**

Description	Type
<input type="checkbox"/> Resolution	Resolution Letter
<input type="checkbox"/> Contract for development	Contract/Agreement
<input type="checkbox"/> Site plan	Backup Material
<input type="checkbox"/> House plan	Backup Material

**HRA RESOLUTION NO.**

**RESOLUTION AUTHORIZING SALE OF REAL PROPERTY LOCATED AT  
7300 PORTLAND AVENUE TO TWIN CITIES HABITAT FOR HUMANITY, INC. IN  
ACCORDANCE WITH A CONTRACT FOR DEVELOPMENT**

**WHEREAS**, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (HRA) desires to develop certain real property pursuant to and in furtherance of the New Home Program adopted by the HRA, said real property being described as follows:

Address: 7300 Portland Avenue South

Legal: Lot 1, Block 1, Blairs Wooddale Third Addition, together with that part of the vacated alley which accrued thereon upon the vacation thereof, Hennepin County, Minnesota.

**WHEREAS**, the HRA is authorized to sell real property within its area of operation after public hearing; and

**WHEREAS**, a developer, Twin Cities Habitat for Humanity, Inc., has been identified as the purchaser of the described property and in accordance with a Development Agreement; and

**WHEREAS**, a public hearing has been held after proper public notice.

**NOW, THEREFORE, BE IT RESOLVED**, by the Housing and Redevelopment Authority in and for the City of Richfield:

1. A public hearing has been held 7300 Portland Avenue is authorized to be sold for \$40,000 to the Twin Cities Habitat for Humanity, Inc. in accordance with a Development Agreement with the HRA.
2. The Chairperson and Executive Director are authorized to execute a Contract for Private Development and other agreements as required to effectuate the sale to Twin Cities Habitat for Humanity, Inc.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20th day of August, 2018.

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Mary B. Supple, Chair

ATTEST:

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Erin Vrieze Daniels, Secretary

**CONTRACT FOR DEVELOPMENT**

**Between**

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

**and**

**TWIN CITIES HABITAT FOR HUMANITY**

**at**

**7300 PORTLAND SOUTH, RICHFIELD MN. 55423**

**This Instrument Drafted by:**

**The Housing and Redevelopment Authority  
in and for the City of Richfield  
6700 Portland Avenue South  
Richfield, Minnesota 55423  
Telephone: (612) 861-9760**

## CONTRACT FOR DEVELOPMENT

**THIS CONTRACT FOR DEVELOPMENT** (the “Agreement”) is made and entered into as of this \_\_\_\_ of \_\_\_\_\_, 2018, by and between the Housing and Redevelopment Authority in and for the City of Richfield, a body corporate and politic under the laws of the State of Minnesota, having its principal office at 6700 Portland Avenue, Richfield, Minnesota (HRA), and Twin Cities Habitat For Humanity, Inc. (TCHFH), a non-profit corporation under the laws of Minnesota, having its principal office at 3001 Fourth Street SE, Minneapolis, MN 55414 (Developer).

### WITNESSETH:

**WHEREAS**, the HRA has purchased the property at 7300 Portland Ave South, Richfield, legally described as Lot 1, Block 1, Blairs Wooddale Third Addition, together with that part of the vacated alley which accrued thereon upon the vacation thereof, Hennepin County (the “Property”), for the purpose of providing affordable housing in the City; and

**WHEREAS**, the City of Richfield (the “City”) and the HRA have previously created and established a New Home Program, pursuant to the authority granted in Minnesota Statutes, Sections 469.001 through 469.047; and

**WHEREAS**, the Developer has proposed the Improvements, as hereinafter defined, for the Property which the HRA has determined will promote and carry out the objectives for which the Property was purchased; will assist in carrying out the objectives of the New Home Program; and will be in the vital best interests of the City, and the health, safety and welfare of its residents and in accord with the public purposes and provisions of the applicable state and local laws and requirements.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations of the HRA and the Developer, each party does hereby represent, covenant and agree with the other as follows:

## ARTICLE I.

### **DEFINITIONS, EXHIBITS, RULES OF INTERPRETATION**

**Section 1.1. Definitions.** In this Agreement, the following terms have the meaning given below unless the context clearly requires otherwise:

- (a) **City.** The City of Richfield, Minnesota.
- (b) **Construction Plans.** Collectively, the plans, drawings and related documents related to the Improvements, which are listed on Exhibit A.
- (c) **Developer.** Twin Cities Habitat For Humanity (TCHFH).

(d) **Development.** The Property and the Improvements to be constructed thereon according to the Construction Plans approved by the HRA.

(e) **Event of Default.** Event of Default has the meaning given such term in Section 9.1.

(f) **Holder.** The term “holder” in reference to a Mortgage includes a lender, any insurer or guarantor (other than the Developer) of any obligation or condition secured by such mortgage or deed of trust.

(g) **Housing and Redevelopment Authorities Act (HRA Act).** Minnesota Statutes Sections 469.001 through 469.047.

(h) **HRA.** The Housing and Redevelopment Authority in and for the City of Richfield, Minnesota.

(i) **Improvements.** Each and all of the structures and site improvements constructed or renovated on the Property by the Developer, as specified in the Construction Plans approved by the HRA.

(j) **Mortgage.** The term “mortgage” shall include the mortgages referenced in Article VI of this Agreement and any deed of trust or other instrument creating an encumbrance or lien upon the Property of any part thereof, as security for a loan.

(k) **New Home Program.** HRA program to encourage development of new housing opportunities for low to moderate income buyers.

(l) **Property.** The real property legal described as:

Lot 1, Block 1, Blairs Wooddale Third Addition, together with that part of the vacated alley which accrued thereon upon the vacation thereof, Hennepin County

having a street address of:

7300 Portland South, Richfield

(m) **Qualified Buyer.** A purchasing family (2 or more person household) whose income does not exceed 80 percent of the metropolitan area median income.

(n) **Unavoidable Delays.** Delays which are the direct result of strikes, labor troubles, fire or other casualty to the Improvements, natural disasters, litigation commenced by third parties which results in delays or acts of any federal, state or local government, except those contemplated by this Agreement, which are beyond the control of the Developer.

**Section 1.2 Exhibits.** The following Exhibits are attached to and by reference made a part of this Agreement:



- A. List of Construction Plan Documents
- B. Form of Quit Claim Deed
- C. Form of Certificate of Completion

### **Section 1.3 Rules of Interpretation.**

- (a) This Agreement shall be interpreted in accordance with and governed by the laws of the State of Minnesota.
- (b) The words “herein” and “hereof” and words of similar import, without reference to any particular section or subdivision refer to this Agreement as a whole rather than any particular section or subdivision hereof.
- (c) References herein to any particular section or subdivision hereof are to the section or subdivision of this Agreement as originally executed.
- (d) Any titles of the several parts, articles and sections of this Agreement are inserted for convenience and reference only and shall be disregarded in construing or interpreting any of its provisions.

## **ARTICLE II.**

### **REPRESENTATIONS AND UNDERTAKINGS**

**Section 2.1 By the Developer.** The Developer makes the following representations and warranties as the basis for undertakings on its part herein contained:

- (a) The Developer has the legal authority and power to enter into this Agreement, and has duly authorized the execution, delivery and performance of this Agreement; and the individual(s) who execute this Agreement on behalf of the Developer have the power and authority to bind the Developer;
- (b) The Developer has the necessary equity capital or will obtain commitments for financing necessary for construction of the Improvements;
- (c) The Developer will construct the Improvements in accordance with the terms of this Agreement, the Construction Plans, and all local, state and federal laws and regulations;
- (d) The Developer will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, the requirements of all local, state and federal laws and regulations which must be obtained or met before the Improvements may be constructed; and
- (e) The plans for the Improvements have been prepared by a qualified draftsman or architect.

**Section 2.2 By the HRA.** The HRA makes the following representations as the basis for the undertaking on its part herein contained:

(a) The HRA is authorized by law to enter into this Agreement, to carry out its obligations hereunder, and the individuals who execute this Agreement on behalf of the HRA have the power and authority to bind the HRA; and

(b) The HRA will, in a timely manner, subject to all notification requirements, review and act upon all submittals and applications of the Developer and will cooperate with the efforts of Developer to secure the granting of any permit, license, or other approval required to allow the construction of the Improvements; provided, however, that nothing contained in this subparagraph 2.2(b) shall be construed to limit in any way the reasonable and legitimate exercise of the HRA's discretion considering any submittal or application.

### **ARTICLE III.**

#### **ACQUISITION OF PROPERTY; CONVEYANCE TO DEVELOPER**

**Section 3.1 Sale of Property to Developer.** The HRA is the fee owner of the Property. The HRA agrees to sell the Property to the Developer and the Developer agrees to purchase the Property from the HRA in an "as is" condition. The HRA agrees to convey the Property to the Developer by Quit Claim Deed in the general form of Exhibit B. The purchase price for the Property will be \$40,000.00.

**Section 3.2 Title and Examination.** As soon as reasonably possible after execution of this Agreement by both parties,

(a) HRA shall surrender any abstract of title and a copy of any owner's title insurance policy for the property, if in HRA's possession or control, to Developer or to Developer's designated title service provider; and

(b) Developer shall obtain the title evidence determined necessary or desirable by Developer or Developer's lender, including but not limited to title searches, title examinations, abstracting, a title insurance commitment or an attorney's title opinion, at Developer's selection and cost, and provide a copy to the HRA.

The Developer shall have 20 days from the date it receives such title evidence to raise any objections to title it may have. Objections not made within such time will be deemed waived. The HRA shall have 90 days from the date of such objection to affect a cure; provided, however, that the HRA shall have no obligation to cure any objections, and may inform Buyer of such. The Buyer may then elect to close notwithstanding the uncured objections or declare this Agreement null and void, and the parties will thereby be released from any further obligation hereunder.

**Section 3.3 Well Disclosure.** Seller does not know of any wells on the property.

**Section 3.4 Closing.** Closing on the Property will take place on or before March 1, 2019, or such other date as may be agreed to by the parties in writing. At closing, the Developer will provide the HRA with the purchase price of the property. If closing has not occurred by March 1, 2019, either party may terminate this Agreement.

**Section 3.5. Closing Costs.** The Developer will pay: (a) the closing fees charged by its title insurance company or other closing agent, if any, utilized to close the transaction for Developer; and (b) the recording fees for the Contract for Private Development and the deed transferring title to the Developer. The HRA will pay all other fees normally paid by sellers, including: any transfer taxes, and any fees and charges related to the filing of any instrument required to make title marketable. Each party shall pay its own attorney fees.

**Section 3.6. Sewer and Water.** HRA warrants that city water is available at the lot line and city sewer is available at the curb.

**Section 3.7. ISTS Disclosure.** HRA is not aware of any individual sewage treatment system on the property. Developer is responsible for all costs of removing any individual sewage treatment system that may be discovered on the Property.

**Section 3.8. Taxes and Special Assessment.** Real estate taxes and installments of special assessments will be prorated between the HRA and Developer as of the date of closing.

**Section 3.9 Soil Conditions and Hazardous Wastes.** The Developer acknowledges that the HRA makes no representations or warranties as to the conditions of the soils on the Property, its fitness for construction of the Improvements or any other purpose for which the Developer may make use of the Property, or regarding the presence of hazardous wastes, pollution or contamination on the Property. The HRA will allow reasonable access to the Property for the Developer to conduct such tests regarding soil conditions and hazardous wastes as the Developer may desire. Permission to enter the Property to conduct such tests must be given in writing under the terms and conditions established by the HRA.

**Section 3.10 Survey.** The HRA will allow reasonable access to the Property for the Developer to conduct a survey. Permission to enter the Property to conduct such tests must be given in writing under the terms and conditions established by the HRA.

**Section 3.11 Trees.** All healthy trees will be saved and protected by the Developer during construction, to the extent possible, except those that specifically interfere with the construction of the Improvements. Trees requested to be removed must be identified by type on the site plan provided by the Developer.

**Section 3.12 Sale to Qualified Buyer; Covenant on Use.** The Developer agrees to convey the Property and Improvements to a Qualified Buyer within 180 days of issuance of a Certificate of Occupancy or after that time as agreed upon by the parties. Prior to agreeing to sell the Property and Improvements to a prospective buyer, the Developer shall provide the HRA with sufficient evidence that the potential buyer is a Qualified Buyer. In addition, the Developer must obtain the HRA's prior approval of the terms and conditions of the purchase agreement with the Qualified Buyer, and

the agreement terms and conditions must be consistent with this Agreement. This Agreement constitutes a covenant on the part of the Developer, its successors and assigns, to develop the Property and Improvements for owner-occupied, single-family residential purposes as permitted by the City.

## **ARTICLE IV.**

### **DEMOLITION**

**Section 4.1. Demolition.** The Developer shall demolish the structures on the Property pursuant to the requirements of this Article IV.

**Section 4.2. Local Permit Requirements and Related Submittals.**

(a) The Developer shall obtain all permits required for demolition 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).

(b) No less than two (2) days prior to commencing demolition, the Developer shall provide to the City and the HRA a description of proposed dust and noise control measures for the Property.

(c) Upon completion of the demolition, the Developer shall provide to the City and the HRA: (i) copies of any permits required by government agencies other than the City, such as transport or disposal permits; (b) 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; and (c) copies of all landfill records indicating receipt and acceptance of hazardous wastes by a landfill licensed to accept hazardous wastes.

**Section 4.3. Conditions on the Property During Demolition.**

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

(b) The Developer shall ensure that the buildings are vacated and use of the property is discontinued prior to commencing demolition.

(c) The Developer shall provide all labor, materials, equipment, employee training, compliance with all regulations, permits, notifications, licenses and agreement necessary to perform the demolition.

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

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

(f) 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.

(g) The use of explosives and on site burning during demolition are prohibited.

(h) The Developer shall provide water, electricity, communications and toilet facilities on site as necessary to complete the work.

(i) The Developer 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 demolition but also emergency vehicles.

(j) The Developer shall keep fire hydrants and water control valves free from obstruction and accessible for use.

(k) The Developer shall take all necessary safeguards to prevent damage or injury to neighboring property.

(l) Prior to closing or rerouting existing traffic lanes or sidewalks in any public street easement or right-of-way adjacent to streets, the Developer shall obtain written permission from the City's 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 Developer.

(m) The Developer may conduct demolition 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.

(n) The Developer shall not crush any materials on-site.

(o) The Developer 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.

#### **Section 4.4. Demolition.**

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

(b) The Developer 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.

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

(d) The Developer 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.

(e) After the Building has been removed from the Property, the Developer 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.**

(f) Immediately upon the removal of the Building from its foundation, the Developer 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;

(g) The Developer shall locate demolition equipment throughout the building and remove materials so as to not impose excessive loads to supporting walls, floor or framing.

(h) The Developer 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.

(i) The Developer shall break up any concrete slabs-on-grade and remove from the Property.

(j) The Developer shall demolish footings, foundation walls, tunnels and other below-grade structures and remove from the Property.

(k) After removing all foundation walls and the basement floor slab, as provided above, the Developer 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.

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

(m) The Developer may not cut or remove a tree from the Property without prior permission from the HRA. If any trees are cut or destroyed by the Developer without prior approval, Contract will pay to the HRA damages of \$200 per tree. Any such damages shall be deducted from the Developer'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.

(n) The Developer shall provide a certificate of well abandonment if required.

#### **Section 4.5. Debris and Disposal.**

(a) The Developer shall maintain the Property free of extraneous debris.

(b) The Developer shall prohibit overloading of trucks to prevent spillage on access and haul routes.

(c) The Developer shall maintain a sweeping and clean-up program to prevent deposition, release and disbursement of soils and debris onto paved surfaces.

(d) The Developer shall move from the Property all debris, rubbish and other materials resulting from demolition operations.

(e) The Developer shall transport materials from the Property and legally dispose of them off-site in accordance with governing regulations.

### **ARTICLE V.**

#### **CONSTRUCTION OF IMPROVEMENTS**

**Section 5.1. Construction of Improvements.** The Developer shall construct the Improvements on the Property at the Developer's cost in accordance with the Construction Plans, and shall maintain, preserve and keep the Improvements in good repair and condition until sale of the Property to a Qualified Buyer.

**Section 5.2. Building Plans.** The Developer agrees that the City of Richfield building official may withhold issuance of a building permit for the Improvements unless the Construction Plans are in conformity with this Agreement, and all local, state and federal regulations. The HRA shall, within 25 days of receipt of Construction Plans submitted in application for a building permit, review such Construction Plans to determine whether the foregoing requirements have been met. If the HRA determines such Construction Plans to be deficient, it shall notify the Developer in writing stating the deficiencies and the steps necessary for correction. Issuance of the building permit by the

City with the approval of the HRA shall be a conclusive determination that the Construction Plans have been approved and shall satisfy the provisions of this Section 5.2.

**Section 5.3 Schedule of Construction.** Subject to Unavoidable Delays, construction of the Improvements shall be completed prior to January 1, 2020. All construction shall be in conformity with the approved Construction Plans. Periodically during construction the Developer shall make reports in such detail as may reasonably be requested by the HRA concerning the actual progress of construction. If at any time prior to completion of construction the HRA has cause to believe that the Developer will be unable to complete construction of the Improvements in the time permitted by this Section 5.3, it may notify the Developer and demand assurances from the Developer regarding the Developer's construction schedule. If such assurances are not forthcoming or are deemed by the HRA at its sole discretion to be inadequate, the HRA may declare an Event of Default and may avail itself of any of the remedies specified in Section 9.2 of this Agreement.

**Section 5.4 Certificate of Completion.** After notification by the Developer of completion of construction of the Improvements, the HRA shall inspect the construction to determine whether the Improvements have been completed in accordance with the Construction Plans and the terms of this Agreement, including the date of the completion thereof. In the event that the HRA is satisfied with the construction, the HRA shall furnish the Developer with a Certificate of Completion in the form attached hereto as Exhibit C. Such certification by the HRA shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with respect to the obligation of the Developer to construct the Improvements.

The certification provided for in this Section 5.4 shall be in recordable form. If the HRA shall refuse or fail to provide certification in accordance with the provisions of this Section 5.4, the HRA shall within 15 days of such notification provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Improvements in accordance with the provisions of this Agreement necessary, in the opinion of the HRA, for the Developer to take or perform in order to obtain such certification.

**Section 5.5 Failure to Construct.** In the event that construction of the Improvements is not completed as provided in Section 5.3 of this Agreement, an Event of Default shall be deemed to have occurred and the HRA may proceed with its remedies under Section 9.2.

## **ARTICLE VI.**

### **INSURANCE**

**Section 6.1 Insurance.** The Developer will provide and maintain or cause to be provided and maintained at all times during the process of constructing the Improvements and, from time to time at the request of the HRA, furnish the HRA with proof of payment of premiums on:

(a) Builder's risk insurance, written on the so-called "Builder's Risk -- Completed Value Basis," in an amount equal to 100% of the insurable value of the Improvements at the date of completion, and with coverage available in non-reporting form on the so-called "all risk" form of policy;



(b) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with an Owner's Contractor's Policy with limits against bodily injury and property damage of not less than \$1,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used); and

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

The policies of insurance required pursuant to clauses (a) and (b) above shall be in form and content satisfactory to the HRA and shall be placed with financially sound and reputable insurers licensed to transact business in Minnesota. The policy of insurance delivered pursuant to clause (a) above shall contain an agreement of the insurer to give not less than thirty (30) days advance notice to the HRA in the event of cancellation of such policy or change affecting the coverage thereunder.

## **ARTICLE VII.**

### **FINANCING**

**Section 7.1 Financing.** Within 20 days of the date of execution of this Agreement, the Developer shall submit to the HRA evidence of financing for the Improvements in compliance with the provisions of Section 2.1(b) of this Agreement. If the HRA finds that the financing is adequate in amount to provide for the construction of the Improvements, the HRA shall notify the Developer of its approval.

If the HRA rejects the evidence of financing as inadequate, the Developer shall have 30 days or such additional period of time as the Developer may reasonably require from the date of such notification to submit evidence of financing satisfactory to the HRA. If the Developer fails to submit such evidence or fails to use due diligence in pursuing financing, the HRA may terminate this Agreement and both parties shall be released from any further obligation or liability hereunder, except for the HRA's remedies pursuant to Section 5.5 of this Agreement. Closing shall not take place until the Developer has provided the HRA with acceptable evidence of financing for construction of the Improvements.

**Section 7.2 Limitation Upon Encumbrance of Property.** Prior to the issuance of the Certificate of Completion, neither the Developer nor any successor in interest to the Property or any part thereof shall engage in any financing or any other transaction creating any Mortgage or other encumbrance or lien upon the Property, whether by express agreement or operation of law, or suffer any encumbrance of lien to be made on or attached to the Property other than the liens or encumbrances attached for the purposes of obtaining funds to the extent necessary for making the Improvements without the prior written approval of the HRA. The HRA shall not approve any Mortgage which does not contain terms which conform to the terms of this Article VII and Section 9.2 of this Agreement.

**Section 7.3 Subordination.** In order to facilitate obtaining financing for the construction of the Improvements by the Developer, the HRA may, in its sole and exclusive discretion, agree to

modify this Agreement in the manner and to the extent it deems reasonable, upon request by the financial institution and the Developer.

## **ARTICLE VIII.**

### **PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER**

**Section 8.1 Representation as to Redevelopment.** The Developer represents and agrees that its undertakings pursuant to the Agreement, are for the purpose of development of the Property and not for speculation in land holding. The Developer further recognizes that, in view of the importance of the Development to the general welfare of Richfield and the substantial financing and other public aids that have been made available by the HRA for the purpose of making the Development possible, the qualification and identity of the Developer are of particular concern to the HRA. The Developer further recognizes that it is because of such qualifications and identity that the HRA is entering into this Agreement, and, in so doing, is further willing to rely on the representations and undertakings of the Developer for the faithful performance of all undertakings and covenants agreed by the Developer to be performed.

**Section 8.2 Prohibition Against Transfer of Property and Assignment of Agreement.** For the reasons set out in Section 8.1 of this Agreement, the Developer represents and agrees that prior to the issuance of the Certificate of Completion by the HRA:

(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 Property, or any part thereof, to perform its obligations with respect to the Development under this Agreement, and any other purpose authorized by this Agreement, the Developer, except as so authorized, has not made or created, and that it will not make or create, or suffer to be made or created, any total or partial sale, assignment, conveyance, or any trust in respect to this Agreement or the Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, without the prior written approval of the HRA; and

(b) The HRA shall be entitled to require, except as otherwise provided in this Agreement, as conditions to any such approval under this Section 8.2 that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, as determined by the HRA, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer or, in the event the transfer is of or relates to part of the Property, such obligations to the extent that they relate to such part,

(ii) any proposed transferee, by instrument in writing satisfactory to the HRA and in form recordable among the land records, shall for itself and its successor and assigns, and specifically for the benefit of the HRA, have expressly assumed all of the obligations of the Developer under this Agreement and agreed to be subject to such obligations, restrictions and conditions or, in the event the transfer is of, or relates to part of the Property, such obligations, conditions, and restrictions to the extent that they relate to such part; provided, that the effect that any transferee of, or any other successor in interest whatsoever to, the

Property or any part thereof, shall, for whatever reason, not have assumed such obligations or agree to do so, shall not, unless and only to the extent otherwise specifically provided in the Agreement or agreed to in writing by the HRA, relieve or except such transferee or successor from such obligations, conditions, or restrictions, or deprive or limit the HRA of or with respect to any rights or remedies or controls with respect to the Property of the construction of the Improvements; it being the intent of this Section 8.2, together with other provisions of this Agreement, that to the fullest extent permitted by law and equity and excepting only in the manner and to the extent specifically provided otherwise in the Agreement no transfer of, or change with respect to, ownership in the Property or any part thereof, or any interest therein, however consummated or occurring, whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the HRA, or any rights or remedies or controls provided in or resulting from this Agreement with respect to the Property and the construction of the Improvements that the HRA would have had, had there been no such transfer or change, and

(iii) There shall be submitted to the HRA for review all instruments and other legal documents involved in effecting transfers described herein, and if approved by the HRA, its approval shall be indicated to the Developer in writing.

In the absence of specific written agreement by the HRA to the contrary, no such transfer or approval by the HRA thereof shall be deemed to relieve the Developer from any of its obligations with respect thereto. The sale of the Development to a Qualified Buyer shall not be deemed to be a transfer within the meaning of this Section 8.2.

**Section 8.3 Approvals.** Any approval required to be given by the HRA under this Article VIII may be denied only in the event that the HRA reasonably determines that the ability of the Developer to perform its obligations under this Agreement will be materially impaired by the action for which approval is sought.

## **ARTICLE IX.**

### **EVENTS OF DEFAULT**

**Section 9.1 Events of Default Defined.** The following shall be deemed Events of Default under this Agreement and the term shall mean, whenever it is used in this Agreement, unless the context otherwise provides, any one or more of the following events:

(a) Failure by the Developer to pay when due the payments required to be paid or secured under any provision of this Agreement;

(b) Subject to Section 10.7, failure by the Developer to complete the Improvements by January 1, 2020, absent any Unavoidable Delay;

(c) Failure by the Developer to observe and substantially perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder, including the time for such performance;

(d) Failure by the Developer to close with a Qualified Buyer within 180 days of completion or after that time as agreed upon by the parties.

(e) If the Developer shall admit in writing its inability to pay its debts generally as they become due, or shall file a petition in bankruptcy, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of itself or of the whole or any substantial part of the Property;

(f) If the Developer, on a petition in bankruptcy filed against it, be adjudicated as bankrupt, or a court of competent jurisdiction shall enter an order or decree appointing, without the consent of the Developer, a receiver of the Developer or of the whole or substantially all of its property, or approve a petition filed against the Developer seeking reorganization or arrangement of the Developer under the federal bankruptcy laws, and such adjudication, order or decree shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(g) If the Development is in default under any Mortgage and has not entered into a work-out agreement with the Holder of the Mortgage.

**Section 9.2 Remedies on Default.** Whenever any Event of Default occurs, the HRA may, in addition to any other remedies or rights given the HRA under this Agreement, take any one or more of the following actions following written notice by the HRA to the Developer as provided in Section 10.4 of this Agreement:

(a) suspend its performance under this Agreement until it receives assurances from the Developer, deemed reasonably adequate by the HRA, that the Developer will cure its default and continue its performance under this Agreement;

(b) cancel or rescind this Agreement;

(c) withhold the Certificate of Completion; or

(d) take whatever action at law or in equity may appear necessary or desirable to the HRA to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement; provided, however, that any exercise by the HRA of its rights or remedies hereunder shall always be subject to and limited by, and shall not defeat, render invalid or limit in any way (a) the lien of any Mortgage authorized by this Agreement and (b) any rights or interest provided in this Agreement for the protection of the Holders of a Mortgage; and provided further that should any Holder succeed by foreclosure of the Mortgage or deed in lieu thereof to the Developer's interest in the Property, it shall, notwithstanding the foregoing, be obligated to perform the following obligations of the Developer only to the extent that the same have not therefore been performed by the Developer: Sections 3.3 through 3.7; Sections 5.1 through 5.5; Sections 6.1. Said Holder, upon foreclosure or taking of a deed in lieu, shall have no obligations pursuant to this Agreement other than as specifically set forth in the foregoing sentence.

**Section 9.3 No Remedy Exclusive.** No remedy herein conferred upon or reserved to the HRA 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 HRA or the Developer to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.

**Section 9.4 No Additional Waiver Implied by One Waiver.** In the event of the occurrence of any Event of Default by either party, which Event of Default is thereafter waived by the other party, such waiver shall be limited to the particular Event of Default so waived and shall not be deemed to waive any other concurrent, previous or subsequent Event of Default.

## **ARTICLE X.**

### **ADDITIONAL PROVISIONS**

**Section 10.1 Conflict of Interests; Representatives Not Individually Liable.** No HRA officer who is authorized to take part in any manner in making this Agreement in his or her official capacity shall voluntarily have a personal financial interest in this Agreement or benefit financially there from. No member, official, or employee of the HRA shall be personally liable to the Developer, or any successor in interest, for any Event of Default by the HRA or for any amount which may become due to the Developer or successor or on any obligations under the terms of this Agreement.

**Section 10.2 Non-Discrimination.** The provisions of Minnesota Statutes Section 181.59, which relate to civil rights and non-discrimination, and any affirmative action program of the City shall be considered a part of this Agreement and binding on the Developer as though fully set forth herein.

**Section 10.3 Notice of Status and Conformance.** At such time as all of the provisions of this Agreement have been fully performed by the Developer, the HRA, upon not less than ten days prior written notice by the Developer, agrees to execute, acknowledge and deliver, without charge to the Developer or to any person designated by the Developer, a statement in writing in recordable form certifying the extent to which this Agreement has been performed and the obligations hereunder satisfied.

**Section 10.4 Notices and Demands.** Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is sent by mail, postage prepared, return receipt requested or delivered personally:

- (a) As to the HRA:  
Richfield HRA

Executive Director  
6700 Portland Avenue South  
Richfield, MN 55423

(b) As to the Developer:

Twin Cities Habitat For Humanity (TCHFH)  
ATTN: Chad Dipman  
3001 4th Street SE  
Minneapolis, MN 55414

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 10.4.

**Section 10.5 Provisions Not Merged With Deed.** None of the provisions of this Agreement is intended to or shall be merged by reason of any deed transferring any interest in the Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

**Section 10.6. Counterparts.** This Agreement may be simultaneously executed in any number of counterparts, all of which shall constitute one and the same instrument.

**Section 10.7. Extensions.** Any extension to the Closing Date and/or extension of the completion date of the Improvements set forth in Section 5.3 that exceeds 6 months from the date agreed to in Section 3.4 and 5.3, respectively, must be approved by the HRA Board. HRA staff is authorized to extend the Closing Date to a date less than 6 months from the Closing Date agreed to in Section 3.4 and extend the completion date of the Improvements to a date less than 6 months from the completion date set forth in Section 5.3.

**IN WITNESS WHEREOF**, the HRA 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 as of the day and year first above written.

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

By \_\_\_\_\_  
Its Chairperson

By \_\_\_\_\_  
Its Executive Director

STATE OF MINNESOTA       )  
  )   SS  
COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2018, by \_\_\_\_\_, the Chairperson of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (HRA), a public body corporate and politic under the laws of Minnesota, on behalf of the HRA.

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA       )  
  )   SS  
COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2018, by \_\_\_\_\_, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

\_\_\_\_\_  
Notary Public

## TWIN CITIES HABITAT FOR HUMANITY

By: \_\_\_\_\_

Its: \_\_\_\_\_

[illegible]

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2018, by \_\_\_\_\_, the \_\_\_\_\_ of Twin Cities Habitat for Humanity, a corporation under the laws of Minnesota, on behalf of the corporation.

Notary Public



## **EXHIBIT A**

### **LIST OF CONSTRUCTION PLAN DOCUMENTS**

- Contract for Development, fully executed
- Concept Plans
- Site Plan

DRAFT

**EXHIBIT B**

**FORM OF QUIT CLAIM DEED**

STATE DEED TAX DUE HEREON: \$\_\_\_\_\_

Date: \_\_\_\_\_

FOR VALUABLE CONSIDERATION, Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of the State of Minnesota, Grantor, hereby conveys and quit claims to Twin Cities Habitat for Humanity, a non-profit corporation under the laws of the State of Minnesota, Grantee, real property in Hennepin County, Minnesota, described as follows:

Lot 1, Block 1, Blairs Wooddale Third Addition, together with that part of the vacated alley which accrued thereon upon the vacation thereof, Hennepin County, Minnesota, according to the map or plat thereof on file or of record in the office of the Hennepin County Recorder.

This deed is subject to the terms and provisions of that certain Contract for Private Development between Grantor and Grantee (the "Contract", dated \_\_\_\_\_, 2018, recorded \_\_\_\_\_, 2018, in the office of the Hennepin County Recorder as Document No. \_\_\_\_\_). Specifically, pursuant to Section 3.12 of the Contract, the Grantee agrees to convey the Property and Improvements to a Qualified Buyer (as that term is defined in the Contract). The Grantee must obtain the Grantor's prior approval of the terms and conditions of the purchase agreement with the Qualified Buyer, and the agreement terms and conditions must be consistent with the terms of the Contract.

(if more space is needed, continue on back)

together with all hereditaments and appurtenances.

A well disclosure certificate accompanies this document.

Affix Deed Tax Stamp Here

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

By \_\_\_\_\_  
Its Chairperson

By \_\_\_\_\_  
Its Executive Director

STATE OF MINNESOTA

} ss.

COUNTY OF HENNEPIN

The foregoing was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by Mary B. Supple, the Chairperson of the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of Minnesota, on behalf of the corporation, Grantor.

\_\_\_\_\_  
SIGNATURE OF PERSON TAKING

**ACKNOWLEDGMENT**

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RAK)

STATE OF MINNESOTA

} ss.

COUNTY OF HENNEPIN

The foregoing was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by Steven L. Devich, the Executive Director, of Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the corporation, Grantor.

\_\_\_\_\_  
SIGNATURE OF PERSON TAKING

**ACKNOWLEDGMENT**

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RAK)

Check here if part or all of the land is Registered (Torrens) ☐

Tax Statements for the real property described in this instrument should be sent to (include name and address of Grantee):

This instrument drafted by:  
Kennedy & Graven, Chartered  
470 U.S. Bank Plaza  
200 South Sixth Street  
Minneapolis, MN 55402

## EXHIBIT C

### FORM OF CERTIFICATE OF COMPLETION

The undersigned hereby certifies that \_\_\_\_\_, has fully and completely complied with its obligations under Article V of that document entitled "Contract for Private Development", between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota and \_\_\_\_\_ dated \_\_\_\_\_, filed \_\_\_\_\_ as Document No. \_\_\_\_\_ with respect to the construction of the approved construction plans at \_\_\_\_\_, legally described as \_\_\_\_\_ and is released and forever discharged from its obligations to construct under such above-referenced Article.

DATED: \_\_\_\_\_

THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND  
FOR THE CITY RICHFIELD

By \_\_\_\_\_  
Its Chairperson

By \_\_\_\_\_  
Its Executive Director

[illegible]

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ the Chairperson of the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of the State of Minnesota on behalf of the public body corporate and politic.

Notary Public

[illegible]

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by Steven L. Devich, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

Notary Public

This instrument was drafted by:

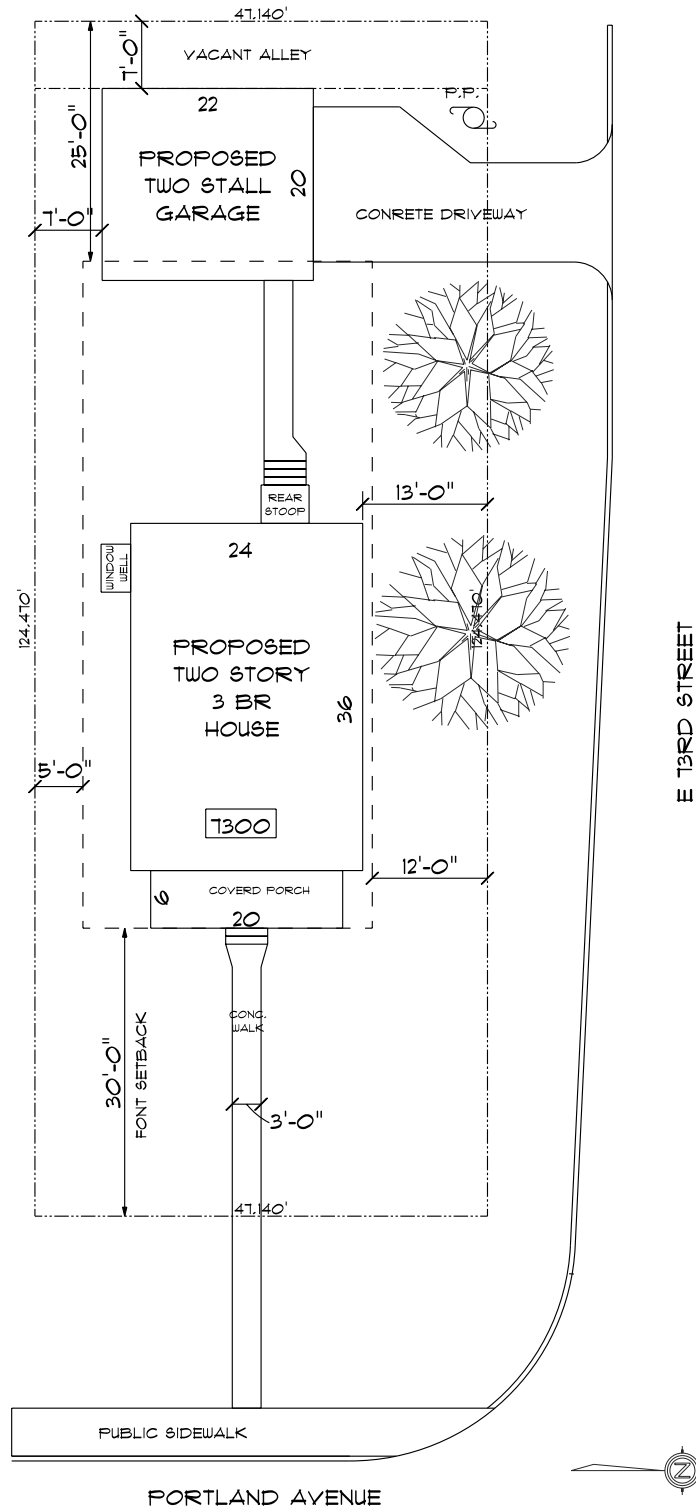
Richfield Housing and Redevelopment Authority  
6700 Portland Ave S  
Richfield, MN 55423

**NOTE:**

SITE PLAN AND MODEL ARE PROPOSED,  
SOIL CONDITIONS, EXISTING SITE CONDITIONS,  
AND LOCATION OF NEIGHBORING HOUSES MAY  
ALTER SITE PLAN AND/OR MODEL TYPE

P.I.D. : 3402824140015

1" = 20'



1954 UNIVERSITY AVE. W.  
ST. PAUL, MN 55104

OFFICE: 651-207-1700  
FAX: 651-641-8641

**PROPOSED SITE PLAN**

SINGLE FAMILY DWELLING SITE:  
MODEL: 18R3-2 II  
1300 PORTLAND AVE. S.  
RICHFIELD, MN 55423

DRAWN BY: M. RICE

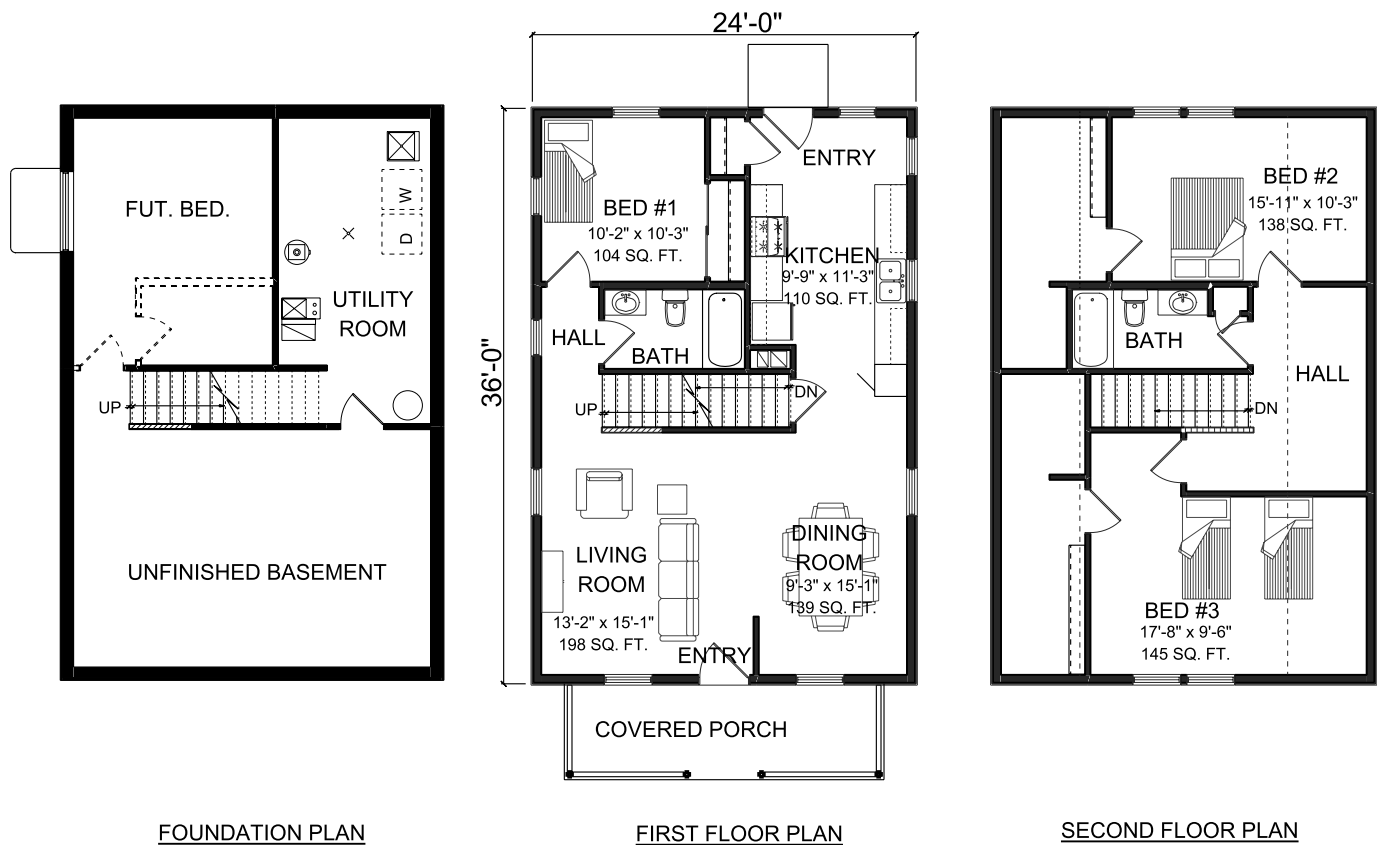
CHECKED BY:

DATE: 7-27-18

PLOT DATE: 8/1/2018



IMAGE MAY NOT REFLECT ACTUAL  
CONSTRUCTED HOUSE



1954 UNIVERSITY AVE. W.  
ST. PAUL, MN 55104

OFFICE: 651-207-1700  
FAX: 651-641-8641

SINGLE FAMILY DWELLING  
7300 PORTLAND AVE.  
RICHFIELD, MN 55423

MODEL: 18TS3-2 II  
DETACHED 2-STALL GARAGE

BASEMENT SQ. FT. = 864 UNFINISHED  
MAIN FLOOR SQ. FT. = 864  
SECOND FLOOR SQ. FT. = 820

TOTAL FINISHED AREA = 1684 SQ. FT.  
GROSS AREA = 2548 SQ. FT.

\*\*FINISHED AREAS INCLUDE WALLS  
\*\*UTILITY ROOM IS INCLUDED IN THE UNFINISHED SQ. FOOTAGE



**STAFF REPORT NO. 32**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**8/20/2018**

REPORT PREPARED BY: Julie Urban, Housing Manager

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
8/15/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Public hearing and consideration of the adoption of a resolution approving a Contract for Private Development with NHH Companies, LLC for redevelopment of the Cedar Point II Housing area with up to 80 units of for-sale townhomes.**

**EXECUTIVE SUMMARY:**

The Richfield Housing and Redevelopment Authority (HRA) approved a Preliminary Development Agreement (Agreement) with NHH Companies, LLC (Developer) on March 19, 2018, for the development of the Cedar Point II Housing area (63rd to 65th Streets, 16th Avenue to Richfield Parkway). The Agreement identified several issues to be worked out and established milestones for the Developer to meet, including negotiating a Contract for Private Development (Contract) with staff by August 20, 2018.

Since that time, the Developer has accomplished the following:

- Submitted plans for sketch plan review.
- Submitted land use plans.
- Submitted financial pro formas.
- Submitted grant applications to the Metropolitan Council and the Department of Employment and Economic Development.
- Reached out to all property owners located within the development area.
- Negotiated purchase agreements with six of the remaining eleven property owners.
- Closed on the acquisition of one property and scheduled to close on an additional four properties in September and a fifth in October.

Further study of the financial components of the project has led the Developer to propose that two separate Tax Increment Financing (TIF) Districts and therefore two separate Contracts be prepared for the development.

The Contract for the townhome portion of the development provides the following terms:

- Minimum improvements of up to 80 units of owner-occupied housing and necessary public infrastructure.
- 95% of the units will be affordable to households earning no more than 100% (1-2 person households) or 115% of the Area Median Income (AMI).
- The Developer has identified a need for public assistance.



- The public assistance that is identified in this Contract includes a TIF Note from the HRA of approximately \$2.4 million.
- The HRA will issue up to three notes, corresponding to the timing of construction and sale of the townhomes, which will take place over a period of 36 months.
- 30% of the annual increment will be paid to the HRA for administrative expenses and for interfund loans that have been made to assist in the acquisition of properties.
- In the event that the Developer sells more than four units to non-income-qualified buyers, the TIF will be reduced proportionately. The Developer can sell no more than 20% of the units to non-income income-qualified buyers.
- The TIF will be distributed "pay as you go," meaning that payments will only be made subject to sufficient tax increment being generated on the property to meet the payment obligation.
- The HRA will sell the four parcels it owns, located at 6315, 6333, 6401, and 6409 16th Avenue, to the Developer for \$184,000. This amount is based on an appraisal of the properties as vacant single family lots.
- The Developer will pay the HRA \$84,000 at the time the Developer closes on the construction loan. Final payment of \$100,000 will be paid no later than the date the Developer sells at least eight townhomes. If that payment isn't made before December 1, 2019, the HRA can exercise the option to receive the funds through increment.
- The Developer would close on acquisition of the HRA lots in September, 2018.
- The Developer will provide one to two pieces of public art within the project area (three to four pieces within the entire development area will satisfy this requirement).
- The terms of the Contract require construction of the townhomes to begin by December 31, 2019, and be completed by June 30, 2021.

### **RECOMMENDED ACTION:**

**Conduct and close the public hearing and by motion: Adopt a resolution approving a Contract for Private Development with NHH Companies, LLC for the Cedar Point II Housing area and selling HRA-owned properties located within the development area to NHH Companies, LLC.**

### **BASIS OF RECOMMENDATION:**

#### **A. HISTORICAL CONTEXT**

- A 1999-2000 study commissioned by the City of Richfield and the Metropolitan Airports Commission (MAC) concluded that many of the structures in this area, including all single-family homes, were not capable of withstanding the negative impacts of low frequency noise. As a result of the study, this area was identified as a Redevelopment Area in 2000.
- In 2004, the Minnesota Legislature approved the creation of a special Redevelopment TIF District to provide a funding mechanism for redevelopment of the area.
- During the economic downturn from 2007-2011, there was little interest in developing this area due to weak market conditions.
- Upon conclusion of the recession, HRA staff concentrated their development efforts on the Cedar Point II area. The challenge of property acquisitions and the significant financial gap in the project made it difficult to find a developer and project that could succeed.
- In 2014, homes along 17th Avenue were purchased for the construction of Richfield Parkway from 63rd to 66th Streets leaving 14 fewer homes to be purchased in the development area.
- In 2015, the HRA signed a pre-development agreement with Boisclair Corporation to redevelop the area with single family homes and townhomes. In 2017, the HRA cancelled the agreement with Boisclair due to slow progress in solving the acquisition and other development issues,
- In the Fall of 2017, NHH Properties and Boisclair Corporation approached the HRA and Council with a new development team and plan for acquiring the remaining single family homes and closing the financial gap.
- In March of 2018, the HRA signed a pre-development agreement with NHH Properties (dba NHH Companies, LLC) to redevelop the area with 218 market-rate apartments and up to 80 townhomes affordable to households earning 100/115% of the area median income.

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

- In order for private redevelopment with public assistance to occur, a developer must have a

Contract with the HRA.

- The proposed development is consistent with the City's Comprehensive Plan, including the Cedar Corridor Master Plan.
- The proposed development is consistent with the Housing Visioning Policy Statements.

**C. CRITICAL TIMING ISSUES:**

- The Developer would like to begin site work this Fall on the townhomes with primary construction work occurring in 2019.

**D. FINANCIAL IMPACT:**

- The Developer has identified a need for public assistance to redevelop this site.
- The Contract has been prepared and reviewed by the HRA's legal counsel and financial consultant.
- The HRA will withhold 11% of the available TIF to be used to pay the State Auditor and to reimburse the HRA for administrative expenses.
- The HRA will withhold 19% of the available TIF to repay HRA interfund loans.
- The total amount of TIF generated is \$3.48 million. The Contract provides up to \$2.4 million in TIF to the Developer.
- The terms of the proposed Contract issuance of up to three Pay-As-You-Go TIF Notes. Payments made on these Notes are subject to the generation of sufficient tax increment.

**E. LEGAL CONSIDERATION:**

- HRA legal counsel drafted the proposed Contract in cooperation with staff and the Developer.
- There are occasionally changes of an administrative or technical nature that are required of a contract as more information becomes available; HRA legal counsel may be given authority to make these changes without further HRA consideration.

**ALTERNATIVE RECOMMENDATION(S):**

- Approve the Contract for Private Development with additional provisions or modifications.
- Do not approve the Contract for Private Development.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Julie Eddington, HRA Legal Counsel ?? Representative(s) of NHH Companies, LLC

**ATTACHMENTS:**

Description	Type
□ Resolution	Resolution Letter
□ Contract for private development	Contract/Agreement

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

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING CONTRACT FOR PRIVATE DEVELOPMENT  
WITH NHH COMPANIES L.L.C. WITH RESPECT TO A TOWNHOMES DEVELOPMENT AND  
AUTHORIZING THE CONVEYANCE OF INTEREST IN CERTAIN LAND**

WHEREAS, the City of Richfield, Minnesota (the “City”) and the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) have approved the creation of Tax Increment Financing District No. 2018-1 (a housing district) (the “TIF District”) within the Richfield Redevelopment Project in the City (the “Redevelopment Project”) and have adopted a tax increment financing plan for the purpose of financing certain improvements within the Redevelopment Project; and

WHEREAS, NHH Companies L.L.C., a Minnesota limited liability company (the “Developer”), has proposed to acquire 15 parcels of property (the “Development Property”) located within the TIF District, including four properties owned by the Authority, which are legally described in EXHIBIT A attached hereto (the “Authority Property”) and construct on the Development Property a development which will include (i) approximately 80 owner-occupied affordable townhomes; and (ii) necessary public infrastructure, including streets and utilities (the “Minimum Improvements”); and

WHEREAS, there has been presented before this Board of Commissioners of the Authority (the “Board”) a Contract for Private Development (the “Development Agreement”) proposed to be entered into between the Authority and the Developer, pursuant to which the Developer will agree to construct the Minimum Improvements and the Authority will agree to reimburse the Developer for a portion of land acquisition costs and certain site improvement costs related thereto with tax increment generated from the Development Property; and

WHEREAS, on the date hereof, the Board conducted a duly noticed public hearing on the conveyance of the Authority Property to the Developer in accordance with Minnesota Statutes, Section 469.029, subdivision 2; 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 Development Agreement is hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Director are hereby authorized and directed to execute the Development Agreement for and on behalf of the Authority in substantially the form now on file with the 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 finds that the proposed conveyance of the Authority Property is in accordance with the redevelopment plan approved for the Redevelopment Project.

3. The conveyance of the Authority’s right, title, and interest in the Authority Property to the Developer described herein is hereby approved.

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 Development Agreement.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20<sup>th</sup> day of August, 2018.

---

Mary Supple, Chair

ATTEST:

---

Erin Vrieze Daniels, Secretary

## **EXHIBIT A**

### **LEGAL DESCRIPTION OF THE AUTHORITY PROPERTY**

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

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

**Sixth Draft  
August 15, 2018**

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**CONTRACT  
FOR  
PRIVATE DEVELOPMENT  
between**

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

**and**

**NHH COMPANIES L.L.C.**

Dated: August 20, 2018

---

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

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## **CONTRACT FOR PRIVATE DEVELOPMENT**

THIS CONTRACT FOR PRIVATE DEVELOPMENT (the “Agreement”), made as of the 20<sup>th</sup> day of August, 2018, between the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”), and NHH COMPANIES L.L.C., a Minnesota limited liability company (the “Developer”).

WITNESSETH:

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

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

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

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

WHEREAS, the Developer proposes to acquire at least 15 parcels of property within the TIF District (the “Development Property”) and construct a development which will include (i) approximately 80 owner-occupied affordable townhomes; and (ii) necessary public infrastructure, including streets and utilities (the “Minimum Improvements”); and

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

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

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

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

“City” means the City of Richfield, Minnesota.

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

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

“County” means Hennepin County, Minnesota.

“Developer” means NHH Companies L.L.C., a Minnesota limited liability company, or its permitted successors and assigns.

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

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

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

“Holder” means the owner of a Mortgage.

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

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

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

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

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

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

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

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

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

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

“Owner-Occupied Housing” means the approximately 80 affordable owner-occupied townhomes to be constructed as part of the Minimum Improvements.

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

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

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

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

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

“Redevelopment Project” means the Richfield Redevelopment Project.

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

“State” means the State of Minnesota.

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

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

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

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

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

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

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof 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, site improvement costs, and housing construction costs necessary to facilitate the construction of the Minimum Improvements in accordance with the terms of this Agreement to further the objectives of the Redevelopment Plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE III

### **Property Acquisition; Financing**

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

#### Section 3.2. Conveyance of HRA Property.

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

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

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



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

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

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

(f) The Closing will not take place until the Developer has applied for all necessary land use approvals from the City (including final approval of the PUD) and has acquired the rights to purchase or purchased at least six contiguous parcels and either the northernmost parcel or the southernmost parcel within the Developer Property, in order to construct the Minimum Improvements, as described in Section 3.3 hereof.

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

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

### Section 3.3. Acquisition of Remaining Developer Property.

(a) The Developer will make its best efforts to acquire the rights to purchase or purchase the eleven (11) parcels that make up the Developer Property. If the Developer is unable to acquire the rights to purchase or purchase all of the remaining parcels of the Developer Property but has acquired the rights to purchase or purchased at least eight (8) of the remaining parcels, the deadline for Closing set forth in Section 3.2(g) of this Agreement may be postponed for up to 90 days by mutual agreement of the Developer and the

Authorized Representative of the Authority. If the Developer wants to move forward with purchasing the HRA Property but is unable to acquire the rights to purchase or purchase the remaining parcels of the Developer Property, the Developer shall submit to the Authority a redesign of the layout of the Minimum Improvements with the number of units the Developer is able to construct. The Authority has no obligation to acquire any portion of the Developer Property, and has played no role in the Developer's acquisition activities.

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

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

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

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

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

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

Phase	Maximum Amount	When TIF Notes Issued
Phase I TIF Note	\$900,000	Construction of at least 32 Townhomes commenced
Phase II TIF Note	\$900,000	Construction of an additional 32 Townhomes commenced
Phase III TIF Note	\$600,000	Construction of final 16 Townhomes commenced

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

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

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

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

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

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

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

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

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

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

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## ARTICLE IV

### **Construction of Minimum Improvements**

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

#### Section 4.2. Construction Plans.

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

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

in the Construction Plans may be conditioned on amendment to provisions of this Agreement if such amendments will mitigate the materiality of such proposed changes.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer will commence construction of the Minimum Improvements on or before June 1, 2019, and be substantially complete with the construction of the Minimum Improvements on or before December 31, 2021.

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

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

Section 4.4. Certificate of Completion.

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

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

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

Section 4.5. Owner-Occupied Housing Affordability Covenants; Qualification of the TIF District. The Developer agrees that the Owner-Occupied Housing constructed within the TIF District is subject to the following affordability covenants: In accordance with Section 469.1761, subdivision 2 of the TIF Act, ninety-five percent (95%) of the units of Owner-Occupied Housing (76 units) must be initially purchased and occupied by persons whose income is no greater than one hundred fifteen percent (115%) of median gross income. If any units of Owner-Occupied Housing will be occupied by fewer than three (3) people, those units must be initially purchased and occupied by persons whose income is no greater than one hundred percent (100%) of median gross income. For the purposes of this Agreement, median gross income is the greater of (i) the median gross income of the County; or (ii) the statewide median gross income, as determined by the secretary of the United States Department of Housing and Urban Development for the calendar year of each home sale. Prior to the sale of each home, the Developer must submit to the City the application in substantially the form in EXHIBIT F attached hereto, showing that the purchaser meets the income limits under this Section 4.6 (a "Qualified Purchaser"). The parties agree and understand that the Developer will review applications and will certify to the City that each buyer of a unit of Owner-Occupied Housing is a Qualified Purchaser using the form set forth in EXHIBIT F attached hereto.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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## ARTICLE VI

### Tax Increment; Taxes

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

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

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

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

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

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

## ARTICLE VII

### Financing

#### Section 7.1. Mortgage Financing.

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

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

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

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

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

## ARTICLE VIII

### **Prohibitions Against Assignment and Transfer; Indemnification**

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

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

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

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

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

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

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

After issuance of the Certificate of Completion for the Minimum Improvements, the Developer may transfer or assign the Development Property related to the completed Minimum Improvements or the Developer's interest in this Agreement related to the completed Minimum Improvements 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 with respect to the Minimum Improvements. The Developer shall submit to the Authority written evidence of any such transfer or assignment, including the transferee or assignee's express assumption of the Developer's obligations under this Agreement. If the Developer fails to provide such evidence of transfer and assumption, the Developer shall remain bound by all its obligations under this Agreement.

### Section 8.3. Release and Indemnification Covenants.

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

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

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

(d) All covenants, stipulations, promises, agreements and obligations of the Authority contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the

Authority and not of any governing body member, officer, agent, servant or employee of the Authority in the individual capacity thereof.

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

## ARTICLE IX

### Events of Default

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

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

(b) The Developer:

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

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

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

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

(v) is adjudicated as bankrupt or insolvent; or

(c) Failure by the Developer to commence construction on the Apartments Project.

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

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

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

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

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

Section 9.3. Termination or Suspension of TIF Notes. After the Authority has issued its Certificate of Completion for the Minimum Improvements, the Authority and the City may exercise its rights under Section 9.2 for the completed Minimum Improvements 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 18 months after written demand by the Authority to do so; or

(b) the Developer fails to comply with Developer's obligation to operate and maintain, 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 Section 4.1 or 5.1, if uncured after 30 days' written notice to the Developer of such failure, the Authority may only suspend payments under the TIF Notes until such time as Developer complies with said obligations. If the Developer fails to comply with said obligations for a period of 18 months, the Authority may terminate the TIF Notes and the TIF District.

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

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 revesting 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 (the HRA Property Purchase Price) or purchase all of the Development Property from the Developer for the price the Developer paid for the Developer Property. In addition, prior to commencement of construction of the Minimum Improvements, if the Developer determines to sell all or any part of the Development Property within the Minimum Improvements, the Authority shall have the right to purchase the portion of the Development Property to be sold to a third party by the Developer for the lower of (i) the price the third party has agreed to pay for such property or (ii) the price the Developer paid for such property. To memorialize the Authority's right of purchase and right of first refusal, the Developer and the Authority shall

enter into a Right of Purchase and Right of First Refusal Agreement in substantially the form set forth in EXHIBIT E, which shall be recorded against the Development Property acquired by the Developer.

## ARTICLE X

### Additional Provisions

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

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

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

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

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

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

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

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

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

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

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

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

Section 10.10. Preliminary Development Agreement. On the date of this Agreement, the Preliminary Development Agreement, dated March 19, 2018, between the Authority, the City, and the Developer shall terminate.

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

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

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

(SEAL)

By \_\_\_\_\_  
Its Chair

By \_\_\_\_\_  
Its Executive Director

STATE OF MINNESOTA     )  
  ) SS.  
COUNTY OF HENNEPIN     )

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

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA     )  
  ) SS.  
COUNTY OF HENNEPIN     )

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

\_\_\_\_\_  
Notary Public

**NHH COMPANIES L.L.C.**

By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF MINNESOTA       )  
  ) SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_, 2018, by  
\_\_\_\_\_, the \_\_\_\_\_ of NHH Companies L.L.C., a Minnesota  
limited liability company, on behalf of the Developer.

\_\_\_\_\_  
Notary Public

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

**EXHIBIT A**  
**DEVELOPMENT PROPERTY**

**Development Property owned by HRA**

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

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

**Development Property to be acquired by Developer**

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

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

[to add legal description for two Mt. Calvary properties if purchased by Developer]

**[Above legal description will be replaced with platted description upon final approval of the plat]**

**EXHIBIT B**  
**FORM OF TIF NOTES**

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

No. R-1 \$ \_\_\_\_\_

TAX INCREMENT LIMITED REVENUE NOTE  
SERIES \_\_\_\_\_

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

The Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”), for value received, certifies that it is indebted and hereby promises to pay to NHH Companies L.L.C., or registered assigns (the “Owner”), the principal sum of \$ \_\_\_\_\_ and to pay interest thereon at the rate of \_\_\_\_\_ percent per annum, as and to the extent set forth herein.

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

---

Executive Director

---

Chair

**REGISTRATION PROVISIONS**

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

Date of Registration

Registered Owner

Signature of Executive Director

NHH Companies L.L.C.  
Federal ID #

## EXHIBIT C

### INVESTMENT LETTER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Remainder of this page intentionally left blank)

**NHH COMPANIES L.L.C.**

By \_\_\_\_\_  
Its \_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_

**EXHIBIT D**

**CERTIFICATE OF COMPLETION**

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

Dated: \_\_\_\_\_, 20\_\_.

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

By \_\_\_\_\_  
Executive Director

STATE OF MINNESOTA        )  
  ) SS.  
COUNTY OF HENNEPIN        )

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

\_\_\_\_\_  
Notary Public

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

## EXHIBIT E

### RIGHT OF PURCHASE AND RIGHT OF FIRST REFUSAL AGREEMENT

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

1. Contract for Private Development. The Developer and the Authority have entered into a Contract for Private Development, dated \_\_\_\_\_, 2018 (the “Contract”), pursuant to which the Authority will convey certain real property to the Developer as legally described in SCHEDULE A (the “HRA Property”) and the Developer will obtain certain parcels adjacent to the HRA Property as legally described in SCHEDULE B (the “Developer Property”). Pursuant to the Contract, the Developer has agreed to construct on the HRA Property and the Developer Property (together, the “Development Property”) (i) approximately 80 affordable owner-occupied townhomes; and (ii) necessary public infrastructure, including streets and utilities. All terms capitalized herein and not defined herein shall have the meaning given such term in the Contract.

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

3. Right to Purchase. Following the conveyance of the HRA Property to the Developer, if the Developer, subject to Unavoidable Delays, fails to commence construction of the Minimum Improvements by the 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. 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 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.

a. 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.

b. Exercise by Authority. The Authority shall have a period of 30 days after receiving such copy of the Acceptable Offer within which to notify the Developer that the Authority elects to purchase the Property (or the portion thereof covered by the Acceptable Offer) (the “Sale Property”) on the terms contained therein. Any such notice from the Authority shall be accompanied by any earnest money required under the terms of the Acceptable Offer, which shall then constitute a contract between the Developer and the Authority even though neither has signed it.



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

5. Contract Restrictions on Transfer of Property. If the Authority determines to waive 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.

6. Term. This Agreement shall commence on the date the HRA Property is conveyed to the Authority and terminate on the earlier of: (i) the date the Developer obtains Certificates of Completion for 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.

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

- a. If to Developer: NHH Companies L.L.C.  
7455 France Avenue South  
Suite 351  
Edina, Minnesota 55435  
Attn: Adam Seraphine
- b. If to Authority: Housing and Redevelopment Authority in and for the City of Richfield  
6700 Portland Ave. South  
Richfield, MN 55423  
Attn: Community Development Director

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

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

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

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

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

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

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

(SEAL)

By \_\_\_\_\_  
Its Chair

By \_\_\_\_\_  
Its Executive Director

STATE OF MINNESOTA     )  
  ) SS.  
COUNTY OF HENNEPIN     )

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

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA     )  
  ) SS.  
COUNTY OF HENNEPIN     )

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

\_\_\_\_\_  
Notary Public

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

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

**NHH COMPANIES L.L.C.**

By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF MINNESOTA       )  
  ) SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_, 2018, by \_\_\_\_\_, the \_\_\_\_\_ of NHH Companies L.L.C., a Minnesota limited liability company, on behalf of the Developer.

\_\_\_\_\_  
Notary Public

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

HRA PROPERTY DESCRIPTION

**Development Property owned by HRA**

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

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

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

DEVELOPER PROPERTY DESCRIPTION

**Developer Property to be acquired by Developer**

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

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

[to add legal description for two Mt. Calvary properties if purchased by Developer]

**EXHIBIT F**  
**OWNER-OCCUPIED HOUSING FORM**

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PROPERTY INFORMATION

Legal description of property to be sold: Lot \_\_\_\_\_ Block \_\_\_\_\_  
Subdivision \_\_\_\_\_

Parcel Identification No. \_\_\_\_\_

Postal Address of Parcel \_\_\_\_\_

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PURCHASER INFORMATION

Name of Purchaser \_\_\_\_\_

Current Address \_\_\_\_\_

Current Phone # \_\_\_\_\_

Number of family/household members: \_\_\_\_\_

Annual Household Income\* \$ \_\_\_\_\_

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

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INCOME LIMIT INFORMATION

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

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

\_\_\_\_\_ YES \_\_\_\_\_ NO

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

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Signature of Purchaser(s) \_\_\_\_\_ Date \_\_\_\_\_

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





**STAFF REPORT NO. 33**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**8/20/2018**

REPORT PREPARED BY: Julie Urban, Housing Manager

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
8/15/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Continue the public hearing on the sale of property and consideration of a Contract for Private Development with NHH Companies, LLC for redevelopment of the Cedar Point II Housing area with 218 units of apartments to September 17, 2018.**

**EXECUTIVE SUMMARY:**

The Richfield Housing and Redevelopment Authority (HRA) approved a Preliminary Development Agreement (Agreement) with NHH Companies, LLC (Developer) on March 19, 2018, for the development of the Cedar Point II Housing area (63rd to 65th Streets, 16th Avenue to Richfield Parkway). The Agreement identified several issues to be worked out and established milestones for the Developer to meet, including negotiating a Contract for Private Development (Contract) with staff by August 20, 2018.

Since that time, the Developer has accomplished the following:

- Submitted plans for sketch plan review.
- Submitted land use plans.
- Submitted financial pro formas.
- Submitted grant applications to the Metropolitan Council and the Department of Employment and Economic Development.
- Reached out to all property owners located within the development area.
- Negotiated purchase agreements with six of the remaining eleven property owners.
- Closed on the acquisition of one property.

Further study of the financial components of the project has led the Developer to propose that two separate Tax Increment Financing (TIF) Districts and therefore two separate Contracts be prepared for the development.

Staff, in consultation with the Developer and the City's financial and legal consultants have determined that consideration of the Contract for the apartments, and the public hearing on the land sale, be continued until September 17, 2018, to allow further refinement of the contract's financial details.

**RECOMMENDED ACTION:**

By motion: Continue the public hearing to September 17, 2018.

**BASIS OF RECOMMENDATION:****A. HISTORICAL CONTEXT**

- A 1999-2000 study commissioned by the City of Richfield and the Metropolitan Airports Commission (MAC) concluded that many of the structures in this area, including all single-family homes, were not capable of withstanding the negative impacts of low frequency noise. As a result of the study, this area was identified as a Redevelopment Area in 2000.
- In 2004, the Minnesota Legislature approved the creation of a special Redevelopment TIF District to provide a funding mechanism for redevelopment of the area.
- During the economic downturn from 2007-2011, there was little interest in developing this area due to weak market conditions.
- Upon conclusion of the recession, HRA staff concentrated their development efforts on the Cedar Point II area. The challenge of property acquisitions and the significant financial gap in the project made it difficult to find a developer and project that could succeed.
- In 2014, homes along 17th Avenue were purchased for the construction of Richfield Parkway from 63rd to 66th Streets leaving 14 fewer homes to be purchased in the development area.
- In 2015, the HRA signed a pre-development agreement with Boisclair Corporation to redevelop the area with single family homes and townhomes. In 2017, the HRA cancelled the agreement with Boisclair due to slow progress in solving the acquisition and other development issues,
- In the Fall of 2017, NHH Properties and Boisclair Corporation approached the HRA and Council with a new development team and plan for acquiring the remaining single family homes and closing the financial gap.
- In March of 2018, the HRA signed a pre-development agreement with NHH Properties (dba NHH Companies, LLC) to redevelop the area with 218 market-rate apartments and up to 80 townhomes affordable to households earning 100/115% of the area median income.

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

- In order for private redevelopment with public assistance to occur, a developer must have a Contract with the HRA.

**C. CRITICAL TIMING ISSUES:**

- The Developer would like to begin site work this Fall with primary construction work starting in the Spring of 2019. Allowing an additional month to finalize the Contract will not delay this schedule.

**D. FINANCIAL IMPACT:**

- Further details on the financial impacts will be available on September 17.

**E. LEGAL CONSIDERATION:**

- A draft of the Contract has been prepared. Further refinement of the Contract details is underway and will be completed by the meeting on September 17.
- The Preliminary Development Agreement allows the HRA to terminate the Agreement if a Contract is not negotiated by August 20; however, a Contract for the townhome portion of the project is before the HRA for review on August 20. In addition, significant progress has been made in preparing a Contract for the apartment portion of the Development, and all other milestones established in the Agreement have been met. Staff recommends continuing to honor the Preliminary Development Agreement in light of the significant progress made in moving this project forward.
- Notice of the public hearing for the sale of property was published; however, the hearing on the sale of property should be continued until the details of the Contract are finalized.

**ALTERNATIVE RECOMMENDATION(S):**

- Continue the public hearing and consideration to a different date.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Julie Eddington, HRA Legal Counsel Representative(s) of NHH Companies, LLC



**STAFF REPORT NO. 34**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**8/20/2018**

REPORT PREPARED BY: Kate Aitchison, Housing Specialist

DEPARTMENT DIRECTOR REVIEW: Melissa Poehlman, Acting Community Development Director  
8/14/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of an assignment of a Housing and Redevelopment Authority Transformation Home Loan at 6701 Washburn Avenue to Equihance Partners, LLC and the execution of all related documents by the Executive Director and Board Chair.**

**EXECUTIVE SUMMARY:**

In 1996, the Richfield Housing and Redevelopment Authority (HRA) issued a \$14,060 Transformation Home Loan to the owners (Homeowners) of the property at 6701 Washburn Avenue. Foreclosure proceedings began on this property in late 2017, and a Sheriff's Certificate was filed in July 2018. The final redemption period for this property will end January 18, 2019, 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.

Don Maietta, a realtor with Coldwell Banker Burnet, and chief manager of Equihance Partners LLC, is proposing to buy the HRA's lien in order to take ownership of the property. Equihance Partners has offered the HRA \$2,800 for an assignment of the HRA's mortgage. The home will be rehabilitated and sold on the MLS.

**RECOMMENDED ACTION:**

**By motion: Approve an assignment of a Housing and Redevelopment Authority lien against 6701 Washburn Avenue to Equihance Partners, LLC for \$2,800 and the execution of all related documents by the Executive Director and Board Chair.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- The Transformation Home Loan provides incentive loans to assist homeowners in their large-scale remodeling projects. The loan issued is 15% of their project cost, with a maximum loan of \$25,000. The loan is interest-free, and requires no payments.
- In 1996, the Homeowners received a \$14,060 Transformation Home Loan for the construction of

an addition and kitchen remodel.

- Foreclosure proceedings began on the property in late 2017. A Sheriff's Certificate was filed on July 18, 2018, and the redemption period will end on January 18, 2019.
- The Homeowner has indicated she is not attempting to redeem the property from foreclosure.
- Equihance Partners, LLC, has experience rehabilitating and reselling homes in other communities, and has provided a letter of reference from the City of North Saint Paul.

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

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

**C. CRITICAL TIMING ISSUES:**

- The foreclosure redemption period will expire on January 18, 2019, 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.

**D. FINANCIAL IMPACT:**

- The Sheriff's Certificate lists the price of the property at \$230,298.30. The investor estimates a payment of \$247,830.32, including fees, taxes and other costs for the property (including a \$2,800 payment for the HRA's lien).
- Based on an exterior inspection of the property, the investor plans \$62,729.40 worth of rehabilitation work.
- The estimated end sale price is \$350,000.
- As a lienholder, the HRA could redeem the mortgage itself; however, funds are not available for this purchase, nor would it meet any of the HRA's current program objectives.
- If the mortgage is not assigned during the redemption period, the HRA will not receive any repayment for its lien.
- Below is a rough pro-forma submitted by the investor:

Price of Property (payoff of 1st and 2nd mortgages, taxes, fees, etc.)	\$248,630.32
Estimated Cost of Rehabilitation	\$ 62,729.40
Holding and Closing costs, etc.	\$ 16,505.00
	<b>TOTAL \$327,864.72</b>
Estimated Sale Price	\$350,000.00
	<b>PROFIT \$ 22,135.28</b>

**E. LEGAL CONSIDERATION:**

- The HRA attorney will review the assignment documents.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not approve a proposal made by Equihance Partners, LLC to purchase the HRA lien on 6701 Washburn Avenue for \$2,800.
- Approve a proposal made by Equihance Partners, LLC to purchase the HRA lien at 6701 Washburn Avenue for a different amount.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Don Maietta, Chief Manager, Equihance Partners, LLC.

**ATTACHMENTS:**

Description	Type
☐ Letter from Equihance Partners LLC	Backup Material
☐ Photo of 6701 Washburn Avenue	Backup Material

Letter of Reference

Backup Material

# Equihance Partners LLC

Don Maietta

dmaietta@cbburnet.com

612-940-9000

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To: City of Richfield HRA

Re: Proposal for assignment for HRA loan for 6701 Washburn Ave. S.

I have been asked to elaborate on our proposal for consideration of this HRA assignment based on the "anticipated" costs of renovation. We will do over 20 renovations this year and have prepared what we believe to be a realistic and conservative "pro forma" for this home. In virtually all of the renovations that we have done we have replaced most if not all flooring, updated most of the bathrooms and kitchens, and we have had to, in many cases, replace or repair a good share of the HVAC components, repair or replace roofs, etc. (We have ZERO HVAC, roof, window or siding costs in our pro forma)

Permit review on this home revealed the following information:

- The only roofing replaced or repaired since 1994 (The oldest permit on record) was the removal and reroofing of the "upper back dormer", which was completed in 2005.
- 4 windows were replaced in 2003 (no other windows replaced since "94 other than addition)
- Vinyl siding was "repaired" in 2000. (No other siding work or repair permitted)
- Central air and furnace were replaced in 1994 (24 years old-likely an issue for the next Buyer)
- There were some home addition and remodeling done in the late 90's and apparently completed between 2000-2003 according to when permits were closed.

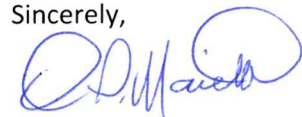
I mention the above only to point out that there "may" be a fair amount of deferred maintenance and updating required to make this home marketable at top dollar. Our properties are renovated to "like new" condition in many cases, and this is a large home, which increases the costs of replacement and renovation exponentially.

While we do our very best to prepare a realistic pro forma and anticipate project costs, we have NOT been in this home. We are basing our projections on our extensive experience.

I have shared in previous correspondences the fact that for this project to work for us we will need to far exceed neighborhood resale averages, even in this strong market. We are willing to offer 20% to the city for the assignment of this HRA loan, which will otherwise be eliminated by the current foreclosure.

Thank you for your consideration.

Sincerely,



Don Maietta

Equihance Partners LLC



## 6701 Washburn Ave







**NORTH  
ST. PAUL**  
*extraordinary.*

Re: Equihance Partners LLC

The City of North St. Paul had a very positive experience with Equihance Partners LLC, who extensively renovated a blighted home in our city back in 2016/17. They were in communication with the City from the beginning of the renovation and were particularly sensitive to the neighbors throughout the renovation. The home had been a problem property for many years as the previous owner had owned the home since it was built in the 50's, and there were extensive deferred maintenance issues both inside and out. It had also been vacant since his death a few years earlier. It was quite frankly a very distressed property.

The results were a beautifully renovated home which elevated neighborhood values and pride. The address of this particular home was 2094 Mesabi Ave. If I can be of any further assistance please do not hesitate to reach out.

Sincerely,

Martin Waldera

Finance Department

City of North St. Paul

[martin.waldera@northstpaul.org](mailto:martin.waldera@northstpaul.org)

651-747-2431





**STAFF REPORT NO. 35**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**8/20/2018**

REPORT PREPARED BY: Julie Urban, Housing Manager

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
8/15/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the adoption of a resolution authorizing the purchase of real property located at 6501 Penn Avenue, pending a finding of consistency by the Richfield Planning Commission.**

**EXECUTIVE SUMMARY:**

The property located at 6501 Penn Avenue has been listed for sale for the past year and half. There are two buildings located on the 25,000 square foot property, one of which is occupied by a Bumper to Bumper Auto Parts store and the other primarily vacant/for storage.

The property owner recently approached Housing and Redevelopment Authority (HRA) staff regarding purchasing the property. In July, staff made an offer (contingent on HRA approval) to purchase the property for \$480,700; which is 10% greater than its Assessed Market Value of \$437,000. Staff viewed this as a reasonable offer given that the Assessed Values, as determined by Hennepin County, reflect the prior year's value and typically lag the real estate market. The property was most recently listed for sale at \$595,000.

The property owner agreed to the price but asked for several changes to the HRA's purchase agreement, including that it not be contingent upon HRA approval. Staff is asking the HRA to authorize staff to make an offer to the owner contingent only upon the results of the environmental assessment.

If purchased, staff would begin marketing the site for a commercial and/or multi-family residential use. An analysis of the potential rehabilitation and reuse of the existing buildings is currently underway. If determined to be unusable, the buildings would be demolished.

**RECOMMENDED ACTION:**

**By motion: Adopt a resolution authorizing the purchase of real property located at 6501 Penn Avenue, pending a finding of consistency by the Richfield Planning Commission.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- The HRA has a history of purchasing underutilized properties along the City's commercial corridors when the private market has proved unable to acquire, rehabilitate and occupy such

properties.

- The owner has unofficial agreements with a business and two individuals to use one of the second building's bays and for use of parking spaces. The owner has notified these individuals that the property is for sale and that they will need to vacate the premises.

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

- It has long been the goal of the City to see improvements along the Penn Avenue corridor. Purchasing this property offers the HRA the opportunity to direct redevelopment in a way that meets this goal.
- The Agreement is contingent upon the HRA finding the results of an environmental assessment acceptable.

**C. CRITICAL TIMING ISSUES:**

- The Planning Commission is scheduled to consider the consistency of this acquisition with the Comprehensive Plan on August 27, 2018. The property is guided for Mixed Use.
- The owner is asking to close on the property by October 15, 2018, and for an additional 60 days beyond closing to complete moving out of the property.

**D. FINANCIAL IMPACT:**

- The HRA budget anticipates occasional acquisitions (and related demolitions) such as this, and there is available funding.
- The exact source of the funding will depend on the outcome of a "substandard and blight study."
- If, as expected, the property is determined to be "blighted and substandard", the property will be acquired with funds from the HRA's Housing and Redevelopment Fund. Otherwise the funding would come from the Development Account.

**E. LEGAL CONSIDERATION:**

- HRA legal counsel drafted the Purchase Agreement related to this acquisition.

**ALTERNATIVE RECOMMENDATION(S):**

- Deny approval of the resolution and do not pursue acquisition of this property.
- Approve the resolution with modifications that address any concerns by HRA Commissioners.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

None

**ATTACHMENTS:**

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

**HRA RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION AUTHORIZING PURCHASE OF REAL PROPERTY  
LOCATED AT 6501 PENN AVENUE SOUTH**

**WHEREAS**, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (“the HRA”) desires to purchase certain real property pursuant to and in furtherance of redevelopment and the City’s Comprehensive Plan, said property being described as:

The South 189 2/10 feet of the North 876 8/10 feet of the West 1/8 of the Southwest ¼ of the Northwest 1/4, except highway

**WHEREAS**, the HRA is authorized by Minnesota Statutes Section 469.012 to acquire real property within its area of operation; and

**WHEREAS**, HRA funds are available for acquisition purposes.

**NOW THEREFORE, BE IT RESOLVED**, by the Housing and Redevelopment Authority in and for the City of Richfield:

1. The purchase price for the property identified is approved not to exceed \$480,700, plus closing costs, not to exceed \$25,000.
2. The Chairperson and Executive Director are authorized to execute a Purchase Agreement and to take other actions necessary to purchase the property for the amount set forth in this resolution.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota on this 20th day of August, 2018.

\_\_\_\_\_  
Mary Supple, Chair

**ATTEST:**

\_\_\_\_\_  
Erin Vrieze Daniels, Secretary

## PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (the "Agreement") is made and entered into as of the 21<sup>st</sup> day of August, 2018 (which shall be the reference date only of this Agreement), between Charles K. Haglund and Yvonne H. Haglund, husband and wife ("Seller"), and 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, its successors or assigns ("Purchaser").

### RECITALS

A. Seller is the owner of certain real property located 6501 Penn Avenue South in the City of Richfield, Minnesota ("City"), County of Hennepin, and State of Minnesota, which is legally described on the attached Exhibit A (the "Land").

B. Seller desires to sell the Land and any and all improvements located thereon to Purchaser, and Purchaser desires to purchase such Land and improvements under the terms and conditions provided herein.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the foregoing and of the following terms and conditions, the parties agree as follows:

1. **SALE AND PURCHASE.** Seller hereby agrees to sell to Purchaser, and Purchaser hereby agrees to purchase from Seller, upon the terms and conditions set forth below, the following:
  - a. Fee simple title to the Land together with improvements constructed on the Land (the "Improvements"); and
  - b. Seller's interest, if any, in: (i) all easements, air rights, and other rights benefiting or appurtenant to the Land; and (ii) all neighboring or contiguous alleys, streets, roads, and utilities servicing, pertaining, or relating to the Land; and
  - c. Seller may take any or all of the fixtures located in the buildings on the Land.

All items described in subsections 1(a) through 1(b) above are collectively referred to in this Agreement as the "Property."

2. **PURCHASE PRICE.** The total purchase price to be paid by Purchaser to Seller for the Property (the "Purchase Price") shall be Four Hundred Eighty Thousand Seven Hundred and No/100 Dollars (\$480,700.00).

The Purchase Price shall be payable as follows:

- a. The "Effective Date" shall be the last date upon which this Agreement is executed by both Purchaser and Seller.
- b. The Purchase Price, plus or minus the prorations and credits provided in this Agreement, shall be paid to Seller in immediately available funds via certified check or wire transfer on the Closing Date (as defined in Section 8 hereof).

3. **CONTINGENCIES.** Notwithstanding any other provision in this Agreement to the contrary, the parties agree that the purchase of the Property is subject to the following contingencies (collectively, the “Contingencies”) which must be accepted or waived on or before 50 days after the Effective Date hereof (such 50 day period shall be referred to as the “Due Diligence Period”), unless a different period is expressly provided herein:
- a. Title to the Property shall be acceptable to Purchaser, in its sole discretion (the “Title Contingency”) within the time frames and terms and conditions contained in Paragraph 5.
  - b. The Property’s environmental condition shall be acceptable to Purchaser, in its sole discretion. Copies of such environmental assessments shall be provided at no cost to Seller for its use (the “Environmental Contingency”). Notwithstanding the foregoing, Purchaser must conduct such review and other matters during the Due Diligence Period and this Environmental Contingency shall expire on the expiration of the Due Diligence Period.
  - c. Purchaser shall have the right during the Due Diligence Period to conduct such soil tests/geotechnical analyses, building and property inspections, reviews, environmental assessments (collectively, the “Physical Reports”), if any, as Purchaser deems necessary and such Physical Reports and the testing/review required therefore shall be subject to the terms and conditions contained in Paragraph 7. The results of the same shall be satisfactory to Purchaser in its sole discretion (the “Inspection Contingency”). Copies of any Physical Reports obtained or commissioned by Purchaser with respect to the Property shall be provided at no cost to Seller, but without any representation as to their accuracy or how the same may be used. To facilitate Purchaser’s due diligence efforts, Seller agrees to deliver copies of all records it has of the Property in its possession, if any, to Purchaser within 10 days after the Effective Date hereof.
  - d. Seller shall remove all debris, personal property and hazardous materials from the Property before the Closing Date.

Purchaser shall satisfy or waive the Contingencies set forth above on or before the expiration of the Due Diligence Period and the Title Contingency in the time prescribed in Paragraph 6 or said Contingencies shall be waived. If Purchaser is unable to satisfy the Contingencies and determines not to waive the Contingencies, Purchaser may terminate this Agreement. If Purchaser elects to terminate this Agreement, upon Seller’s receipt of Purchaser’s written notice of termination, this Agreement shall be null and void, and neither party shall have any further obligation to the other.

4. **REPRESENTATIONS.** The following representations are being made by Seller: (i) that Seller owns fee simple marketable title to the Property; (ii) as of the Closing Date, there will be no obligations or liabilities of any kind or nature whatsoever, including but not limited to any tax liabilities, contract liabilities, or tort liabilities for which or to which Purchaser or the Property will be liable or subject except for non-delinquent real estate tax obligations; (iii) subject to matters beyond the control of the Seller and reasonable wear and tear, the Property shall be substantially in the same condition on the Closing Date as it is as of the date first written above; and (iv) Seller has not filed, voluntarily or involuntarily for bankruptcy relief within the last year under the United States Bankruptcy Code or has any petition for bankruptcy or receivership been filed against Seller within the last year. These representations shall survive the Closing indefinitely.

5. **EVIDENCE OF TITLE.** Purchaser shall obtain a commitment for an owner's policy of title insurance ("Title Commitment") for the Property within 30 days of the Effective Date. The cost of obtaining such Title Commitment shall be paid by Purchaser. Purchaser shall be allowed 15 days after the date of receipt of the latter of the Title Commitment or the Survey to examine the same and the making of any objections (the "Title Objections"); such objections are to be made to Seller in writing or shall be deemed to have been waived. The Title Objections may include requests for deletion of the survey, mechanic's liens, and possession standard exceptions and the request for special endorsements for such matters as Purchaser may request. If any Title Objections are so made, Seller shall have 10 days from the date of Seller's receipt of the Title Objections ("Outside Seller Response Date") to confirm in writing to Purchaser whether it will be able to remove the Title Objections on or prior to the Closing Date, and if not, which of the Title Objections Seller is unwilling to remove; provided, however, that Seller must satisfy any mortgages, monetary liens, or other monetary encumbrances on or prior to the Closing Date. Purchaser shall then have the right to either waive those Title Objections which Seller is unwilling to remove, or to terminate this Agreement on or before the earlier of i) five days after the Outside Seller Response Date; or ii) the end of the Due Diligence Period pursuant to the Title Contingency described in Section 3(a) above. If Seller fails to remove those Title Objections which Seller agrees to remove on or prior to the Closing Date, Purchaser shall have the option of:

- a. Declaring this Agreement null and void by written notice to Seller; or
- b. Waiving any defect in title and, in such event, proceeding to close the transaction contemplated by this Agreement on the Closing Date.

As used in this Agreement, the term "Permitted Exceptions" shall mean (i) all matters either shown on the Survey or listed in the Title Commitment to which Purchaser does not raise a Title Objection within the Title Review Period or, having objected, waives as provided above; (ii) ad valorem real estate taxes for the calendar year in which the Closing occurs and subsequent calendar years, not yet due and payable; and (iii) municipal or other governmental zoning laws, regulations and ordinances.

6. **ACCESS TO PROPERTY.** Seller hereby grants to Purchaser and its agents the right of ingress and egress over, under, and through the Property for the purpose of surveying, inspecting, and testing of the same and making other observations as Purchaser deems necessary, all however, at Purchaser's expense. This includes the right of Seller and its agents to perform soil borings and an environmental assessment of the Property. Purchaser shall reasonably repair any damage caused to the Property as a result of Purchaser's activities such that the Property is returned to substantially the same condition as it existed prior to Purchaser's activities. Purchaser shall ensure that any individual or entity conducting examination of the Property on behalf of Purchaser is licensed and insured. Purchaser agrees to indemnify and hold Seller harmless from all injury, death, or property damage or claim, loss, expense, or lien of any kind whatsoever arising out of or in any way incidental to Purchaser's or its employees, contractors, agents and representatives presence on the Property, however that in no event shall Purchaser be responsible for any conditions discovered by Purchaser. Seller shall reasonably cooperate with Purchaser and its due diligence efforts.
7. **DESTRUCTION OR EMINENT DOMAIN.** If, prior to the Closing Date, all or any substantial part of the improvements on the Property should be destroyed by fire or any other

cause, or any insubstantial part of the Property shall be taken by eminent domain, either party shall have the option of canceling this Agreement. If, prior to the Closing Date, all or any substantial part of the Property should be taken, or proceedings are commenced in condemnation with respect thereto, Purchaser shall have the option to terminate this Agreement. Said options provided in this Paragraph, if exercised by Purchaser, must be exercised in writing and delivered to Seller within the earlier of: (i) 10 days after a request by Seller as to whether Purchaser intends to exercise this option; or (ii) the Closing Date. If Purchaser so elects to cancel this Agreement in accordance herewith, this Agreement shall thereafter be of no further force and effect.

8. **CLOSING.** The consummation of the transaction contemplated by this Agreement (“Closing”) shall be held at the offices of the Purchaser, 6700 Portland Avenue South, Richfield, Minnesota 55423 (or at such other location as the parties shall agree), on the “Closing Date” which shall be no later than October 15, 2018 unless a later date is mutually agreed to by Seller and Purchaser.

8.1. At Closing, Seller shall execute and/or deliver the following:

- a. A warranty deed conveying the Property to Purchaser subject solely to the Permitted Exceptions in recordable form duly executed and acknowledged by Seller and certifying that no wells are located upon the Property or accompanied by a well disclosure certificate;
- b. Deliver possession of the Property;
- c. Deliver a standard form Seller’s Affidavit as reasonably required by Purchaser;
- d. Deliver an affidavit certifying that Seller is not a foreign person under § 1445 of the Internal Revenue Code;
- e. Deliver a well disclosure certificate in the form attached hereto as Exhibit B or a statement on the deed that Seller does not know of any well located on the Property, as well as disclosure of any septic systems located on the property, in the form attached as Exhibit C, or a statement that there are none;
- f. Pay all pro-rations, fees and costs required of Seller under this Agreement;
- g. Deliver the appropriate Federal Income Tax reporting form, if any is required;
- h. Deliver a certificate reaffirming the representations made in Section 4 hereof;
- i. Deliver any other documents as may be reasonably required by the Purchaser including, but not limited to, evidence that all authorized signatures required to bind Seller have been provided on all Closing documents;
- j. Deliver closing statement pursuant to the terms and conditions of this Agreement; and
- k. Deliver all other documents as may be reasonably required by the Purchaser to record Seller’s Closing Documents and issue the Title Insurance Policy required by this Agreement, possession of the Property with keys, and access cards to the Property’s doors and locks.



8.2. At Closing, Purchaser shall execute and deliver the following:

- a. Deliver cash or other immediately available funds in the amount required under the closing statement agreed to by Purchaser and Seller;
- b. Pay all pro-rations, fees, and costs required of Purchaser under this Agreement;
- c. Deliver or file a Certificate of Real Estate Value;
- d. Deliver evidence reasonably satisfactory to Seller that the signatories of this Agreement have the full right, power, and authority to sign on behalf of Purchaser;
- e. Deliver an executed closing statement pursuant to the terms and conditions of this Agreement; and
- f. Deliver any other documents as may be reasonably required by the Purchaser or by Seller, including but not limited to evidence that all authorized signatures required to bind Purchaser have been provided on all required Closing documents.

8.3. Real Estate Taxes and Special Assessments. General real estate taxes applicable to the Property due and payable in the year of Closing shall be prorated between Seller and Purchaser on a daily basis with Seller paying those allocable to the period prior to the date of Closing and Purchaser being responsible for those allocable to the date of Closing and thereafter. Any real estate taxes due and payable in the years prior to Closing, including any deferred real estate taxes, penalties or interest shall be paid by Seller. Seller shall pay all special assessments levied against the Property and due and owing as of the Closing Date. Purchaser shall pay all special assessments pending or and due and owing after the Closing Date.

8.4. Other Closing Costs. Seller shall pay all state or local transfer, conservation fees, or deed taxes in connection with the Deed to be delivered by Seller to Purchaser. Seller shall pay recording fees of instruments required to establish marketable title in Seller. Seller shall pay the cost for preparation of the Commitment. Purchaser shall pay recording charges in connection with the Deed, as well as the costs of any due diligence reports which Purchaser may have ordered regarding environmental conditions, soils conditions, or other aspects of the Property. Purchaser shall pay the cost of its title insurance premium and any policy endorsements it desires. Purchaser and Seller shall equally split any closing charges. Seller shall be responsible for satisfying, out of the Purchase Price or otherwise, all mortgages and liens against the Property as of Closing. Each party shall be responsible for its own legal counsel fees.

9. OPERATION PRIOR TO CLOSING. During the period from the date of Seller's acceptance of this Agreement through the Closing Date, Seller shall operate and maintain the Property in the ordinary course of business in accordance with commercially reasonable business practices and standards, including but not limited to maintaining adequate liability insurance and insurance against loss by fire, windstorm, and other hazards, casualties, and contingencies, including vandalism and malicious mischief. Seller shall bear the risk of loss or damage caused by any perils through the Closing Date.

10. **AUTHORITY.** Each person executing this Agreement, by his or her execution hereof, represents and warrants that he or she is fully authorized to do so, and that no further action or consent on the part of the party for whom he or she is acting is required for the effectiveness and enforceability of this Agreement against such party following such execution.
11. **BROKER'S FEES.** Seller and Purchaser represent to each other that it has not utilized the services of any real estate broker or agent in connection with this Agreement or the transaction contemplated by this Agreement. Seller and Purchaser agree to indemnify, defend, and hold the other party harmless against any and all claims of brokers, finders, or the like, and against the claims of all third parties, claiming any right to commission or compensation by or through acts of the indemnifying party or its partners, agents, or affiliates in connection with this Agreement. The indemnifying party's indemnity obligations shall include all damages, losses, costs, liabilities, and expenses, including reasonable attorneys' fees and litigation costs, which may be incurred by the other party.
12. **RELOCATION BENEFITS.** Seller acknowledges that the Property has been listed for sale on and off for several years and the Seller approached the Buyer to purchase the Property. Seller further acknowledges that the Seller initiated negotiations with the Buyer for the transaction contemplated by this Purchase Agreement, and that this transaction is not made under threat of condemnation by the Buyer. Furthermore, the Buyer does not have the statutory authority to take the Property by eminent domain. Therefore, Seller acknowledges that it is not being displaced from the Property as a result of the transaction contemplated by this Agreement and that Seller is not eligible for relocation assistance and benefits. The provisions of this paragraph shall survive closing of the transaction contemplated by this Agreement.
13. **TENANTS/USE OF PROPERTY BY OTHER PERSONS.** Seller warrants that two parking spaces on the Property are rented to a landscaping business and the landscaping business has been told they will not be able to park on the Property on or after the Closing Date. Seller further warrants that two individuals use the building on the Property to fix cars but do not have leases and do not own or operate a lawful business. Seller warrants those two individuals have been informed they will no longer be able to use the property on or after the Closing Date.
14. **NOTICES.** Any notice or election herein required or permitted to be given or served by either party hereto upon the other shall be deemed given or served in accordance with the provisions of this Agreement, if personally served; sent via telephonic facsimile; delivered by nationally recognized overnight courier (Fed Ex, UPS, DHL, *etc.*); or if mailed by United States registered or certified mail, postage prepaid, properly addressed as follows:

If to Seller: Charles and Yvonne Haglund  
1608 131 ½ Street West  
Burnsville, MN 55337

If to Purchaser: Housing and Redevelopment Authority  
in and for the City of Richfield  
6700 Portland Avenue South  
Richfield, MN 55423  
Attn: Julie Urban

with a copy to: Kennedy & Graven, Chartered  
470 U.S. Bank Plaza  
200 South Sixth Street  
Minneapolis, MN 55402  
Attn: Julie Eddington

Each mailed notice or communication shall be deemed to have been given to, or served upon, the party to which it is addressed on the third date after the same is deposited in the United States registered or certified mail, if postage prepaid, properly addressed in the manner above provided, if sent by overnight mail it shall be deemed delivered the day after deposit with the overnight courier, or on the date of delivery if by other means as allowed above, and if by telephonic facsimile, with confirmation of successful transmission. The addresses to which notices are to be mailed to either party hereto may be changed by such party by giving written notice thereof to the other party in the manner above provided.

15. **DEFAULT**. In the event of a default by Seller hereunder, Purchaser may terminate this Purchase Agreement, or, bring an action to compel the specific performance of this Agreement in a court of law or equity. In the event of a default by Purchaser hereunder, Seller may terminate this Agreement by providing 30 days written notice as provided by Minnesota Statutes.
16. **COUNTERPARTS**. This Agreement may be executed in any number of counterparts, each of which will, for all purposes, be deemed to be an original, and all of which are identical. This Agreement may further be evidenced by facsimile and email scanned signature pages.
17. **GOVERNING LAW**. This Agreement shall be governed by and construed in accordance with the laws of the state where the Property is located.
18. **ENTIRE AGREEMENT**. This Agreement constitutes the entire agreement between the parties and there are no other covenants, agreements, promises, terms, provisions, conditions, undertakings, understandings either oral or written, between them concerning the Property. No subsequent alteration, amendment, change, deletion, or addition to this Agreement shall be binding upon any of the parties hereto unless in writing and signed by both the party against whom enforcement thereof is sought.
19. **FURTHER ASSURANCES**. Each party agrees that it will without further consideration execute and deliver such other documents and take such other action, whether prior or subsequent to Closing, as may be reasonably requested by the other party to consummate more effectively the purposes or subject matter of this Agreement.
20. **NO THIRD PARTY BENEFICIARIES**. The provisions of this Agreement and of the documents to be executed and delivered at Closing are and will be for the benefit of Seller and Purchaser only and are not for the benefit of any third party, and accordingly, no third party shall have the right to enforce the provisions of this Agreement or of the documents to be executed and delivered at Closing.
21. **SEVERABILITY**. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

22. **RULE OF CONSTRUCTION.** The parties acknowledge that each party and its counsel has reviewed and revised this Agreement, and the parties hereby agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.
23. **MISCELLANEOUS.** All times specified in this Agreement shall be of the essence of this Agreement. If any date set forth for the performance of any obligations by Seller or Purchaser or for the delivery of any instrument or notice should be on a Saturday, Sunday or legal holiday, the compliance with such obligations or delivery shall be deemed acceptable on the next business day following such Saturday, Sunday or legal holiday. The term “legal holiday” means any state or federal holiday on which financial institutions or post offices are generally closed in the state of Minnesota.
24. **WAIVER.** The waiver by any party of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach whether of the same or another provision of this Agreement.
25. **OCCUPANCY AGREEMENT.** The Purchaser agrees to allow Seller to remain on the Property after the Closing Date for up to 60 days pursuant to the Occupancy Agreement set forth in Exhibit D.
26. **ASSIGNMENT.** The Purchase may assign this Agreement.

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

**IN WITNESS WHEREOF**, the parties have entered into and executed this Agreement as of the date and year first written above.

**SELLER:**

**PURCHASER:**

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

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Its: Chair

Date: \_\_\_\_\_

By: \_\_\_\_\_

Its: Executive Director

Date: \_\_\_\_\_

## **EXHIBIT A**

### **Legal Description of the Land**

The South 189  $\frac{2}{10}$  feet of the North 876  $\frac{8}{10}$  feet of the West  $\frac{1}{8}$  of the Southwest  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$ , except highway

**EXHIBIT B**

**Well Disclosure**

**EXHIBIT C**

**Sanitary Sewer Disclosure**



## **EXHIBIT D**

### **Occupancy Agreement**

#### **OCCUPANCY AGREEMENT**

THIS AGREEMENT entered into this 1st day of August, 2018, by Charles K. Haglund and Yvonne H. Haglund, husband and wife, married individuals (together, the "Occupant" or "Grantee"), and 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").

#### **BACKGROUND**

Grantee has, as of the date of this Agreement sold and conveyed to Grantor the following described tract of land including improvement located thereon ("Property"):

[insert legal]

Although the sale and conveyance of the Property transferred to the Grantor the exclusive title and right to possession, the parties have agreed that the Grantor will, subject to the terms and conditions of this Agreement, grant to Grantee the right of occupancy of the Property.

#### **RECITALS**

NOW, THEREFORE, in consideration of the mutual covenants and stipulations hereinafter contained, the parties hereto agree as follows:

(1) **Grant of Occupancy.** Grantor hereby grants and Grantee hereby accepts the right to occupy the Property commencing on the date of this Agreement and terminating not later than 4:00 p.m. on \_\_\_\_\_, 201\_.

(2) **Grantee Acknowledgment.** Grantee acknowledges that this grant of occupancy constitutes the sole and exclusive right of Grantee to occupy the Property from and after the date of this Agreement, and further acknowledges that absent further written agreement of the parties, Grantee shall have no right to further occupy the Property upon and after the termination of this Agreement.

(3) **Insurance.** Grantee acknowledges that it is solely responsible for loss or damage to personal property located on the property; and hereby indemnifies and holds harmless 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, its officers, agents, and employees from any claims for loss or damage to such personal property. Grantee certifies and understands that obtaining insurance coverage for such personal property shall be Grantee's solely responsibility. Grantee acknowledges and understands that any liability insurance obtained by Grantor with respect to property will in no way ensure or protect Grantee from liability claims which may be made against Grantor.

(4) **Liens and Encumbrances.** Grantee agrees that during the term of this Agreement it shall not permit or suffer any liens or encumbrances to be placed against the Property, nor shall it during such term engage in any activity which could cause or result in the placement of any liens or encumbrances against Property. Grantee also agrees to indemnify and hold Grantor harmless from any lien or encumbrance placed upon the Property as a result of Grantee's violation of the provisions of this paragraph 4.

(5) **Modification or Alteration.** Grantee agrees that, absent the specific written consent of

Grantor, it will not make any modifications, alterations, improvements to the Property during the term of this Agreement.

(6) Repair and Maintenance. Grantee agrees that during the term of this Agreement it will, at its sole cost and expense, keep the building and grounds, electrical, plumbing, heating, and air conditioning systems, and all appliances, which have been sold to Grantor, in a reasonable state of repair and appearance.

Grantee shall not, however, be required to repair conditions of any of the above-described items which existed at the time the Property was purchased by Grantor.

(7) Removal of Property upon Termination. This grant of occupancy Agreement includes the right of Grantee to continue to keep on the Property all items of personal property which have not been sold to Grantor.

Grantee agrees that not later than the last day of this Agreement, it will have removed all such items of personal property. Items not removed by such date shall be forfeited to Grantor.

(8) Final Utilities and Telephone Service. Grantee acknowledges that final utilities, telephone service, both local and long distance, and any leased telephone equipment are the responsibility of the Grantee. Grantee agrees to notify proper utility and telephone companies at least two weeks in advance the date of final occupancy on the premises for final billing purposes. Grantee agrees that payment of final utilities and telephone bills, local and long distance, are the responsibility of the Grantee.

(9) Exclusive Nature of Grant. The grant of occupancy given herein is exclusive to Grantee and may not be assigned or transferred.

IN TESTIMONY WHEREOF, the parties hereto have set their hands as of the day and year first above written.

GRANTEE:

\_\_\_\_\_  
Charles K. Haglund

\_\_\_\_\_  
Yvonne H. Haglund

GRANTOR:

Housing and Redevelopment Authority in and for  
the City of Richfield, Minnesota

By: \_\_\_\_\_  
Its President

By: \_\_\_\_\_  
Its Executive Director



**STAFF REPORT NO. 36**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**8/20/2018**

REPORT PREPARED BY: Julie Urban, Housing Manager

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
8/15/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the adoption of resolutions regarding the modification of the Redevelopment Plan for the Richfield Redevelopment Project Area, the modification to the Tax Increment Financing Plan for the Cedar Avenue Tax Increment Financing District, and the establishment of Tax Increment Financing District No. 2018-1.**

**EXECUTIVE SUMMARY:**

In March 2018, the Housing and Redevelopment Authority (HRA) entered into a preliminary development agreement with NHH Companies, LLC to develop a multi-family housing project in the Cedar Point II area (bounded by 63rd Street to the north, Richfield Parkway to the east, 65th Street to the south, and 16th Avenue to the west). The proposed development includes 218 market-rate apartments on Richfield Parkway and up to 80 for-sale townhomes along 16th Avenue.

The financial feasibility analysis indicates a substantial gap in the project. Significant acquisition costs for the existing single-family homes on 16th Avenue; the high cost of structured parking, stormwater improvements, and construction materials required to meet sound attenuation standards, and the desire to include affordable townhome units necessitate the need for public assistance to bridge the gap.

The development currently sits within the Cedar Avenue Tax Increment Financing District (District) that was established in 2005 and extended in 2017. Under the proposed modification, the east half of the site and the proposed apartment development would remain in the existing District, and a new Housing Tax Increment Financing (TIF) District would be established to cover the west half of the site and the proposed affordable townhomes.

**RECOMMENDED ACTION:**

**By motion:**

- 1. Adopt a resolution adopting a modification to the Tax Increment Financing Plan for the Cedar Avenue Tax Increment Financing District within the Richfield Redevelopment Project Area.**
- 2. Adopt a resolution adopting a modification to the Redevelopment Plan for the Richfield Redevelopment Project Area and establishing Tax Increment Finance District No. 2018-1 therein and the adoption of the Tax Increment Financing Plan therefor.**

**BASIS OF RECOMMENDATION:**

#### **A. HISTORICAL CONTEXT**

- A 1999-2000 study commissioned by the City of Richfield and the Metropolitan Airports Commission (MAC) concluded that many of the structures in this area, including all single-family homes, were not capable of withstanding the negative impacts of low frequency noise. As a result of the study, this area was identified as a Redevelopment Area in 2000.
- In 2004, the Minnesota Legislature approved the creation of a special Redevelopment TIF District to provide a funding mechanism for redevelopment of the area.
- During the economic downturn from 2007-2011, there was little interest in developing this area due to weak market conditions.
- Upon conclusion of the recession, HRA staff concentrated their development efforts on the Cedar Point II area. The challenge of property acquisitions and the significant financial gap in the project made it difficult to find a developer and project that could succeed.
- In 2014, homes along 17th Avenue were purchased for the construction of Richfield Parkway from 63rd to 66th Streets leaving 14 fewer homes to be purchased in the development area.
- In 2015, the HRA signed a pre-development agreement with Boisclair Corporation to redevelop the area with single family homes and townhomes. In 2017, the HRA cancelled the agreement with Boisclair due to slow progress in solving the acquisition and other development issues.
- In the Spring of 2017, the Legislature extended the Redevelopment TIF District for an additional 10 years to 2044.
- In the Fall of 2017, NHH Properties and Boisclair Corporation approached the HRA and Council with a new development team and plan for acquiring the remaining single family homes and closing the financial gap.
- In March of 2018, the HRA signed a pre-development agreement with NHH Properties (dba NHH Companies, LLC) to redevelop the area with 218 market-rate apartments and up to 80 townhomes affordable to households earning 100/115% of the area median income.

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

- The project has considered a variety of ways to include a minimum of 20% affordable units. The proposed plan to provide 100% market-rate apartments and 95% affordable townhome units is being proposed. Establishment of a Housing TIF District will ensure that the affordable units will be included in the project.
- The 2008 Comprehensive Plan housing goals and policies include:
  - Maintain an appropriate mix of housing types in each neighborhood based on available amenities, transportation resources, and adjacent land uses;
  - Promote the development of a balanced housing stock that is available to a range of income levels;
  - Promote housing diversity to serve families at all stages of their life-cycle, and
  - Promote the development, management, and maintenance of affordable housing in the City through assistance programs, alternative funding sources, and the creation of partnerships whose mission is to promote low to moderate income housing.
- The Cedar Corridor Master Plan, approved in 2004 and amended in 2016, calls for development in the area that responds to the challenges of the area's proximity to the airport and provides a diversity of housing types.
- Richfield Affordable Housing Policy encourages the development of projects that:
  - Contain a mix of market-rate and affordable units, with a higher proportion of market-rate units.
  - Include attributes such as townhome/row style housing

#### **C. CRITICAL TIMING ISSUES:**

- The City Council will hold a Public Hearing on August 21, 2018.
- The Planning Commission found the modification of the existing district and the establishment of a housing district to be consistent with Richfield's Comprehensive Plan on July 23, 2018.

#### **D. FINANCIAL IMPACT:**

- The estimated gross tax increment available through the existing Redevelopment TIF District is approximately \$9.2 million over the life of the District with a present value of \$4.9 million.

- The estimated gross tax increment available through the creation of a new Housing TIF District is approximately \$6.7 million over the life of the District with a present value of \$3.5 million.
- Without the TIF, this project would be unable to proceed.

**E. LEGAL CONSIDERATION:**

- The City's financial advisor and HRA attorney have reviewed the required documents.
- In accordance with State Statute, Hennepin County, School Districts, and other taxing jurisdictions received notice of the proposed Tax Increment Plan and other information on fiscal impacts related to the modification/establishment of a Redevelopment Project Area and/or TIF District at least 30 days prior to the hearing or agreed to waive the 30-day requirement.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not approve the Modification and the TIF Plan.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

A representative from Ehlers, the City's Financial Consultant A representative from NHH Companies, LLC

**ATTACHMENTS:**

Description	Type
▢ Resolution - HRA TIF Plan	Resolution Letter
▢ Resolution - HRA Modification	Resolution Letter
▢ Summary of TIF Plan/Mod	Backup Material
▢ TIF Plan - Cedar Ave Mod 2018	Backup Material
▢ TIF Plan - Housing District	Backup Material

**RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY  
CITY OF RICHFIELD  
HENNEPIN COUNTY  
STATE OF MINNESOTA**

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION ADOPTING A MODIFICATION TO THE REDEVELOPMENT  
PLAN FOR THE RICHFIELD REDEVELOPMENT PROJECT AREA,  
ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 2018-1  
THEREIN, AND ADOPTING A TAX INCREMENT FINANCING PLAN  
THEREFOR.**

WHEREAS, it has been proposed by the Board of Commissioners (the "Board") of the Richfield Housing and Redevelopment Authority (the "HRA") and the City of Richfield (the "City") that the HRA adopt a Modification to the Redevelopment Plan (the "Redevelopment Plan Modification") for the Richfield Redevelopment Project Area (the "Project Area") and establish Tax Increment Financing District No. 2018-1 (the "District") and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Redevelopment Plan Modification and the TIF Plan are referred to collectively herein as the "Plans"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 to 469.047, and Sections 469.174 to 469.1794, inclusive, as amended (the "Act"), all as reflected in the Plans and presented for the Board's consideration; and

WHEREAS, the HRA has investigated the facts relating to the Plans and has caused the Plans to be prepared; and

WHEREAS, the HRA has performed all actions required by law to be performed prior to the adoption of the Plans. The HRA has also requested the City Planning Commission to provide for review of and written comment on Plans and that the Council schedule a public hearing on the Plans upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The HRA hereby finds that the District is in the public interest and is a "housing district" under Minnesota Statutes, Section 469.174, Subd. 11, and finds that the adoption of the proposed Plans conform in all respects to the requirements of the Act, will help fulfill a need to develop an area of the State of Minnesota for affordable and high quality housing, assist in the enhancement of the tax base of the City and the State, thereby serving a public purpose.
2. The HRA further finds that the Plans will afford maximum opportunity, consistent with the sound needs for the City as a whole, for the development or redevelopment of the Project Area by private enterprise in that the intent is to provide only that public assistance necessary to make the private developments financially feasible.
3. The boundaries of the Project Area are not being expanded.
4. The reasons and facts supporting the findings in this resolution are described in the Plans.
5. The HRA elects to calculate fiscal disparities for the District in accordance with Minnesota Statutes, Section 469.177, Subd. 3, clause b, which means the fiscal disparities contribution would be taken from inside the District. It is not anticipated that the District will contain

commercial/industrial property. As a result, there should be no impact due to the fiscal disparities provision on the District.

6. Conditioned upon the approval thereof by the City Council following its public hearing thereon, the Plans, as presented to the HRA on this date, are hereby approved, established and adopted and shall be placed on file in the office of the Executive Director of the HRA.
7. Upon approval of the Plans by the City Council, the staff, the HRA's advisors and legal counsel are authorized and directed to proceed with the implementation of the Plans and for this purpose to negotiate, draft, prepare and present to this Board for its consideration all further plans, resolutions, documents and contracts necessary for this purpose. Approval of the Plans does not constitute approval of any project or a Development Agreement with any developer.
8. Upon approval of the Plans by the City Council, the Executive Director of the HRA is authorized and directed to forward a copy of the Plans to the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.
9. The Executive Director of the HRA is authorized and directed to forward a copy of the Plans to the Hennepin County Auditor and request that the Auditor certify the original tax capacity of the District as described in the Plans, all in accordance with Minnesota Statutes 469.177.

Approved by the Board on August 20, 2018.

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Mary Supple, Chair

ATTEST:

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Erin Vrieze Daniels, Secretary



RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY  
CITY OF RICHFIELD  
HENNEPIN COUNTY  
STATE OF MINNESOTA

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION ADOPTING A MODIFICATION TO THE TAX INCREMENT  
FINANCING PLAN FOR THE CEDAR AVENUE TAX INCREMENT  
FINANCING DISTRICT WITHIN THE RICHFIELD REDEVELOPMENT  
PROJECT AREA.**

WHEREAS, it has been proposed by the Board of Commissioners (the "Board") of the Richfield Housing and Redevelopment Authority (the "HRA") and the City of Richfield (the "City") that the HRA adopt a Modification to the Tax Increment Financing Plan (the "Modification") for Cedar Avenue Tax Increment Financing District (the "District"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 to 469.047, and Sections 469.174 to 469.1799, inclusive, as amended (the "Act"), all as reflected in the Modification and presented for the Board's consideration; and

WHEREAS, the HRA has investigated the facts relating to the Modification and has caused the Modification to be prepared; and

WHEREAS, the HRA has performed all actions required by law to be performed prior to the adoption of the Modification. The HRA has also requested the City Planning Commission to provide for review of and written comment on the Modification and that the Council schedule a public hearing on the Modification upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The HRA hereby reaffirms that the District as modified herein is in the public interest and is a "redevelopment district" as defined in the Laws of Minnesota 2005, Chapter 152, Article 2, Section 25.
2. The HRA further finds that the Modification will afford maximum opportunity, consistent with the sound needs for the City as a whole, for the development or redevelopment of the project area by private enterprise in that the intent is to provide only that public assistance necessary to make the private developments financially feasible.
3. Conditioned upon the approval thereof by the City Council following its public hearing thereon, the Modification, as presented to the HRA on this date, are hereby approved, established and adopted and shall be placed on file in the office of the Community Development Director.
4. Upon approval of the Modification by the City Council, the staff, the HRA's advisors and legal counsel are authorized and directed to proceed with the implementation of the Modification and for this purpose to negotiate, draft, prepare and present to this Board for its consideration all further plans, resolutions, documents and contracts necessary for this purpose. Approval of the Modification does not constitute approval of any project or a Development Agreement with any developer.

5. Upon approval of the Modification by the City Council, the Community Development Director is authorized and directed to forward a copy of the Modification to the Minnesota Department of Revenue and Office of the State Auditor pursuant to *Minnesota Statutes 469.175, Subd. 4a*.

6. The Community Development Director is authorized and directed to forward a copy of the Modification to the Hennepin County Auditor all in accordance with *Minnesota Statutes 469.177*.

Approved by the Board of Commissioners of the Richfield Housing and Redevelopment Authority this 20<sup>th</sup> day of August, 2018.

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Mary Supple, Chair

ATTEST:

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Erin Vrieze Daniels, Secretary



# Tax Increment Financing District 2018-1 and the Modification to the Cedar Avenue TIF District

## City of Richfield

The following summary contains an overview of the basic elements of the Tax Increment Financing Plan for Tax Increment Financing District 2018-1. More detailed information on each of these topics can be found in the Tax Increment Financing Plan.

- Proposed action:**
- Establishment of Tax Increment Financing District No. 2018-1 (the “2018-1 District”) and the adoption of a Tax Increment Financing Plan (TIF Plan).
  - Modification of the Tax Increment Financing Plan for the Cedar Avenue Tax Increment Financing District (the “Cedar Avenue TIF District”) to remove parcels for inclusion in the new District.
  - Modification to the Redevelopment Plan for the Richfield Redevelopment Project to include the establishment of Tax Increment Financing District No.2018-1, which represents a continuation of the goals and objectives set forth in the Redevelopment Plan for the Richfield Redevelopment Project.

**Type of TIF District:** Housing district

<b>Parcel Numbers:</b>	26.028.24.11.0033	26.028.24.11.0039	26.028.24.14.0009
	26.028.24.11.0034	26.028.24.14.0004	26.028.24.14.0010
	26.028.24.11.0035	26.028.24.14.0005	26.028.24.14.0011
	26.028.24.11.0036	26.028.24.14.0006	26.028.24.14.0002
	26.028.24.11.0037	26.028.24.14.0007	26.028.24.14.0003
	26.028.24.11.0038	26.028.24.14.0008	

\*All the parcels listed are currently in the Cedar Avenue TIF District and will be removed for inclusion in Tax Increment Financing District 2018-1.

**Proposed Development:** The 2018-1 District is being created to facilitate the development of 80 owner-occupied townhomes for low- to moderate income persons in the City. See Appendix A of the TIF Plan for a more detailed project description.

**Maximum duration:** The duration of the 2018-1 District will be 25 years from the date of receipt of the first increment (26 years of increment). The City elects to receive the first tax increment in 2021. It is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate December 31, 2046, or when the TIF Plan is satisfied.

The Cedar Avenue TIF will terminate December 31, 2043, or when the TIF Plan is satisfied.



**Estimated annual tax increment:** \$673,146

**Authorized uses:** The TIF Plan contains a budget that authorizes the maximum amount that may be expended:

Land/Building Acquisition .....	\$4,275,000
Site Improvements/Preparation .....	\$750,000
Utilities .....	\$225,000
Other Qualifying Improvements.....	\$554,779
Administrative Costs (up to 10%) .....	\$1,144,713
<b>Project Total Costs .....</b>	<b>\$6,959,492</b>
Interest .....	\$5,642,349
<b>Project &amp; Interest Total Costs.....</b>	<b>\$12,591,841</b>

See Subsection 2-10 of the TIF Plan for the full budget authorization.

**Form of financing:** The project is proposed to be financed by a pay-as-you-go note and interfund loan.

**Administrative fee:** Up to 10% of annual increment, if costs are justified.

**Interfund Loan Requirement:** If the City wants to pay for administrative expenditures from a tax increment fund, it must pass a resolution authorizing a loan from another fund be *within 60 days of* the issuance of the check or the reimbursement will not be allowed.

**4 Year Activity Rule:** After four years from the date of certification of the District one of the following activities must have been commenced on each parcel in the District (§ 469.176 Subd. 6):

- Demolition
- Rehabilitation
- Renovation
- Other site preparation (not including utility services such as sewer and water)

If the activity has not been started by approximately August 2022, no additional tax increment may be taken from that parcel until the commencement of a qualifying activity.

The reasons and facts supporting the findings for the adoption of the TIF Plan for the District, as required pursuant to *M.S., Section 469.175, Subd. 3*, are included in Exhibit A of the City resolution.

# CEDAR CORRIDOR & 2018-1 HOUSING TIF DISTRICTS



## Appendix F

### Findings for the District

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 2018-1, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 2018-1 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

TIF District No.2018-1 consists of 17 parcels. As proposed, the development will consist of 80 units of owner-occupied townhomes with at least 95% of the units purchased by persons at or below 100% to 115% of area median income. Ninety-five percent of the units which will receive tax increment assistance will meet income restrictions described in *M.S. 469.1761*. Appendices A and E of the TIF Plan contains background for the above finding.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the development proposed in this plan is a housing district that meets the City's objectives for development and redevelopment, but that due to the high costs of building new housing in the City, the cost of financing the proposed public improvements, and the insufficiency of affordable, owner-occupied housing to provide a sufficient financial return, the project is feasible only through the assistance, in part, from tax increment financing. The developer was asked for and provided a pro forma as justification that the developer would not have gone forward without tax increment assistance.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 2018-1 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan on July 23, 2018 and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 2018-1 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Richfield Redevelopment Project Area by private enterprise.*

Through the implementation of the TIF Plan, the HRA or City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.

*As of August 13, 2018  
Draft for City Council review*

**Modification to the  
Tax Increment Financing Plan**

**for the**

**Cedar Avenue Tax Increment Financing District  
(a redevelopment district)**

**within**

**the Richfield Redevelopment Project Area**

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

Adopted:	September 26, 2006
Modification No. 1 Adopted:	November 28, 2017
Modification No. 2 Public Hearing:	August 21, 2018

Prepared by: EHLERS & ASSOCIATES, INC.  
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(for reference purposes only)

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## **SECTION I - TAX INCREMENT FINANCING PLAN FOR THE CEDAR AVENUE TAX INCREMENT FINANCING DISTRICT**

### **Subsection 1-1. Foreword**

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

### **Subsection 1-2. Statutory Authority**

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the HRA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.001 to 469.047, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1799, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project. The HRA and City derive further statutory authority by virtue of *Laws of Minnesota 2005, Chapter 152, Article 2, Section 25*.

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

*(AS MODIFIED NOVEMBER 28, 2017)*

Pursuant to *Minnesota Laws 2017, First Special Session, Chapter 1, Article 6, Section 18* (the "Special Law"), the duration of the District is being extended an additional ten years. A copy of the Special Law can be found in Appendix I.

### **Subsection 1-3. Statement of Objectives**

The District currently consists of 172 parcel(s) of land and adjacent and internal rights-of-way. The District is being created to facilitate construction of approximately 350,000 sq. ft. of retail development, 600,000 sq. ft. of office space and 600 housing units in the City of Richfield. Please see Appendix A for further project information. Contracts for this have not been entered into at the time of preparation of this TIF Plan, but development is likely to occur in 2007. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Richfield Redevelopment Project Area.

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

*(AS MODIFIED NOVEMBER 28, 2017)*

The District is being modified in order to remove 31 parcels for inclusion in Tax Increment Financing District No. 2017-1 (The Chamberlain) and to extend the duration of the District pursuant to the Special Law. Contracts for redevelopment have not been entered into at the time of preparation of this Modification, but development may occur in 2019. Please see Appendix A for further project information and background information on the District.

*(AS MODIFIED AUGUST 21, 2018)*

**The District is being modified in order to remove 17 parcels for inclusion in Tax Increment Financing District No. 2018-1. Contracts for redevelopment have not been entered into at the time of preparation of this Modification, but development may occur in 2018. Please see Appendix A for further project information and background information on the District.**

#### **Subsection 1-4. Redevelopment Plan Overview**

1. Property to be Acquired - Selected property located within the District may be acquired by the HRA or City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the HRA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The HRA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

#### **Subsection 1-5. Description of Property in the District and Property To Be Acquired**

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below. See the map in Appendix B for further information on the location of the District.

##### Parcel Numbers

\*See Appendix C

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

#### **Subsection 1-6. Classification of the District**

The HRA and City, in determining the need to create a tax increment financing district in accordance with *Laws of Minnesota 2005, Chapter 152, Article 2, Section 25*. Specifically, the enacted language is as follows:

*Sec. 25. [CITY OF RICHFIELD; TAX INCREMENT FINANCING DISTRICT.]*

*Subdivision 1. [AUTHORIZATION.]*

*The City of Richfield may create a tax increment financing district consisting of an area lying west of Trunk Highway 77 extending: to 16<sup>th</sup> Avenue between Crosstown Highway 62 and 66<sup>th</sup> Street; to 17<sup>th</sup>*

*Avenue between 66<sup>th</sup> and 69<sup>th</sup> Streets; and to 18<sup>th</sup> Avenue between 69<sup>th</sup> and 72<sup>nd</sup> Streets. The City or it's Housing and Redevelopment Authority may be the authority for the purposes of Minnesota Statutes, sections 469.174 to 469.179.*

*Subd. 2. [DISTRICT IS REDEVELOPMENT DISTRICT.]*

*The redevelopment tax increment district created pursuant to subdivision 1 is deemed to be a redevelopment district and is subject to Minnesota Statutes, sections 469.174 to 469.179, except that:*

*(1) expenditures for activities as defined in Minnesota Statutes, section 469.1763, subdivision 1, paragraph (b), anywhere in the district are deemed to be the costs of correcting conditions that allow the designation of redevelopment districts pursuant to Minnesota Statutes, section 469.174, subdivision 10; and*

*(2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply.*

*[EFFECTIVE DATE.] This section received local approval by the City of Richfield on June 28, 2005 in compliance with Minnesota Statutes, section 645.021.*

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

#### **Subsection 1-7. Duration of the District**

Pursuant to M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1, the duration of the District must be indicated within the TIF Plan. Pursuant to M.S., Section 469.176, Subd. 1b, the duration of the District will be 25 years after receipt of the first increment by the HRA or City (a total of 26 years of tax increment). The date of receipt by the City of the first tax increment is expected to be 2008. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2033, or when the TIF Plan is satisfied. If increment is received in 2009, the term of the District will be 2034. The HRA or City reserves the right to decertify the District prior to the legally required date.

**(AS MODIFIED NOVEMBER 28, 2017)**

Pursuant to M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1, the duration of the District must be indicated within the TIF Plan. Section 469.176, Subd. 1b, provides that the duration of the District would be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). Pursuant to the Special Law, the duration of District is being extended an additional ten years (for a total of 35 years from receipt of first increment). The date of receipt by the City of the first increment was in 2008. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate on December 31, 2043, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

### **Subsection 1-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements**

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2006 for taxes payable 2007.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2008) the amount by which the original value has increased or decreased as a result of:

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

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

The original local tax rate for the District will be the local tax rate for taxes payable 2007, assuming the request for certification is made before June 30, 2007. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within the Richfield Redevelopment Project Area, upon completion of the project, will annually approximate tax increment revenues as shown in the following table. The HRA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2008. The Project Tax Capacity (PTC) listed is an estimate of values when the project is completed.

#### **WATERSHED DISTRICT NO. 0**

<b>Project Estimated Tax Capacity upon Completion (PTC)</b>	<b>\$4,159,167</b>	
<b>Original Estimated Net Tax Capacity (ONTC)</b>	<b>\$524,969</b>	
<b>Fiscal Disparities Reduction</b>	<b>\$862,825</b>	
<b>Estimated Captured Tax Capacity (CTC)</b>	<b>\$2,771,373</b>	
<b>Original Local Tax Rate</b>	<b>1.07715</b>	Pay 2006
<b>Estimated Annual Tax Increment (CTC x Local Tax Rate)</b>	<b>\$2,985,184</b>	
<b>Percent Retained by the HRA</b>	<b>100%</b>	

### WATERSHED DISTRICT NO. 3

<b>Project Estimated Tax Capacity upon Completion (PTC)</b>	<b>\$831,833</b>	
<b>Original Estimated Net Tax Capacity (ONTC)</b>	<b>\$143,105</b>	
<b>Fiscal Disparities Reduction</b>	<b>\$163,557</b>	
<b>Estimated Captured Tax Capacity (CTC)</b>	<b>\$525,171</b>	
<b>Original Local Tax Rate</b>	<b>1.087870</b>	Pay 2006
<b>Estimated Annual Tax Increment (CTC x Local Tax Rate)</b>	<b>\$571,318</b>	
<b>Percent Retained by the HRA</b>	<b>100%</b>	

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

The City has reviewed the area to be included in the District has found building permits that were issued in the past 18 months prior to the public hearing. Please see Appendix H for the building permits that were issued.

#### **Subsection 1-9. Sources of Revenue/Bonded Indebtedness**

Public improvement costs, acquisition, relocation, utilities, parking facilities, streets and sidewalks, and site preparation costs and other costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The HRA or City reserves the right to use other sources of revenue legally applicable to the HRA or City and the TIF Plan, including, but not limited to, special assessments, general property taxes, state aid for road maintenance and construction, proceeds from the sale of land, other contributions from the developer and investment income, to pay for the estimated public costs.

The HRA or City reserves the right to incur bonded indebtedness or other indebtedness as a result of the TIF Plan. As presently proposed, the project will be financed by a bond issue/pay-as-you-go note/interfund loan/transfer. Additional indebtedness may be required to finance other authorized activities. The total principal amount of bonded indebtedness, including a general obligation (GO) TIF bond, or other indebtedness related to the use of tax increment financing will not exceed \$40,000,000 without a modification to the TIF Plan pursuant to applicable statutory requirements. It is estimated that \$200,000 in interfund loans will be financed with tax increment revenues. It is estimated that \$ 40,000,000 in bonded debt/loan proceeds will be financed with tax increment revenues.

This provision does not obligate the HRA or City to incur debt. The HRA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City. The HRA or City may also finance the activities to be undertaken pursuant to the TIF Plan through loans from funds of the HRA or City or to reimburse the developer on a "pay-as-you-go" basis for eligible costs paid for by a developer.

The estimated sources of funds for the District are contained in the table below.

<b>SOURCES OF FUNDS</b>	<b>TOTAL</b>
Tax Increment	\$88,000,000
<b>PROJECT REVENUES</b>	<b>\$88,000,000</b>
Interfund Loans	\$200,000
Bond Principal	\$10,000,000
TIF Note Principal	\$30,000,000

The other financing sources list above is included for purposes of OSA reporting for the TIF District. It is not intended to be cumulative. Transfers are included in case money is moved from one fund to another before an expenditure.

### **Subsection 1-10. Uses of Funds**

Currently under consideration for the District is a proposal to facilitate construction of approximately 350,000 sq. ft. of retail development, 600,000 sq. ft. of office space and 600 housing units. The HRA and City have determined that it will be necessary to provide assistance to the project for certain costs. The HRA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<b>USES OF FUNDS</b>	<b>TOTAL</b>
Land/Building Acquisition	\$21,940,000
Site Improvements/Preparation	\$3,640,000
Public Utilities	\$3,640,000
Public Parking Facilities	\$3,640,000
Streets and Sidewalks	\$3,640,000
Interest	\$42,700,000
Administrative Costs (up to 10%)	\$8,800,000
<b>PROJECT COSTS TOTAL</b>	<b>\$88,000,000</b>
Interfund Loans	\$200,000
Bond Principal	\$10,000,000
TIF Note Principal	\$30,000,000

The other financing uses listed above is included for purposes of OSA reporting for the TIF District. It is not intended to be cumulative. Transfers are included in case money is moved from one fund to another before an expenditure. TIF is expected to be used for the project costs listed above, which is a not-to-exceed budget

rather than an expected budget of costs.

Pursuant to *M.S., Section 469.175, Subd. 1 (5)*, it is estimated that the cost of improvements, including administrative expenses which will be paid or financed with tax increments, will equal \$88,000,000. For purposes of OSA reporting forms, it is estimated that the cost of improvements, including financing which will be paid for with tax increment will equal \$128,200,000 as is presented in the budget above.

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

### **Subsection 1-11. Fiscal Disparities Election**

Pursuant to *M.S., Section 469.177, Subd. 3*, the HRA or City may elect one of two methods to calculate fiscal disparities. If the calculations pursuant to *M.S., Section 469.177, Subd. 3, clause b*, (within the District) are followed, the following method of computation shall apply:

- (1) The original net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. The current net tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to M.S., Section 276A.06, subdivision 7 or M.S., Section 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.*
- (2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the less of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.*

**The HRA will choose to calculate fiscal disparities by clause b.**

According to *M.S., Section 469.177, Subd. 3*:

- (c) The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).*



## Subsection 1-12. Business Subsidies

Pursuant to *M.S. Sections 116J.993, Subd. 3*, the following forms of financial assistance are not considered a business subsidy:

- (1) A business subsidy of less than \$25,000;
- (2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) Redevelopment property polluted by contaminants as defined in *M.S., Section 116J.552, Subd. 3*;
- (5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
- (6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- (7) Assistance for housing;
- (8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under *M.S., Section 469.174, Subd. 23*;
- (9) Assistance for energy conservation;
- (10) Tax reductions resulting from conformity with federal tax law;
- (11) Workers' compensation and unemployment compensation;
- (12) Benefits derived from regulation;
- (13) Indirect benefits derived from assistance to educational institutions;
- (14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- (15) Assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;
- (17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- (18) General changes in tax increment financing law and other general tax law changes of a principally technical nature.
- (19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- (20) Funds from dock and wharf bonds issued by a seaway port authority;
- (21) Business loans and loan guarantees of \$75,000 or less; and
- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration.

The HRA will comply with *M.S., Section 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions.

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Pursuant to *M.S., Section 116J.993, Subd. 3*, the following two items related to what is considered a business subsidy were increased from \$75,000 to \$150,000:

- (1) A business subsidy of less than \$150,000;
- (21) Business loans and loan guarantees of \$150,000 or less;

In addition, an additional form of financial assistance is not considered a business subsidy:

- (23) Property tax abatements granted under *M.S., Section 469.1813* to property that is subject to valuation under Minnesota Rules, chapter 8100.

The HRA will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions in this Subsection.

### **Subsection 1-13. County Road Costs**

Pursuant to *M.S., Section 469.175, Subd. 1a*, the county board may require the HRA or City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgement of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or within five years under another county plan.

If the county elects to use increments to improve county roads, it must notify the HRA or City within forty-five days of receipt of this TIF Plan. The HRA and City are aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

### **Subsection 1-14. Estimated Impact on Other Taxing Jurisdictions**

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

<b>IMPACT ON TAX BASE</b>			
	<b><u>2005/2006 Total Net Tax Capacity</u></b>	<b><u>Estimated Captured Tax Capacity (CTC) Upon Completion</u></b>	<b><u>Percent of CTC to Entity Total</u></b>
Hennepin County	1,229,390,982	3,314,080	<b>0.2696%</b>
City of Richfield	26,793,818	3,314,080	<b>12.3688%</b>
ISD No. 280	32,426,328	3,314,080	<b>10.2203%</b>

**WATERSHED DISTRICT NO. 0****IMPACT ON TAX RATES**

	<u>2005/2006 Extension Rates</u>	<u>Percent of Total</u>	<u>CTC</u>	<u>Potential Taxes</u>
Hennepin County	0.410160	38.08%	2,771,373	<b>1,136,706</b>
City of Richfield	0.404970	37.60%	??	<b>ERR</b>
ISD No. 280	0.192040	17.83%	??	<b>ERR</b>
Other	<u>0.069980</u>	<u>6.50%</u>	<u>??</u>	<u><b>ERR</b></u>
<b>Total</b>	1.077150	100.00%		<b>1,136,706</b>

**WATERSHED DISTRICT NO 3****IMPACT ON TAX RATES**

	<u>2005/2006 Extension Rates</u>	<u>Percent of Total</u>	<u>CTC</u>	<u>Potential Taxes</u>
Hennepin County	0.410160	37.70%	525,171	<b>215,404</b>
City of Richfield	0.404970	37.23%	525,171	<b>212,678</b>
ISD No. 280	0.192040	17.65%	525,171	<b>100,854</b>
Other	<u>0.080700</u>	<u>7.42%</u>	<u>525,171</u>	<u><b>42,381</b></u>
<b>Total</b>	1.087870	100.00%		<b>571,318</b>

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual 2005/Pay 2006 rate. The total net capacity for the entities listed above are based on actual Pay 2006 figures. The District will be certified under the actual 2006/Pay 2007 rates, which were unavailable at the time this TIF Plan was prepared. The cashflows assume a 1% inflation rate.

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

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$88,000,000.
- (2) Probable impact of the District on city provided services and ability to issue debt. While, an impact on the District on police protection is expected, the degree of impact is uncertain. With new residents and businesses, police calls for service may increase. New development will increase vehicular traffic and additional overall demands to the call load. Even though call demand is expected to increase, the City does not expect that the proposed development, in and of itself, will necessitate new capital investment in equipment or require the City hire additional employees.

The probable impact of the District on fire protection should be negligible. An increase in service calls can be expected due to the increase in the density of development; however, new buildings typically generate few calls, if any, because of superior construction and fire sprinklers. None of the existing buildings, which will be eliminated by the new development, have fire sprinkler systems.

The impact of the District on Parks should be insignificant. Recreational Services has two costs associated with its operations: Program Costs and Capital Costs. Program costs are funded by user

fees. If more programs are added as a result of the District, the additional programs will be entirely funded by user fees. If Capital Costs are needed for new facilities, the District and developments within would be contributors. Therefore, it is anticipated that the District will have a negligible impact on the Department's existing infrastructure.

The District should benefit public infrastructure. There should be a net reduction in miles of public streets and a corresponding reduction in public street lighting. This reduces the maintenance costs for Public Works. Land parcels for development will generally be larger than existing land parcels. While new development will be at increased densities, the number of water and sanitary sewer lines will be reduced making for lower maintenance costs for the City. Also, the proposed development densities can be accommodated with existing capacity of the water and sanitary sewer infrastructure. The new development may require additional storm water treatment but this should be funded by the developer(s).

Traffic resulting from the new development will increase over existing traffic volumes. However, both East 66<sup>th</sup> Street and the Highway 77 interchange at 66<sup>th</sup> Street have been upgraded to accommodate increased traffic volumes. The District will require a new north-south road that extends from 67<sup>th</sup> Street south to 72<sup>nd</sup> Street to serve the new development. The new road will likely be located generally between the existing 17<sup>th</sup> and 18<sup>th</sup> Avenues, and will be designed as a parkway. Financing for the new road will be folded into financing for the new private redevelopment.

The probable impact of any debt issuance within the District on the main operating fund of the city is expected to be minimal. In addition, the ability of the City to issue future debt will not be affected by the creation of this TIF District.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same is \$16,459,768;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same is \$35,154,860;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

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

## **Subsection 1-15. Supporting Documentation**

Pursuant to *M.S. Section 469.175 Subd 1, clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175 Subd 3, clause (b)(2)* and the findings are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the Authority's findings:

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- Cedar Avenue Corridor Redevelopment Concept Master Plan, JLG Architects, September 2004
- Acoustical Construction - Baseline Measurements, Orfield Laboratories, Inc., December 30, 2004
- Acoustical Construction Criteria, Orfield Laboratories, Inc., January 13, 2005
- Acoustical Construction Criteria, Orfield Laboratories, Inc., May 18, 2005
- Roadway and Transit Assessment of Cedar Avenue Corridor Transit Oriented Development, WSB & Associates, Inc., January 10, 2005
- Legislative Summary 2005, John Choi, Kennedy & Graven, Chartered
- House Research Summary 2005, Joel Michael, House Research

**Subsection 1-16. Definition of Tax Increment Revenues**

Pursuant to *M.S., Section 469.174, Subd. 25*, tax increment revenues derived from a tax increment financing district include all of the following potential revenue sources:

1. Taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under *M.S., Section 469.177*;
2. The proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the Authority with tax increments;
3. Principal and interest received on loans or other advances made by the Authority with tax increments;
4. Interest or other investment earnings on or from tax increments;
5. Repayments or return of tax increments made to the Authority under agreements for districts for which the request for certification was made after August 1, 1993; and
6. The market value homestead credit paid to the Authority under *M.S., Section 273.1384*.

**Subsection 1-17. Modifications to the District**

In accordance with *M.S., Section 469.175, Subd. 4*, any:

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;
2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the HRA or City;
5. Increase in the estimate of the cost of the project, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the HRA or City,

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a redevelopment district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 10*, paragraph (a), clauses (1) to (5), must be documented in writing and retained. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2) (A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's

original net tax capacity or (B) the HRA agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

The HRA or City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

### **Subsection 1-18. Administrative Expenses**

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the HRA or City, *other than*:

1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the project;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the project; or
4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S., Section 469.178*; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

For districts for which the request for certification were made before August 1, 1979, or after June 30, 1982, administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. Pursuant to *M.S., Section 469.176, Subd. 3*, tax increment may be used to pay any **authorized and documented** administrative expenses for the District up to but not to exceed 10 percent of the total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined by *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to *M.S., Section 469.177, Subd. 11*, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the HRA or City and the County Treasurer shall pay the amount deducted to the State Treasurer for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

### **Subsection 1-19. Limitation of Increment**

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the District may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to *M.S., Section 469.176, Subd. 6*:

*if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.*

The HRA or City or a property owner must improve parcels within the District by approximately September, 2010 and report such actions to the County Auditor.

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In 2009 *M.S., Section 469.176, Subd. 6* was amended to include Subd 6(b) which reads:

For districts which were certified on or after January 1, 2005, and before April 20, 2009, the four-year period under paragraph (a) is increased to six years.

This District was certified on May 21, 2007. Since it meets the requirement of the updated language in the law, the new date by which qualifying activities must take place on or adjacent to any parcel in the District is May 2013.

**Subsection 1-20. Use of Tax Increment**

The HRA or City hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the District for the following purposes:

1. To pay the principal of and interest on bonds issued to finance a project;
2. To finance, or otherwise pay public redevelopment costs of the Richfield Redevelopment Project Area pursuant to the *M.S., Sections 469.001 to 469.047*;
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4*;
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the HRA or City or for the benefit of the Richfield Redevelopment Project Area by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to

- M.S., Chapter 462C. M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178; and*
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178.*

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by *M.S., Section 469.176, Subd. 4.*

Tax increments generated in the District will be paid by Hennepin County to the HRA for the Tax Increment Fund of said District. The HRA or City will pay to the developer(s) annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. Remaining increment funds will be used for HRA or City administration (up to 10 percent) and the costs of public improvement activities outside the District.

### **Subsection 1-21. Excess Increments**

Excess increments, as defined in *M.S., Section 469.176, Subd. 2*, shall be used only to do one or more of the following:

1. Prepay any outstanding bonds;
2. Discharge the pledge of tax increment for any outstanding bonds;
3. Pay into an escrow account dedicated to the payment of any outstanding bonds; or
4. Return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

The HRA or City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the HRA or City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in the Richfield Redevelopment Project Area or the District.

### **Subsection 1-22. Requirements for Agreements with the Developer**

The HRA or City will review any proposal for private development to determine its conformance with the Redevelopment Plan and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the HRA or City to demonstrate the conformance of the development with City plans and ordinances. The HRA or City may also use the Agreements to address other issues related to the development.

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 25 percent, by acreage, of the property to be acquired in the District as set forth in the TIF Plan shall at any time be owned by the HRA or City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 25 percent of the acreage, the HRA or City concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the HRA or City should the development or redevelopment not be completed.

### **Subsection 1-23. Assessment Agreements**



Pursuant to *M.S., Section 469.177, Subd. 8*, the HRA or City may enter into a written assessment agreement in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

#### **Subsection 1-24. Administration of the District**

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

#### **Subsection 1-25. Annual Disclosure Requirements**

Pursuant to *M.S., Section 469.175, Subd. 5, 6, and 6b* the HRA or City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. *M.S., Section 469.175, Subd. 5* also provides that an annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report containing the information required by *M.S., Section 469.175 Subd. 5 and Subd. 6*, the OSA will direct the County Auditor to withhold the distribution of tax increment from the District.

#### **Subsection 1-26. Reasonable Expectations**

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon HRA and City staff awareness of the feasibility of developing the project site. A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cashflow in Appendix D, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

#### **Subsection 1-27. Other Limitations on the Use of Tax Increment**

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay public redevelopment costs of the Richfield Redevelopment Project Area pursuant to the *M.S., Sections 469.001 to 469.047*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.

2. Pooling Limitations. At least 75 percent of tax increments from the District must be expended on activities in the District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the District.
3. Five Year Limitation on Commitment of Tax Increments. Pursuant to *Laws of Minnesota 2005, Chapter 152, Article 2, Section 25 Subd 2*:  
  
*(2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply.*
4. Redevelopment District. Pursuant to *Laws of Minnesota 2005, Chapter 152, Article 2, Section 25 Subd 2*:  
  
*(1) expenditures for activities as defined in Minnesota Statutes, section 469.1763, subdivision 1, paragraph (b), anywhere in the district are deemed to be the costs of correcting conditions that allow the designation of redevelopment districts pursuant to Minnesota Statutes, section 469.174, subdivision 10;*

#### **Subsection 1-28. Summary**

The Richfield Housing and Redevelopment Authority is establishing the District to preserve and enhance the tax base, redevelop substandard areas, and provide employment opportunities in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113, telephone (651) 697-8500.

## APPENDIX A PROJECT DESCRIPTION

In 1996, the Minnesota State Legislature made a decision that the Minneapolis-St. Paul International airport (MSP) would remain and expand at its current location. Expansion included the construction of a new North/South Runway, and independent studies confirmed that the noise from this runway - believed to be the closest that any similar runway has been built to an existing residential area in the country - would be incompatible with the adjacent predominantly residential land uses. Based on decibel level studies, the City identified a redevelopment area which essentially included land bounded by Highway 62 to the north, Interstate 494 to the south, Highway 77 to the east, and 16<sup>th</sup> Avenue to the west. In 1999, a redevelopment plan was created. (See Subsection 2-15).

Since that time, additional sound studies completed in 2000 revised the noise impact area to include land bounded by Highway 62 to the north, 72<sup>nd</sup> Street to the south, Highway 77 to the east, and a jogged profile from approximately 16<sup>th</sup> Avenue at the north end of the site to 18<sup>th</sup> Avenue at the south end. (See Subsection 2-15).

Expansion work at the Minneapolis-St. Paul Airport has presented tremendous challenges and opportunities for the City of Richfield. The construction of a new north-south runway at the westernmost area of the airport site and its resulting low-frequency noise levels have made it essential for the City to revision its eastern edge. The existing land-use, essentially single family residential, is no longer an appropriate neighbor for the airport. These challenges have given rise to opportunities for development that serve the future of the City of Richfield and help to mitigate the problems caused by the airport expansion.

JLG Architects was contracted in 2004 to prepare a new land-use master plan based on these new parameters. In 2005 WSB & Associates, Inc. prepared a Roadway and Transit Assessment that suggests the overall proposed redevelopment is anticipated to consist of the following primary components:

- Approximately 350,000 square feet of new retail development
- Approximately 600,000 square feet of new office space
- Approximately 600 new housing units

After completing various financial feasibility models it was determined that Tax Increment Financing was needed to make the project feasible.

Also in 2005 the City of Richfield requested and received special Tax Increment Financing legislation for this area. (See Subsection 2-6).

### ***(AS MODIFIED NOVEMBER 28, 2017)***

In 2006, the City and HRA established the Cedar Avenue TIF District as a result of decisions made by the Minnesota State Legislature to keep the MSP airport in its current location, and as an effort of the City to be proactive with its redevelopment efforts. The TIF District was established to encourage new commercial and housing development instead of capital and people moving to newer developing communities.

The Financial Crisis of 2007-2008 marked the start of a recession that continued into 2009. During this period and for several years following, development slowed or halted, and the type of development contemplated for the area changed.

The Cedar Avenue TIF District received inflationary increment in the first year starting the term of the

District. Market values then declined and increment was not generated over the past eight years.

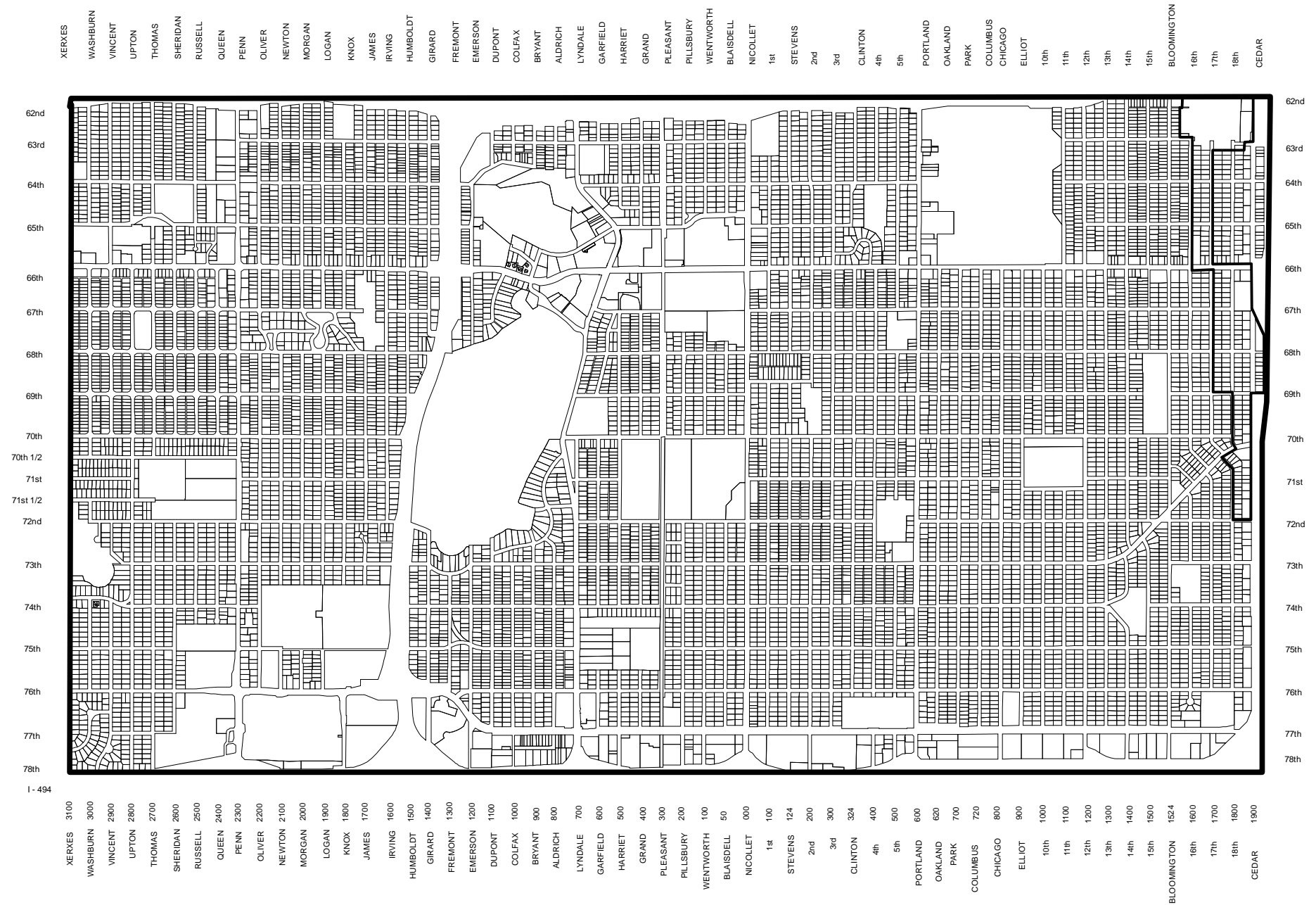
During this time the City and HRA considered multiple development proposals; however, for a variety of reasons, none of the projects moved forward. In 2013, the City issued General Obligation Improvement Bonds to acquire properties and construct Richfield Parkway (Series 2013A Bonds) in the north portion of the District.

In 2017 the City of Richfield received special legislation to extend the term of the Cedar Avenue TIF District (see Appendix I). The City and HRA have not entered into an agreement, but anticipate housing and retail development in the District. It is anticipated that development may occur in 2019.

## APPENDIX B

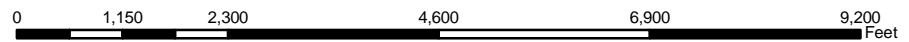
### MAP OF THE RICHFIELD REDEVELOPMENT PROJECT AREA AND THE DISTRICT

# **RICHFIELD REDEVELOPMENT PROJECT AREA** **Cedar Corridor Tax Increment Financing District**



Cedar Corridor Tax Increment Financing District

Redevelopment Project Area



# CEDAR CORRIDOR, 2017-1 & 2018-1 HOUSING TIF DISTRICTS



## APPENDIX C

### DESCRIPTION OF PROPERTY TO BE INCLUDED IN THE DISTRICT

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

<b>PARCEL</b>	<b>ADDRESS</b>
2502824320001	6733 CEDAR AVE S
2502824330054	6841 CEDAR AVE S
2502824330055	6839 CEDAR AVE S
2502824330056	6833 CEDAR AVE S
2502824330057	6829 CEDAR AVE S
2502824330058	6825 CEDAR AVE S
2502824330059	6821 CEDAR AVE S
2502824330060	6813 CEDAR AVE S
2502824330061	6809 CEDAR AVE S
2502824330062	6801 CEDAR AVE S
2602824110002	6300 18TH AVE S
2602824110033	6309 16TH AVE S
2602824110034	6315 16TH AVE S
2602824110035	6321 16TH AVE S
2602824110036	6327 16TH AVE S
2602824110037	6333 16TH AVE S
2602824110038	6339 16TH AVE S
2602824110039	6345 16TH AVE S
2602824110040	6344 17TH AVE S
2602824110041	6338 17TH AVE S
2602824110042	6332 17TH AVE S
2602824110043	6326 17TH AVE S
2602824110044	6320 17TH AVE S
2602824110045	6314 17TH AVE S
2602824110062	6309 18TH AVE S
2602824140001	6541 16TH AVE S
2602824140002	6509 16TH AVE S
2602824140003	6501 16TH AVE S
2602824140004	6401 16TH AVE S
2602824140005	6409 16TH AVE S
2602824140006	6415 16TH AVE S
2602824140007	6421 16TH AVE S
2602824140008	6427 16TH AVE S
2602824140009	6433 16TH AVE S
2602824140010	6439 16TH AVE S
2602824140011	6445 16TH AVE S
2602824140012	6444 17TH AVE S
2602824140013	6438 17TH AVE S
2602824140014	6432 17TH AVE S
2602824140015	6426 17TH AVE S
2602824140016	6420 17TH AVE S
2602824140017	6414 17TH AVE S



2602824140018	6408 17TH AVE S
2602824140019	6400 17TH AVE S
2602824140020	6500 17TH AVE S
2602824140021	6508 17TH AVE S
2602824140022	6514 17TH AVE S
2602824140023	6520 17TH AVE S
2602824140024	6526 17TH AVE S
2602824140025	6532 17TH AVE S
2602824140122	1620 66TH ST E
2602824140123	1614 66TH ST E
2602824410001	6607 18TH AVE S
2602824410002	660 CEDAR AVE S
2602824410063	6636 CEDAR AVE S
2602824410066	6614 18TH AVE S
2602824410067	6620 18TH AVE S
2602824410068	6626 18TH AVE S
2602824410069	6632 18TH AVE S
2602824410070	6638 18TH AVE S
2602824410071	6644 18TH AVE S
2602824410072	6645 17TH AVE S
2602824410073	6639 17TH AVE S
2602824410074	6633 17TH AVE S
2602824410075	6627 17TH AVE S
2602824410076	6621 17TH AVE S
2602824410077	6615 17TH AVE S
2602824410078	6609 17TH AVE S
2602824410079	6601 17TH AVE S
2602824410080	6700 18TH AVE S
2602824410081	6708 18TH AVE S
2602824410082	6714 18TH AVE S
2602824410083	6720 18TH AVE S
2602824410084	6726 18TH AVE S
2602824410085	6732 18TH AVE S
2602824410086	6738 18TH AVE S
2602824410087	6744 18TH AVE S
2602824410088	6745 17TH AVE S
2602824410089	6739 17TH AVE S
2602824410090	6733 17TH AVE S
2602824410091	6727 17TH AVE S
2602824410092	6721 17TH AVE S
2602824410093	6715 17TH AVE S
2602824410094	6709 17TH AVE S
2602824410095	6701 17TH AVE S
2602824410096	6700 CEDAR AVE S
2602824410097	6720 CEDAR AVE S
2602824410098	6730 CEDAR AVE S
2602824410099	6744 CEDAR AVE S
2602824410100	6745 18TH AVE S
2602824410101	6739 18TH AVE S
2602824410102	6733 18TH AVE S

2602824410103	6727 18TH AVE S
2602824410104	6721 18TH AVE S
2602824410105	6715 18TH AVE S
2602824410106	6709 18TH AVE S
2602824410107	6701 18TH AVE S
2602824410108	1717 66TH ST E
2602824440001	6800 CEDAR AVE S
2602824440002	6808 CEDAR AVE S
2602824440003	6814 CEDAR AVE S
2602824440004	6820 CEDAR AVE S
2602824440005	6826 CEDAR AVE S
2602824440006	6832 CEDAR AVE S
2602824440007	6838 CEDAR AVE S
2602824440008	6844 CEDAR AVE S
2602824440009	6845 18TH AVE S
2602824440010	6839 18TH AVE S
2602824440011	6833 18TH AVE S
2602824440012	6827 18TH AVE S
2602824440013	6821 18TH AVE S
2602824440014	6815 18TH AVE S
2602824440015	6809 18TH AVE S
2602824440016	6801 18TH AVE S
2602824440017	6800 18TH AVE S
2602824440018	6808 18TH AVE S
2602824440019	6814 18TH AVE S
2602824440020	6820 18TH AVE S
2602824440021	6826 18TH AVE S
2602824440022	6832 18TH AVE S
2602824440023	6838 18TH AVE S
2602824440024	6844 18TH AVE S
2602824440025	6845 17TH AVE S
2602824440026	6839 17TH AVE S
2602824440027	6833 17TH AVE S
2602824440028	6827 17TH AVE S
2602824440029	6821 17TH AVE S
2602824440030	6815 17TH AVE S
2602824440031	6809 17TH AVE S
2602824440032	6801 17TH AVE S
2602824440065	6900 CEDAR AVE S
2602824440066	6908 CEDAR AVE S
2602824440067	6914 CEDAR AVE S
2602824440068	6920 CEDAR AVE S
2602824440069	6924 CEDAR AVE S
2602824440070	6932 CEDAR AVE S
2602824440073	6945 18TH AVE S
2602824440074	6939 18TH AVE S
2602824440075	6933 18TH AVE S
2602824440076	6927 18TH AVE S
2602824440077	6921 18TH AVE S
2602824440078	6915 18TH AVE S

2602824440079	6909 18TH AVE S
2602824440080	6901 18TH AVE S
2602824440129	6938 CEDAR AVE S
3502824110001	6958 CEDAR AVE S
3502824110002	7001 18TH AVE S
3502824110003	7005 18TH AVE S
3502824110009	7000 CEDAR AVE S
3502824110010	7034 CEDAR AVE S
3502824110011	7040 CEDAR AVE S
3502824110012	7048 CEDAR AVE S
3502824110013	7100 CEDAR AVE S
3502824110014	7108 CEDAR AVE S
3502824110015	7116 CEDAR AVE S
3502824110016	7121 18TH AVE S
3502824110017	7115 18TH AVE S
3502824110018	7111 18TH AVE S
3502824110019	7105 18TH AVE S
3502824110020	7101 18TH AVE S
3502824110021	7049 18TH AVE S
3502824110022	7045 18TH AVE S
3502824110023	7039 18TH AVE S
3502824110024	7035 18TH AVE S
3502824110025	7033 18TH AVE S
3502824110026	7029 18TH AVE S
3502824110027	7025 18TH AVE S
3502824110123	7134 CEDAR AVE S
3502824110124	7145 18TH AVE S
3502824110125	7137 18TH AVE S
3502824110126	7131 18TH AVE S
3502824110127	7127 18TH AVE S

***(AS MODIFIED NOVEMBER 28, 2017)***

The following parcels are being removed from the District for inclusion in Tax Increment Financing District No. 2017-1 (The Chamberlain):

<b><u>Parcel Numbers</u></b>	<b><u>Address</u></b>	<b><u>Owner</u></b>
26-028-24-41-0067	6620 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0068	6626 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0069	6632 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0070	6638 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0071	6644 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0072	6645 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0073	6639 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0074	6633 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0075	6627 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0076	6621 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0077	6615 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0080	6700 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0081	6708 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0082	6714 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0083	6720 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0084	6726 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0085	6732 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0086	6738 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0087	6744 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0096	6700 Cedar Ave S	HRA
26-028-24-41-0097	6720 Cedar Ave S	Cedar South Pointe LLC
26-028-24-41-0098	6730 Cedar Ave S	Cedar South Pointe LLC
26-028-24-41-0099	6744 Cedar Ave S	Cedar South Pointe LLC
26-028-24-41-0100	6745 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0101	6739 18 <sup>th</sup> Ave S	HRA

26-028-24-41-0102	6733 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0103	6727 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0104	6721 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0105	6715 18 <sup>th</sup> Ave S	Richfield Apartments LLC
26-028-24-41-0106	6709 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0107	6701 18 <sup>th</sup> Ave S	HRA

The following are the parcels remaining in the District:

2502824320001	2502824330054	2502824330055	2502824330056	2502824330057
2502824330058	2502824330059	2502824330060	2502824330061	2502824330062
2602824110002	2602824110033	2602824110034	2602824110035	2602824110036
2602824110037	2602824110038	2602824110039	2602824110040	2602824110041
2602824110042	2602824110043	2602824110044	2602824110045	2602824110062
2602824140001	2602824140002	2602824140003	2602824140004	2602824140005
2602824140006	2602824140007	2602824140008	2602824140009	2602824140010
2602824140011	2602824140012	2602824140013	2602824140014	2602824140015
2602824140016	2602824140017	2602824140018	2602824140019	2602824140137
2602824140138	2602824140140	2602824140141	2602824410001	2602824410002
2602824410063	2602824410066	2602824410088	2602824410089	2602824410090
2602824410091	2602824410092	2602824410093	2602824410094	2602824410095
2602824410108	2602824440001	2602824440002	2602824440003	2602824440004
2602824440005	2602824440006	2602824440007	2602824440008	2602824440009
2602824440010	2602824440011	2602824440012	2602824440013	2602824440014
2602824440015	2602824440016	2602824440017	2602824440018	2602824440019
2602824440020	2602824440021	2602824440022	2602824440023	2602824440024
2602824440025	2602824440026	2602824440027	2602824440028	2602824440029
2602824440030	2602824440031	2602824440032	2602824440065	2602824440066
2602824440067	2602824440068	2602824440069	2602824440071	2602824440073
2602824440074	2602824440075	2602824440076	2602824440077	2602824440078

2602824440079	2602824440080	2602824440129	3502824110001	3502824110002
3502824110003	3502824110009	3502824110010	3502824110011	3502824110012
3502824110013	3502824110014	3502824110015	3502824110016	3502824110017
3502824110018	3502824110019	3502824110020	3502824110021	3502824110022
3502824110023	3502824110024	3502824110025	3502824110026	3502824110027
3502824110123	3502824110124	3502824110125	3502824110126	3502824110127

*(AS MODIFIED AUGUST 21, 2018)*

The following parcels are being removed from the District for inclusion in Tax Increment Financing District No. 2018-1:

<u>Parcel Numbers*</u>	<u>Address</u>	<u>Owner</u>
26.028.24.11.0033	6309 - 16 <sup>th</sup> Ave. S.	Dunn
26.028.24.11.0034	6315 - 16 <sup>th</sup> Ave. S.	Richfield HRA
26.028.24.11.0035	6321 - 16 <sup>th</sup> Ave. S.	Ramirez
26.028.24.11.0036	6327 - 16 <sup>th</sup> Ave. S.	Kowal
26.028.24.11.0037	6333 - 16 <sup>th</sup> Ave. S.	Richfield HRA
26.028.24.11.0038	6339 - 16 <sup>th</sup> Ave. S.	Bolstad
26.028.24.11.0039	6345 - 16 <sup>th</sup> Ave. S.	Robinson
26.028.24.14.0004	6401 - 16 <sup>th</sup> Ave. S.	Richfield HRA
26.028.24.14.0005	6409 - 16 <sup>th</sup> Ave. S.	Richfield HRA
26.028.24.14.0006	6415 - 16 <sup>th</sup> Ave. S.	Ray
26.028.24.14.0007	6421 - 16 <sup>th</sup> Ave. S.	Jones
26.028.24.14.0008	6427 - 16 <sup>th</sup> Ave. S.	Garcia
26.028.24.14.0009	6433 - 16 <sup>th</sup> Ave. S.	Secora
26.028.24.14.0010	6439 - 16 <sup>th</sup> Ave. S.	Pina
26.028.24.14.0011	6445 - 16 <sup>th</sup> Ave. S.	Soderberg
26.028.24.14.0003	6501 - 16 <sup>th</sup> Ave. S.	Mt. Calvary
26.028.24.14.0002	6509 - 16 <sup>th</sup> Ave. S.	Mt. Calvary

The following parcels remain in the District:

2502824320001	2502824330054	2502824330055	2502824330056	2502824330057
2502824330058	2502824330059	2502824330060	2502824330061	2502824330062
2602824110002	2602824110040	2602824110041	2602824110042	2602824110043
2602824110044	2602824110045	2602824110062	2602824140001	2602824140012
2602824140013	2602824140014	2602824140015	2602824140016	2602824140017
2602824140018	2602824140019	2602824140137	2602824140138	2602824140140
2602824140141	2602824410001	2602824410002	2602824410063	2602824410066
2602824410088	2602824410089	2602824410090	2602824410091	2602824410092
2602824410093	2602824410094	2602824410095	2602824410108	2602824440001
2602824440002	2602824440003	2602824440004	2602824440005	2602824440006
2602824440007	2602824440008	2602824440009	2602824440010	2602824440011
2602824440012	2602824440013	2602824440014	2602824440015	2602824440016
2602824440017	2602824440018	2602824440019	2602824440020	2602824440021
2602824440022	2602824440023	2602824440024	2602824440025	2602824440026
2602824440027	2602824440028	2602824440029	2602824440030	2602824440031
2602824440032	2602824440065	2602824440066	2602824440067	2602824440068
2602824440069	2602824440071	2602824440073	2602824440074	2602824440075
2602824440076	2602824440077	2602824440078	2602824440079	2602824440080
2602824440129	3502824110001	3502824110002	3502824110003	3502824110009
3502824110010	3502824110011	3502824110012	3502824110013	3502824110014
3502824110015	3502824110016	3502824110017	3502824110018	3502824110019
3502824110020	3502824110021	3502824110022	3502824110023	3502824110024
3502824110025	3502824110026	3502824110027	3502824110123	3502824110124
3502824110125	3502824110126	3502824110127		

APPENDIX D  
ESTIMATED CASH FLOW FOR THE DISTRICT





**CEDAR AVE TAX INCREMENT DISTRICT  
CITY OF RICHFIELD**

**SUMMARY**

<b>T.I.F. CASH FLOW ASSUMPTIONS</b>			
<b>District</b>	<b>New Redevelopment District</b>		
<b>County District #</b>			
Inflation Rate - Every _ Years	1.00%		
Pay-As-You-Go Interest Rate:	6.50%		
City Internal Loan Rate	4.00%		
Note Issued Date (Present Value Date):	01-Feb-06		
Local Tax Rate - Frozen	113.5680%	Pay 2006	
Fiscal Disparities Election	Inside		
Year District was certified	2006		
Assumes First Tax Increment For District	2008		
Year District was Modified	N/A		
Development located in modified area	N/A		
Assumes First Tax Increment For Dev	2009		
Years of Tax Increment	26		
Assumes Last Year of Tax Increment	2033		
Fiscal Disparities Ratio	33.6177%	Pay 2006	
Fiscal Disparities Metro Wide Tax Rate	121.8020%	Pay 2006	
Local Tax Rate - Current	107.7150%	Pay 2006	
State Wide Property Tax Rate (Used for total taxes)	50.8270%	Pay 2006	
Market Value Tax Rate (used for total taxes)	N/A	Pay 2006	
Commercial Industrial Class Rate	1.5%-2.0%	Pay 2006	
First 150,000	1.50%		
Over 150,000	2.00%		
Rental Class Rate	1.25%	Pay 2006	
Residential Class Ra - Under \$500,000	1.00%		
Over \$500,000	1.25%		

**Note:**

1. Tax estimates are based upon market value, construction costs and taxes per sq/ft.
2. Apartments/residential do not pay State-wide property tax or Fiscal Disparities
3. Assumes Fiscal Disparities is paid inside the district



# CEDAR AVE TAX INCREMENT DISTRICT

CITY OF RICHFIELD

## SUMMARY

TAX INCREMENT CASH FLOW													PAYMENT DATE		
PERIOD	BEGINNING		Base	Project	Fiscal	Captured	Semi-Annual	State	Admin.	Housing	Semi-Annual	Semi-Annual	PERIOD ENDING		
Yrs.	Mth.	Yr.	Tax Capacity	Tax Capacity	Disparities Reduction	Tax Capacity	Gross Tax Increment	Auditor 0.36%	10.00%	15.00%	Net Tax Increment	Present Value	Yrs.	Mth.	Yr.
Present Value Date						01-Feb-06									
0.0	1-Aug	2006	668,074	668,074				0					0.0	1-Feb	2006
0.0	1-Feb	2007	668,074	668,074	0	0	0	0	0	0	0	0	0.0	1-Aug	2006
0.0	1-Aug	2007	668,074	668,074	0	0	0	0	0	0	0	0	0.0	1-Feb	2007
0.0	1-Feb	2008	668,074	668,074	0	0	0	0	0	0	0	0	0.5	1-Aug	2007
0.5	1-Aug	2008	668,074	668,074	0	0	0	0	0	0	0	0	1.0	1-Feb	2008
1.0	1-Feb	2009	668,074	974,938	(78,342)	228,522	123,076	(443)	(12,263)	(18,395)	91,975	78,383	1.5	1-Aug	2008
1.5	1-Aug	2009	668,074	974,938	(78,342)	228,522	123,076	(443)	(12,263)	(18,395)	91,975	154,298	2.0	1-Feb	2009
2.0	1-Feb	2010	668,074	1,806,772	(290,749)	847,948	456,684	(1,644)	(45,504)	(68,256)	341,280	427,120	2.5	1-Aug	2009
2.5	1-Aug	2010	668,074	1,806,772	(290,749)	847,948	456,684	(1,644)	(45,504)	(68,256)	341,280	691,355	3.0	1-Feb	2010
3.0	1-Feb	2011	668,074	2,638,605	(503,157)	1,467,373	790,291	(2,845)	(78,745)	(118,117)	590,584	1,134,220	3.5	1-Aug	2010
3.5	1-Aug	2011	668,074	2,638,605	(503,157)	1,467,373	790,291	(2,845)	(78,745)	(118,117)	590,584	1,563,145	4.0	1-Feb	2011
4.0	1-Feb	2012	668,074	3,470,438	(715,565)	2,086,799	1,123,898	(4,046)	(111,985)	(167,978)	839,889	2,153,932	4.5	1-Aug	2011
4.5	1-Aug	2012	668,074	3,470,438	(715,565)	2,086,799	1,123,898	(4,046)	(111,985)	(167,978)	839,889	2,726,123	5.0	1-Feb	2012
5.0	1-Feb	2013	668,074	4,302,272	(927,973)	2,706,224	1,457,505	(5,247)	(145,226)	(217,839)	1,089,193	3,444,801	5.5	1-Aug	2012
5.5	1-Aug	2013	668,074	4,302,272	(927,973)	2,706,224	1,457,505	(5,247)	(145,226)	(217,839)	1,089,193	4,140,857	6.0	1-Feb	2013
6.0	1-Feb	2014	668,074	4,991,000	(1,103,879)	3,219,047	1,736,447	(6,251)	(173,020)	(259,529)	1,297,647	4,944,023	6.5	1-Aug	2013
6.5	1-Aug	2014	668,074	4,991,000	(1,103,879)	3,219,047	1,736,447	(6,251)	(173,020)	(259,529)	1,297,647	5,721,909	7.0	1-Feb	2014
7.0	1-Feb	2015	668,074	5,040,910	(1,116,623)	3,256,213	1,756,497	(6,323)	(175,017)	(262,526)	1,312,630	6,484,007	7.5	1-Aug	2014
7.5	1-Aug	2015	668,074	5,040,910	(1,116,623)	3,256,213	1,756,497	(6,323)	(175,017)	(262,526)	1,312,630	7,222,118	8.0	1-Feb	2015
8.0	1-Feb	2016	668,074	5,091,319	(1,129,495)	3,293,750	1,776,747	(6,396)	(177,035)	(265,553)	1,327,763	7,945,236	8.5	1-Aug	2015
8.5	1-Aug	2016	668,074	5,091,319	(1,129,495)	3,293,750	1,776,747	(6,396)	(177,035)	(265,553)	1,327,763	8,645,593	9.0	1-Feb	2016
9.0	1-Feb	2017	668,074	5,142,232	(1,142,496)	3,331,662	1,797,199	(6,470)	(179,073)	(268,609)	1,343,047	9,331,712	9.5	1-Aug	2016
9.5	1-Aug	2017	668,074	5,142,232	(1,142,496)	3,331,662	1,797,199	(6,470)	(179,073)	(268,609)	1,343,047	9,996,235	10.0	1-Feb	2017
10.0	1-Feb	2018	668,074	5,193,655	(1,155,626)	3,369,954	1,817,857	(6,544)	(181,131)	(271,697)	1,358,484	10,647,239	10.5	1-Aug	2017
10.5	1-Aug	2018	668,074	5,193,655	(1,155,626)	3,369,954	1,817,857	(6,544)	(181,131)	(271,697)	1,358,484	11,277,750	11.0	1-Feb	2018
11.0	1-Feb	2019	668,074	5,245,591	(1,168,888)	3,408,629	1,838,720	(6,619)	(183,210)	(274,815)	1,374,076	11,895,424	11.5	1-Aug	2018
11.5	1-Aug	2019	668,074	5,245,591	(1,168,888)	3,408,629	1,838,720	(6,619)	(183,210)	(274,815)	1,374,076	12,493,655	12.0	1-Feb	2019
12.0	1-Feb	2020	668,074	5,298,047	(1,182,283)	3,447,690	1,859,793	(6,695)	(185,310)	(277,965)	1,389,823	13,079,696	12.5	1-Aug	2019
12.5	1-Aug	2020	668,074	5,298,047	(1,182,283)	3,447,690	1,859,793	(6,695)	(185,310)	(277,965)	1,389,823	13,647,290	13.0	1-Feb	2020
13.0	1-Feb	2021	668,074	5,351,028	(1,195,811)	3,487,142	1,881,076	(6,772)	(187,430)	(281,146)	1,405,728	14,203,309	13.5	1-Aug	2020
13.5	1-Aug	2021	668,074	5,351,028	(1,195,811)	3,487,142	1,881,076	(6,772)	(187,430)	(281,146)	1,405,728	14,741,826	14.0	1-Feb	2021
14.0	1-Feb	2022	668,074	5,404,538	(1,209,475)	3,526,988	1,902,572	(6,849)	(189,572)	(284,358)	1,421,792	15,269,352	14.5	1-Aug	2021
14.5	1-Aug	2022	668,074	5,404,538	(1,209,475)	3,526,988	1,902,572	(6,849)	(189,572)	(284,358)	1,421,792	15,780,274	15.0	1-Feb	2022
15.0	1-Feb	2023	668,074	5,458,583	(1,223,276)	3,567,233	1,924,282	(6,927)	(191,736)	(287,603)	1,438,016	16,280,760	15.5	1-Aug	2022
15.5	1-Aug	2023	668,074	5,458,583	(1,223,276)	3,567,233	1,924,282	(6,927)	(191,736)	(287,603)	1,438,016	16,785,492	16.0	1-Feb	2023
16.0	1-Feb	2024	668,074	5,513,169	(1,237,214)	3,607,881	1,946,210	(7,006)	(193,920)	(290,881)	1,454,403	17,240,316	16.5	1-Aug	2023
16.5	1-Aug	2024	668,074	5,513,169	(1,237,214)	3,607,881	1,946,210	(7,006)	(193,920)	(290,881)	1,454,403	17,700,194	17.0	1-Feb	2024
17.0	1-Feb	2025	668,074	5,568,301	(1,251,292)	3,648,935	1,968,358	(7,086)	(196,127)	(294,191)	1,470,954	18,150,665	17.5	1-Aug	2024
17.5	1-Aug	2025	668,074	5,568,301	(1,251,292)	3,648,935	1,968,358	(7,086)	(196,127)	(294,191)	1,470,954	18,586,956	18.0	1-Feb	2025
18.0	1-Feb	2026	668,074	5,623,984	(1,265,511)	3,690,399	1,990,726	(7,167)	(198,356)	(297,534)	1,487,670	19,014,316	18.5	1-Aug	2025
18.5	1-Aug	2026	668,074	5,623,984	(1,265,511)	3,690,399	1,990,726	(7,167)	(198,356)	(297,534)	1,487,670	19,428,225	19.0	1-Feb	2026
19.0	1-Feb	2027	668,074	5,680,224	(1,279,871)	3,732,278	2,013,319	(7,248)	(200,607)	(300,911)	1,504,553	19,833,654	19.5	1-Aug	2026
19.5	1-Aug	2027	668,074	5,680,224	(1,279,871)	3,732,278	2,013,319	(7,248)	(200,607)	(300,911)	1,504,553	20,226,321	20.0	1-Feb	2027
20.0	1-Feb	2028	668,074	5,737,026	(1,294,376)	3,774,576	2,036,137	(7,330)	(202,881)	(304,321)	1,521,605	20,610,939	20.5	1-Aug	2027
20.5	1-Aug	2028	668,074	5,737,026	(1,294,376)	3,774,576	2,036,137	(7,330)	(202,881)	(304,321)	1,521,605	20,983,451	21.0	1-Feb	2028
21.0	1-Feb	2029	668,074	5,794,396	(1,309,025)	3,817,297	2,059,184	(7,413)	(205,177)	(307,766)	1,538,828	21,348,320	21.5	1-Aug	2028
21.5	1-Aug	2029	668,074	5,794,396	(1,309,025)	3,817,297	2,059,184	(7,413)	(205,177)	(307,766)	1,538,828	21,701,704	22.0	1-Feb	2029
22.0	1-Feb	2030	668,074	5,852,340	(1,323,821)	3,860,445	2,082,461	(7,497)	(207,496)	(311,245)	1,556,223	22,047,834	22.5	1-Aug	2029
22.5	1-Aug	2030	668,074	5,852,340	(1,323,821)	3,860,445	2,082,461	(7,497)	(207,496)	(311,245)	1,556,223	22,383,069	23.0	1-Feb	2030
23.0	1-Feb	2031	668,074	5,910,863	(1,338,765)	3,904,024	2,105,971	(7,581)	(209,839)	(314,758)	1,573,792	22,711,417	23.5	1-Aug	2030
23.5	1-Aug	2031	668,074	5,910,863	(1,338,765)	3,904,024	2,105,971	(7,581)	(209,839)	(314,758)	1,573,792	23,029,429	24.0	1-Feb	2031
24.0	1-Feb	2032	668,074	5,969,972	(1,353,858)	3,948,040	2,129,715	(7,667)	(212,205)	(318,307)	1,591,536	23,340,904	24.5	1-Aug	2031
24.5	1-Aug	2032	668,074	5,969,972	(1,353,858)	3,948,040	2,129,715	(7,667)	(212,205)	(318,307)	1,591,536	23,642,575	25.0	1-Feb	2032
25.0	1-Feb	2033	668,074	6,029,672	(1,369,103)	3,992,495	2,153,698	(7,753)	(214,594)	(321,892)	1,609,458	23,938,041	25.5	1-Aug	2032
25.5	1-Aug	2033	668,074	6,029,672	(1,369,103)	3,992,495	2,153,698	(7,753)	(214,594)	(321,892)	1,609,458	24,224,206	26.0	1-Feb	2033
			<b>Totals</b>		<b>(54,332,949)</b>		<b>85,495,591</b>	<b>(307,645)</b>	<b>(8,514,920)</b>	<b>(12,772,380)</b>	<b>63,861,898</b>				
<b>Present Value</b>							<b>45,943,843</b>	<b>(165,398)</b>	<b>(6,624,506)</b>	<b>(6,866,767)</b>		<b>24,224,206</b>			

### NOTES:

1. State Auditor payment is based upon 1st half, pay 2006 actual and may increase over term of district
2. TIF run does not reflect potential reduction in Market Value Homestead Credit
3. Amount of increment will vary depending upon market value, tax rates, class rates, construction schedule and inflation on Market Value.
4. Inflation on tax rates cannot be captured.
5. TIF does not capture state wide property taxes or market value property taxes



## CEDAR AVE TAX INCREMENT DISTRICT CITY OF RICHFIELD

### RETAIL

T.I.F. CASH FLOW ASSUMPTIONS			
District	New Redevelopment District		
County District #			
Inflation Rate - Every _ Years		1.00%	
Pay-As-You-Go Interest Rate:		6.50%	
City Internal Loan Rate		4.00%	
Note Issued Date (Present Value Date):		01-Feb-06	
Local Tax Rate - Frozen	107.71500%		Pay 2006
Fiscal Disparities Election		Inside	
Year District was certified		2006	
Assumes First Tax Increment For District		2008	
Year District was Modified		N/A	
Development located in modified area		N/A	
Assumes First Tax Increment For Dev		2009	
Years of Tax Increment		26	
Assumes Last Year of Tax Increment		2033	
Fiscal Disparities Ratio		33.6177%	Pay 2006
Fiscal Disparities Metro Wide Tax Rate		121.8020%	Pay 2006
Local Tax Rate - Current		107.7150%	Pay 2006
State Wide Property Tax Rate (Used for total taxes)		50.8270%	Pay 2006
Market Value Tax Rate (used for total taxes)		N/A	Pay 2006
Commercial Industrial Class Rate		1.5%-2.0%	Pay 2006
First 150,000		1.50%	
Over 150,000		2.00%	
Rental Class Rate		1.25%	Pay 2006
Residential Class Ra - Under \$500,000		1.00%	
Over \$500,000		1.25%	

BASE VALUE INFORMATION					
Watershed			Market Value	Tax Capacity	
<b>0</b>			32,594,600	396,759	
Comm Retail	158,333,333	61.29%	19,977,335	<b>1.5%-2.0%</b>	<b>398,797</b>
Housing	100,000,000	38.71%	12,617,265	<b>1.00%</b>	<b>126,173</b>
Total	258,333,333	100.00%	32,594,600	524,969	

PROJECT INFORMATION									
PHASE	Use	Total Sq. Ft./Units	Market Value Sq. Ft./Units	Market Value	Class Rate	New Tax Capacity	Date Completed	Date Asses	Date Payable
1	Retail	58,333	200.00	11,666,667	1.5%-2.0%	232,583	2007	2008	2009
	Office	100,000	200.00	20,000,000	1.5%-2.0%	399,250	2007	2008	2009
	Housing	100	200,000.00	20,000,000	1.00%	200,000	2007	2008	2009
2	Retail	58,333	200.00	11,666,667	1.5%-2.0%	232,583	2008	2009	2010
	Office	100,000	200.00	20,000,000	1.5%-2.0%	399,250	2008	2009	2010
	Housing	100	200,000.00	20,000,000	1.00%	200,000	2008	2009	2010
3	Retail	58,333	200.00	11,666,667	1.5%-2.0%	232,583	2009	2010	2011
	Office	100,000	200.00	20,000,000	1.5%-2.0%	399,250	2009	2010	2011
	Housing	100	200,000.00	20,000,000	1.00%	200,000	2009	2010	2011
4	Retail	58,333	200.00	11,666,667	1.5%-2.0%	232,583	2010	2011	2012
	Office	100,000	200.00	20,000,000	1.5%-2.0%	399,250	2010	2011	2012
	Housing	100	200,000.00	20,000,000	1.00%	200,000	2010	2011	2012
5	Retail	58,333	200.00	11,666,667	1.5%-2.0%	232,583	2011	2012	2013
	Office	100,000	200.00	20,000,000	1.5%-2.0%	399,250	2011	2012	2013
	Housing	100	200,000.00	20,000,000	1.00%	200,000	2011	2012	2013
TOTAL		792,167		258,333,333		4,159,167			

**Note:**

1. Tax estimates are based upon market value, construction costs and taxes per sq/ft.
2. Apartments/residential do not pay State-wide property tax or Fiscal Disparities
3. Assumes Fiscal Disparities is paid inside the district



## CEDAR AVE TAX INCREMENT DISTRICT

CITY OF RICHFIELD

RETAIL

TAX INCREMENT CASH FLOW													PAYMENT DATE		
PERIOD	BEGINNING		Base	Project	Fiscal	Captured	Semi-Annual	State	Admin.	Housing	Semi-Annual	Semi-Annual	PERIOD ENDING		
Yrs.	Mth.	Yr.	Tax Capacity	Tax Capacity	Disparities Reduction	Tax Capacity	Gross Tax Increment	Auditor 0.36%	10.00%	15.00%	Net Tax Increment	Present Value	Yrs.	Mth.	Yr.
Present Value Date						01-Feb-06									
0.0	1-Aug	2006	524,969	524,969									0.0	1-Feb	2006
0.0	1-Feb	2007	524,969	524,969	0	0	0	0	0	0	0	0	0.0	1-Aug	2006
0.0	1-Aug	2007	524,969	524,969	0	0	0	0	0	0	0	0	0.0	1-Feb	2007
0.0	1-Feb	2008	524,969	524,969	0	0	0	0	0	0	0	0	0.5	1-Aug	2007
0.5	1-Aug	2008	524,969	524,969	0	0	0	0	0	0	0	0	1.0	1-Feb	2008
1.0	1-Feb	2009	524,969	831,833	(78,342)	228,522	123,076	(443)	(12,263)	(18,395)	91,975	78,383	1.5	1-Aug	2008
1.5	1-Aug	2009	524,969	831,833	(78,342)	228,522	123,076	(443)	(12,263)	(18,395)	91,975	154,298	2.0	1-Feb	2009
2.0	1-Feb	2010	524,969	1,663,667	(290,749)	847,948	456,684	(1,644)	(45,504)	(68,256)	341,280	427,120	2.5	1-Aug	2009
2.5	1-Aug	2010	524,969	1,663,667	(290,749)	847,948	456,684	(1,644)	(45,504)	(68,256)	341,280	691,355	3.0	1-Feb	2010
3.0	1-Feb	2011	524,969	2,495,500	(503,157)	1,467,373	790,291	(2,845)	(78,745)	(118,117)	590,584	1,134,220	3.5	1-Aug	2010
3.5	1-Aug	2011	524,969	2,495,500	(503,157)	1,467,373	790,291	(2,845)	(78,745)	(118,117)	590,584	1,563,145	4.0	1-Feb	2011
4.0	1-Feb	2012	524,969	3,327,333	(715,565)	2,086,799	1,123,898	(4,046)	(111,985)	(167,978)	839,889	2,153,932	4.5	1-Aug	2011
4.5	1-Aug	2012	524,969	3,327,333	(715,565)	2,086,799	1,123,898	(4,046)	(111,985)	(167,978)	839,889	2,726,123	5.0	1-Feb	2012
5.0	1-Feb	2013	524,969	4,159,167	(927,973)	2,706,224	1,457,505	(5,247)	(145,226)	(217,839)	1,089,193	3,444,801	5.5	1-Aug	2012
5.5	1-Aug	2013	524,969	4,159,167	(927,973)	2,706,224	1,457,505	(5,247)	(145,226)	(217,839)	1,089,193	4,140,857	6.0	1-Feb	2013
6.0	1-Feb	2014	524,969	4,159,167	(927,973)	2,706,224	1,457,505	(5,247)	(145,226)	(217,839)	1,089,193	4,815,003	6.5	1-Aug	2013
6.5	1-Aug	2014	524,969	4,159,167	(927,973)	2,706,224	1,457,505	(5,247)	(145,226)	(217,839)	1,089,193	5,467,929	7.0	1-Feb	2014
7.0	1-Feb	2015	524,969	4,200,758	(938,593)	2,737,196	1,474,185	(5,307)	(146,888)	(220,332)	1,101,659	6,107,540	7.5	1-Aug	2014
7.5	1-Aug	2015	524,969	4,200,758	(938,593)	2,737,196	1,474,185	(5,307)	(146,888)	(220,332)	1,101,659	6,727,018	8.0	1-Feb	2015
8.0	1-Feb	2016	524,969	4,242,766	(949,320)	2,768,477	1,491,032	(5,368)	(148,566)	(222,850)	1,114,248	7,333,854	8.5	1-Aug	2015
8.5	1-Aug	2016	524,969	4,242,766	(949,320)	2,768,477	1,491,032	(5,368)	(148,566)	(222,850)	1,114,248	7,921,588	9.0	1-Feb	2016
9.0	1-Feb	2017	524,969	4,285,194	(960,154)	2,800,070	1,508,048	(5,429)	(150,262)	(225,393)	1,126,964	8,497,318	9.5	1-Aug	2016
9.5	1-Aug	2017	524,969	4,285,194	(960,154)	2,800,070	1,508,048	(5,429)	(150,262)	(225,393)	1,126,964	9,054,925	10.0	1-Feb	2017
10.0	1-Feb	2018	524,969	4,328,046	(971,096)	2,831,980	1,525,234	(5,491)	(151,974)	(227,961)	1,139,807	9,601,136	10.5	1-Aug	2017
10.5	1-Aug	2018	524,969	4,328,046	(971,096)	2,831,980	1,525,234	(5,491)	(151,974)	(227,961)	1,139,807	10,130,153	11.0	1-Feb	2018
11.0	1-Feb	2019	524,969	4,371,326	(982,148)	2,864,209	1,542,591	(5,553)	(153,704)	(230,556)	1,152,779	10,648,350	11.5	1-Aug	2018
11.5	1-Aug	2019	524,969	4,371,326	(982,148)	2,864,209	1,542,591	(5,553)	(153,704)	(230,556)	1,152,779	11,150,235	12.0	1-Feb	2019
12.0	1-Feb	2020	524,969	4,415,039	(993,310)	2,896,760	1,560,123	(5,616)	(155,451)	(233,176)	1,165,880	11,641,846	12.5	1-Aug	2019
12.5	1-Aug	2020	524,969	4,415,039	(993,310)	2,896,760	1,560,123	(5,616)	(155,451)	(233,176)	1,165,880	12,117,983	13.0	1-Feb	2020
13.0	1-Feb	2021	524,969	4,459,190	(1,004,583)	2,929,637	1,577,829	(5,680)	(157,215)	(235,822)	1,179,112	12,584,367	13.5	1-Aug	2020
13.5	1-Aug	2021	524,969	4,459,190	(1,004,583)	2,929,637	1,577,829	(5,680)	(157,215)	(235,822)	1,179,112	13,036,070	14.0	1-Feb	2021
14.0	1-Feb	2022	524,969	4,503,782	(1,015,970)	2,962,842	1,595,713	(5,745)	(158,997)	(238,495)	1,192,476	13,478,514	14.5	1-Aug	2021
14.5	1-Aug	2022	524,969	4,503,782	(1,015,970)	2,962,842	1,595,713	(5,745)	(158,997)	(238,495)	1,192,476	13,907,030	15.0	1-Feb	2022
15.0	1-Feb	2023	524,969	4,548,819	(1,027,470)	2,996,380	1,613,775	(5,810)	(160,797)	(241,195)	1,205,974	14,326,756	15.5	1-Aug	2022
15.5	1-Aug	2023	524,969	4,548,819	(1,027,470)	2,996,380	1,613,775	(5,810)	(160,797)	(241,195)	1,205,974	14,733,271	16.0	1-Feb	2023
16.0	1-Feb	2024	524,969	4,594,308	(1,039,086)	3,030,252	1,632,018	(5,875)	(162,614)	(243,921)	1,219,607	15,131,440	16.5	1-Aug	2023
16.5	1-Aug	2024	524,969	4,594,308	(1,039,086)	3,030,252	1,632,018	(5,875)	(162,614)	(243,921)	1,219,607	15,517,076	17.0	1-Feb	2024
17.0	1-Feb	2025	524,969	4,640,251	(1,050,817)	3,064,464	1,650,444	(5,942)	(164,450)	(246,675)	1,233,377	15,894,791	17.5	1-Aug	2024
17.5	1-Aug	2025	524,969	4,640,251	(1,050,817)	3,064,464	1,650,444	(5,942)	(164,450)	(246,675)	1,233,377	16,260,616	18.0	1-Feb	2025
18.0	1-Feb	2026	524,969	4,686,653	(1,062,666)	3,099,018	1,669,053	(6,009)	(166,304)	(249,457)	1,247,284	16,618,921	18.5	1-Aug	2025
18.5	1-Aug	2026	524,969	4,686,653	(1,062,666)	3,099,018	1,669,053	(6,009)	(166,304)	(249,457)	1,247,284	16,965,947	19.0	1-Feb	2026
19.0	1-Feb	2027	524,969	4,733,520	(1,074,633)	3,133,917	1,687,849	(6,076)	(168,177)	(252,266)	1,261,330	17,305,836	19.5	1-Aug	2026
19.5	1-Aug	2027	524,969	4,733,520	(1,074,633)	3,133,917	1,687,849	(6,076)	(168,177)	(252,266)	1,261,330	17,635,025	20.0	1-Feb	2027
20.0	1-Feb	2028	524,969	4,780,855	(1,086,720)	3,169,165	1,706,833	(6,145)	(170,069)	(255,103)	1,275,516	17,957,439	20.5	1-Aug	2027
20.5	1-Aug	2028	524,969	4,780,855	(1,086,720)	3,169,165	1,706,833	(6,145)	(170,069)	(255,103)	1,275,516	18,289,704	21.0	1-Feb	2028
21.0	1-Feb	2029	524,969	4,828,663	(1,098,928)	3,204,766	1,726,007	(6,214)	(171,979)	(257,969)	1,289,845	18,575,537	21.5	1-Aug	2028
21.5	1-Aug	2029	524,969	4,828,663	(1,098,928)	3,204,766	1,726,007	(6,214)	(171,979)	(257,969)	1,289,845	18,871,744	22.0	1-Feb	2029
22.0	1-Feb	2030	524,969	4,876,950	(1,111,258)	3,240,722	1,745,372	(6,283)	(173,909)	(260,863)	1,304,317	19,161,846	22.5	1-Aug	2029
22.5	1-Aug	2030	524,969	4,876,950	(1,111,258)	3,240,722	1,745,372	(6,283)	(173,909)	(260,863)	1,304,317	19,442,816	23.0	1-Feb	2030
23.0	1-Feb	2031	524,969	4,925,720	(1,123,711)	3,277,039	1,764,931	(6,354)	(175,858)	(263,787)	1,318,933	19,717,991	23.5	1-Aug	2030
23.5	1-Aug	2031	524,969	4,925,720	(1,123,711)	3,277,039	1,764,931	(6,354)	(175,858)	(263,787)	1,318,933	19,984,505	24.0	1-Feb	2031
24.0	1-Feb	2032	524,969	4,974,977	(1,136,289)	3,313,718	1,784,686	(6,425)	(177,826)	(266,739)	1,333,696	20,245,519	24.5	1-Aug	2031
24.5	1-Aug	2032	524,969	4,974,977	(1,136,289)	3,313,718	1,784,686	(6,425)	(177,826)	(266,739)	1,333,696	20,498,317	25.0	1-Feb	2032
25.0	1-Feb	2033	524,969	5,024,726	(1,148,993)	3,350,764	1,804,638	(6,497)	(179,814)	(269,721)	1,348,606	20,745,895	25.5	1-Aug	2032
25.5	1-Aug	2033	524,969	5,024,726	(1,148,993)	3,350,764	1,804,638	(6,497)	(179,814)	(269,721)	1,348,606	20,985,680	26.0	1-Feb	2033
			<b>Totals</b>		<b>(46,439,011)</b>		<b>72,977,389</b>	<b>(262,579)</b>	<b>(7,267,606)</b>	<b>(10,901,409)</b>	<b>54,507,045</b>				
<b>Present Value</b>							<b>39,555,053</b>	<b>(142,398)</b>	<b>(5,762,797)</b>	<b>(5,911,898)</b>		<b>20,985,680</b>			

### NOTES:

1. State Auditor payment is based upon 1st half, pay 2006 actual and may increase over term of district
2. TIF run does not reflect potential reduction in Market Value Homestead Credit
3. Amount of increment will vary depending upon market value, tax rates, class rates, construction schedule and inflation on Market Value.
4. Inflation on tax rates cannot be captured.
5. TIF does not capture state wide property taxes or market value property taxes



## CEDAR AVE TAX INCREMENT DISTRICT CITY OF RICHFIELD

### RETAIL

T.I.F. CASH FLOW ASSUMPTIONS			
District	New Redevelopment District		
County District #			
Inflation Rate - Every _ Years		1.00%	
Pay-As-You-Go Interest Rate:		6.50%	
City Internal Loan Rate		4.00%	
Note Issued Date (Present Value Date):		01-Feb-06	
Local Tax Rate - Frozen		108.7870%	Pay 2006
Fiscal Disparities Election		Inside	
Year District was certified		2006	
Assumes First Tax Increment For District		2008	
Year District was Modified		N/A	
Development located in modified area		N/A	
Assumes First Tax Increment For Dev		2009	
Years of Tax Increment		26	
Assumes Last Year of Tax Increment		2033	
Fiscal Disparities Ratio		33.6177%	Pay 2006
Fiscal Disparities Metro Wide Tax Rate		121.8020%	Pay 2006
Local Tax Rate - Current		107.7150%	Pay 2006
State Wide Property Tax Rate (Used for total taxes)		50.8270%	Pay 2006
Market Value Tax Rate (used for total taxes)		N/A	Pay 2006
Commercial Industrial Class Rate		1.5%-2.0%	Pay 2006
First 150,000		1.50%	
Over 150,000		2.00%	
Rental Class Rate		1.25%	Pay 2006
Residential Class Ra - Under \$500,000		1.00%	
Over \$500,000		1.25%	

BASE VALUE INFORMATION					
Watershed			Market Value	Tax Capacity	
<b>3</b>			8,919,000	108,761	
Comm Retail	31,666,667	61.29%	5,466,484	<b>1.5%-2.0%</b>	<b>108,580</b>
Housing	20,000,000	38.71%	3,452,516	<b>1.00%</b>	<b>34,525</b>
Total	51,666,667	100.00%	8,919,000	143,105	

PROJECT INFORMATION									
PHASE	Use	Total Sq. Ft./Units	Market Value Sq. Ft./Units	Market Value	Class Rate	New Tax Capacity	Date Completed	Date Asses	Date Payable
6	Retail	58,333	200.00	11,666,667	1.5%-2.0%	232,583	2012	2013	2014
	Office	100,000	200.00	20,000,000	1.5%-2.0%	399,250	2012	2013	2014
	Housing	100	200,000.00	20,000,000	1.00%	200,000	2012	2013	2014



## CEDAR AVE TAX INCREMENT DISTRICT

CITY OF RICHFIELD

RETAIL

TAX INCREMENT CASH FLOW															
PERIOD BEGINNING		Base Tax	Project Tax	Fiscal Disparities	Captured Tax	Semi-Annual Gross Tax	State Auditor	Admin.	Housing	Semi-Annual Net Tax	Semi-Annual Present Value	PAYMENT DATE			
Yrs.	Mth.	Yr.	Capacity	Capacity	Reduction	Capacity	Increment	0.36%	10.00%	15.00%	Increment	Value	Yrs.	Mth.	Yr.
Present Value Date						01-Feb-06									
0.0	1-Aug	2006	143,105	143,105									0.0	1-Feb	2006
0.0	1-Feb	2007	143,105	143,105	0	0	0	0	0	0	0	0	0.0	1-Aug	2006
0.0	1-Aug	2007	143,105	143,105	0	0	0	0	0	0	0	0	0.0	1-Feb	2007
0.0	1-Feb	2008	143,105	143,105	0	0	0	0	0	0	0	0	0.5	1-Aug	2007
0.5	1-Aug	2008	143,105	143,105	0	0	0	0	0	0	0	0	1.0	1-Feb	2008
1.0	1-Feb	2009	143,105	143,105	0	0	0	0	0	0	0	0	1.5	1-Aug	2008
1.5	1-Aug	2009	143,105	143,105	0	0	0	0	0	0	0	0	2.0	1-Feb	2009
2.0	1-Feb	2010	143,105	143,105	0	0	0	0	0	0	0	0	2.5	1-Aug	2009
2.5	1-Aug	2010	143,105	143,105	0	0	0	0	0	0	0	0	3.0	1-Feb	2010
3.0	1-Feb	2011	143,105	143,105	0	0	0	0	0	0	0	0	3.5	1-Aug	2010
3.5	1-Aug	2011	143,105	143,105	0	0	0	0	0	0	0	0	4.0	1-Feb	2011
4.0	1-Feb	2012	143,105	143,105	0	0	0	0	0	0	0	0	4.5	1-Aug	2011
4.5	1-Aug	2012	143,105	143,105	0	0	0	0	0	0	0	0	5.0	1-Feb	2012
5.0	1-Feb	2013	143,105	143,105	0	0	0	0	0	0	0	0	5.5	1-Aug	2012
5.5	1-Aug	2013	143,105	143,105	0	0	0	0	0	0	0	0	6.0	1-Feb	2013
6.0	1-Feb	2014	143,105	831,833	(175,906)	512,823	278,942	(1,004)	(27,794)	(41,691)	208,453	129,020	6.5	1-Aug	2013
6.5	1-Aug	2014	143,105	831,833	(175,906)	512,823	278,942	(1,004)	(27,794)	(41,691)	208,453	253,980	7.0	1-Feb	2014
7.0	1-Feb	2015	143,105	840,152	(178,030)	519,017	282,311	(1,016)	(28,130)	(42,194)	210,971	376,467	7.5	1-Aug	2014
7.5	1-Aug	2015	143,105	840,152	(178,030)	519,017	282,311	(1,016)	(28,130)	(42,194)	210,971	495,099	8.0	1-Feb	2015
8.0	1-Feb	2016	143,105	848,553	(180,175)	525,273	285,714	(1,029)	(28,469)	(42,703)	213,514	611,382	8.5	1-Aug	2015
8.5	1-Aug	2016	143,105	848,553	(180,175)	525,273	285,714	(1,029)	(28,469)	(42,703)	213,514	724,005	9.0	1-Feb	2016
9.0	1-Feb	2017	143,105	857,039	(182,342)	531,592	289,151	(1,041)	(28,811)	(43,217)	216,083	834,395	9.5	1-Aug	2016
9.5	1-Aug	2017	143,105	857,039	(182,342)	531,592	289,151	(1,041)	(28,811)	(43,217)	216,083	941,310	10.0	1-Feb	2017
10.0	1-Feb	2018	143,105	865,609	(184,530)	537,974	292,623	(1,053)	(29,157)	(43,735)	218,677	1,046,103	10.5	1-Aug	2017
10.5	1-Aug	2018	143,105	865,609	(184,530)	537,974	292,623	(1,053)	(29,157)	(43,735)	218,677	1,147,597	11.0	1-Feb	2018
11.0	1-Feb	2019	143,105	874,265	(186,741)	544,420	296,129	(1,066)	(29,506)	(44,259)	221,297	1,247,074	11.5	1-Aug	2018
11.5	1-Aug	2019	143,105	874,265	(186,741)	544,420	296,129	(1,066)	(29,506)	(44,259)	221,297	1,343,421	12.0	1-Feb	2019
12.0	1-Feb	2020	143,105	883,008	(188,973)	550,930	299,670	(1,079)	(29,859)	(44,789)	223,943	1,437,850	12.5	1-Aug	2019
12.5	1-Aug	2020	143,105	883,008	(188,973)	550,930	299,670	(1,079)	(29,859)	(44,789)	223,943	1,529,307	13.0	1-Feb	2020
13.0	1-Feb	2021	143,105	891,838	(191,228)	557,505	303,247	(1,092)	(30,215)	(45,323)	226,616	1,618,942	13.5	1-Aug	2020
13.5	1-Aug	2021	143,105	891,838	(191,228)	557,505	303,247	(1,092)	(30,215)	(45,323)	226,616	1,705,756	14.0	1-Feb	2021
14.0	1-Feb	2022	143,105	900,756	(193,505)	564,146	306,859	(1,105)	(30,575)	(45,863)	229,316	1,790,839	14.5	1-Aug	2021
14.5	1-Aug	2022	143,105	900,756	(193,505)	564,146	306,859	(1,105)	(30,575)	(45,863)	229,316	1,873,243	15.0	1-Feb	2022
15.0	1-Feb	2023	143,105	909,764	(195,805)	570,854	310,507	(1,118)	(30,939)	(46,408)	232,042	1,954,003	15.5	1-Aug	2022
15.5	1-Aug	2023	143,105	909,764	(195,805)	570,854	310,507	(1,118)	(30,939)	(46,408)	232,042	2,032,221	16.0	1-Feb	2023
16.0	1-Feb	2024	143,105	918,862	(198,128)	577,628	314,192	(1,131)	(31,306)	(46,959)	234,796	2,108,875	16.5	1-Aug	2023
16.5	1-Aug	2024	143,105	918,862	(198,128)	577,628	314,192	(1,131)	(31,306)	(46,959)	234,796	2,183,117	17.0	1-Feb	2024
17.0	1-Feb	2025	143,105	928,050	(200,475)	584,471	317,914	(1,144)	(31,677)	(47,515)	237,577	2,255,874	17.5	1-Aug	2024
17.5	1-Aug	2025	143,105	928,050	(200,475)	584,471	317,914	(1,144)	(31,677)	(47,515)	237,577	2,326,340	18.0	1-Feb	2025
18.0	1-Feb	2026	143,105	937,331	(202,844)	591,381	321,673	(1,158)	(32,051)	(48,077)	240,386	2,395,396	18.5	1-Aug	2025
18.5	1-Aug	2026	143,105	937,331	(202,844)	591,381	321,673	(1,158)	(32,051)	(48,077)	240,386	2,462,277	19.0	1-Feb	2026
19.0	1-Feb	2027	143,105	946,704	(205,238)	598,361	325,470	(1,172)	(32,430)	(48,645)	243,223	2,527,818	19.5	1-Aug	2026
19.5	1-Aug	2027	143,105	946,704	(205,238)	598,361	325,470	(1,172)	(32,430)	(48,645)	243,223	2,591,296	20.0	1-Feb	2027
20.0	1-Feb	2028	143,105	956,171	(207,655)	605,411	329,304	(1,185)	(32,812)	(49,218)	246,089	2,653,500	20.5	1-Aug	2027
20.5	1-Aug	2028	143,105	956,171	(207,655)	605,411	329,304	(1,185)	(32,812)	(49,218)	246,089	2,713,746	21.0	1-Feb	2028
21.0	1-Feb	2029	143,105	965,733	(210,097)	612,531	333,177	(1,199)	(33,198)	(49,797)	248,983	2,772,783	21.5	1-Aug	2028
21.5	1-Aug	2029	143,105	965,733	(210,097)	612,531	333,177	(1,199)	(33,198)	(49,797)	248,983	2,829,960	22.0	1-Feb	2029
22.0	1-Feb	2030	143,105	975,390	(212,563)	619,722	337,089	(1,214)	(33,588)	(50,381)	251,906	2,885,988	22.5	1-Aug	2029
22.5	1-Aug	2030	143,105	975,390	(212,563)	619,722	337,089	(1,214)	(33,588)	(50,381)	251,906	2,940,253	23.0	1-Feb	2030
23.0	1-Feb	2031	143,105	985,144	(215,054)	626,986	341,039	(1,228)	(33,981)	(50,972)	254,859	2,993,425	23.5	1-Aug	2030
23.5	1-Aug	2031	143,105	985,144	(215,054)	626,986	341,039	(1,228)	(33,981)	(50,972)	254,859	3,044,924	24.0	1-Feb	2031
24.0	1-Feb	2032	143,105	994,995	(217,569)	634,321	345,030	(1,242)	(34,379)	(51,568)	257,841	3,095,385	24.5	1-Aug	2031
24.5	1-Aug	2032	143,105	994,995	(217,569)	634,321	345,030	(1,242)	(34,379)	(51,568)	257,841	3,144,258	25.0	1-Feb	2032
25.0	1-Feb	2033	143,105	1,004,945	(220,110)	641,731	349,060	(1,257)	(34,780)	(52,170)	260,852	3,192,146	25.5	1-Aug	2032
25.5	1-Aug	2033	143,105	1,004,945	(220,110)	641,731	349,060	(1,257)	(34,780)	(52,170)	260,852	3,238,526	26.0	1-Feb	2033
Totals					(7,893,938)		12,556,951	(45,066)	(1,247,314)	(1,870,971)	9,354,853				
Present Value							6,388,790	(23,000)	(861,709)	(954,869)		3,238,526			

## NOTES:

1. State Auditor payment is based upon 1st half, pay 2006 actual and may increase over term of district
2. TIF run does not reflect potential reduction in Market Value Homestead Credit
3. Amount of increment will vary depending upon market value, tax rates, class rates, construction schedule and inflation on Market Value.
4. Inflation on tax rates cannot be captured.
5. TIF does not capture state wide property taxes or market value property taxes

APPENDIX E

MINNESOTA BUSINESS ASSISTANCE FORM  
(MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT)

## APPENDIX F

### FINDINGS AND BUT/FOR QUALIFICATIONS

But-For Analysis	
Current Market Value	41,513,600
New Market Value - Estimate	310,000,000
Difference	268,486,400
Present Value of Tax Increment	45,943,843
Difference	222,542,557
<b>Value Likely to Occur Without TIF is Less Than:</b>	<b>222,542,557</b>

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

1. *Finding that the Cedar Avenue Tax Increment Financing District is a redevelopment district as defined in the Laws of Minnesota 2005, Chapter 152, Article 2, Section 25.*

*Sec. 25. [CITY OF RICHFIELD; TAX INCREMENT FINANCING DISTRICT.]*

*Subdivision 1. [AUTHORIZATION.]*

*The City of Richfield may create a tax increment financing district consisting of an area lying west of Trunk Highway 77 extending: to 16<sup>th</sup> Avenue between Crosstown Highway 62 and 66<sup>th</sup> Street; to 17<sup>th</sup> Avenue between 66<sup>th</sup> and 69<sup>th</sup> Streets; and to 18<sup>th</sup> Avenue between 69<sup>th</sup> and 72<sup>nd</sup> Streets. The City or its Housing and Redevelopment Authority may be the authority for the purposes of Minnesota Statutes, sections 469.174 to 469.179.*

*Subd. 2. [DISTRICT IS REDEVELOPMENT DISTRICT.]*

*The redevelopment tax increment district created pursuant to subdivision 1 is deemed to be a redevelopment district and is subject to Minnesota Statutes, sections 469.174 to 469.179, except that:*

*(1) expenditures for activities as defined in Minnesota Statutes, section 469.1763, subdivision 1, paragraph (b), anywhere in the district are deemed to be the costs of correcting conditions that allow the designation of redevelopment districts pursuant to Minnesota Statutes, section 469.174, subdivision 10; and*

*(2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply.*

*[EFFECTIVE DATE.] This section received local approval by the City of Richfield on June 28, 2005 in compliance with Minnesota Statutes, section 645.021.*



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

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels because of their location in a noise impacted area, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing.

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

A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. If all development which is proposed to be assisted with tax increment were to occur in the District, the total increase in market value would be up to \$268,486,400. The present value of tax increments from the District is estimated to be \$47,049,903. It is the Council's finding that no development with a market value of greater than \$221,436,497 would occur without tax increment assistance in this district within 25 years. This finding is based upon evidence from general past experience with the high cost of acquisition and public improvements in the general area of the District. (See Cashflow in Appendix D of the TIF Plan.)

3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for the District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Richfield Redevelopment Project Area by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State and add a high quality development to the City.

APPENDIX G  
PRIOR IMPROVEMENTS

## APPENDIX H

Laws of Minnesota 2005, Chapter 152, Article 2, Section 25

### Sec. 25. [CITY OF RICHFIELD; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [AUTHORIZATION.] The city of Richfield may create a tax increment financing district consisting of an area lying west of Trunk Highway 77 extending: to 16th Avenue between Crosstown Highway 62 and 66th Street; to 17th Avenue between 66th and 69th Streets; and to 18th Avenue between 69th and 72nd Streets. The city or its housing and redevelopment authority may be the authority for the purposes of Minnesota Statutes, sections 469.174 to 469.179.

Subd. 2. [DISTRICT IS REDEVELOPMENT DISTRICT.] The redevelopment tax increment district created pursuant to subdivision 1 is deemed to be a redevelopment district and is subject to Minnesota Statutes, sections 469.174 to 469.179, except that:

(1) expenditures for activities as defined in Minnesota Statutes, section 469.1763, subdivision 1, paragraph (b), anywhere in the district are deemed to be the costs of correcting conditions that allow the designation of redevelopment districts pursuant to Minnesota Statutes, section 469.174, subdivision 10; and

(2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply.

[EFFECTIVE DATE.] This section is effective upon local approval by the city of Richfield in compliance with Minnesota Statutes, section 645.021.

## APPENDIX I

### 2017 SPECIAL LEGISLATION

*Minnesota Laws 2017, First Special Session, Chapter 1, Article 6, Section 18* is as follows:

Sec. 18. CITY OF RICHFIELD; EXTENSION OF CEDAR AVENUE TIF DISTRICT.

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the city of Richfield and the Housing and Redevelopment Authority in and for the city of Richfield may elect to extend the duration limit of the redevelopment tax increment financing district known as the Cedar Avenue Tax Increment Financing District established by Laws 2005, chapter 152, article 2, section 25, by ten years.

EFFECTIVE DATE. This section is effective upon compliance by the governing bodies of the city of Richfield, Hennepin County and Independent School District No. 280 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2; and 645.021, subdivisions 2 and 3.



*As of August 13, 2018  
Draft for City Council review*

**Modification to the Redevelopment Plan  
for the Richfield Redevelopment Project Area**

**and the**

**Tax Increment Financing Plan**

**for the establishment of**

**Tax Increment Financing District No. 2018-1  
(a housing district)**

**within**

**Richfield Redevelopment Project Area**

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

Public Hearing: August 21, 2018  
Adopted:

*This document is in draft form for distribution to the County and the School District. The TIF Plan contains the estimated fiscal and economic implications of the proposed TIF District. The City and the HRA may make minor changes to this draft document prior to the public hearing.*



**EHLERS**

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## ***Section 1 - Modification to the Redevelopment Plan for Richfield Redevelopment Project Area***

### **Foreword**

The following text represents a Modification to the Redevelopment Plan for Richfield Redevelopment Project Area. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for Richfield Redevelopment Project Area. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 2018-1.

For further information, a review of the Redevelopment Plan for Richfield Redevelopment Project Area, adopted June 14, 1993, is recommended. It is available from the Community Development Director or at the City of Richfield. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Richfield Redevelopment Project Area.



## **Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 2018-1**

### **Subsection 2-1. Foreword**

The Richfield Housing and Redevelopment Authority (the "HRA"), the City of Richfield (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 2018-1 (the "District"), a housing tax increment financing district, located in the Richfield Redevelopment Project Area.

### **Subsection 2-2. Statutory Authority**

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the HRA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.001 to 469.047*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

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

### **Subsection 2-3. Statement of Objectives**

The District currently consists of 17 parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the construction of approximately 80 owner occupied townhomes in the City. Please see Appendix A for further District information. The HRA has not entered into an agreement but anticipates entering into an agreement with NHH Properties, and development is likely to begin in the Fall 2018. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for Richfield Redevelopment Project Area.

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

### **Subsection 2-4. Redevelopment Plan Overview**

1. Property to be Acquired - The HRA or City currently owns 4 parcels of property within the District. The remaining property located within the District may be acquired by the HRA or City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the HRA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The HRA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the

District.

## **Subsection 2-5. Description of Property in the District and Property To Be Acquired**

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed in Appendix C of this TIF Plan. Please also see the map in Appendix B for further information on the location of the District.

The HRA or City currently owns 4 parcels to be included in the District.

## **Subsection 2-6. Classification of the District**

The HRA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1799*, as amended, inclusive, find that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11* and *M.S., Section 469.1761* as defined below:

*M.S., Section 469.174, Subd.11:*

*"Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts, and that satisfies the requirements of M.S., Section 469.1761. Housing project means a project, or portion of a project, that meets all the qualifications of a housing district under this subdivision, whether or not actually established as a housing district.*

*M.S., Section 469.1761:*

*Subd. 1. Requirement imposed.*

*(a) In order for a tax increment financing district to qualify as a housing district:*

*(1) the income limitations provided in this section must be satisfied; and*

*(2) no more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses.*

*(b) The requirements imposed by this section apply to property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the authority's cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies. The provisions of this section do not apply to districts located within a targeted area as defined in Section 462C.02 Subd 9, clause (e).*

*(c) For purposes of the requirements of paragraph (a), the authority may elect to treat an addition to an existing structure as a separate building if:*

*(1) construction of the addition begins more than three years after construction of the existing structure was completed; and*

(2) *for an addition that does not meet the requirements of paragraph (a), clause (2), if it is treated as a separate building, the addition was not contemplated by the tax increment financing plan which includes the existing structure.*

*Subd. 2. Owner occupied housing.*

*For owner occupied residential property, 95 percent of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code.*

*Subd. 3. Rental property.*

*For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code. The requirements of this subdivision apply for the duration of the tax increment financing district.*

*Subd. 4. Noncompliance; enforcement.*

*Failure to comply with the requirements of this section is subject to M.S., Section 469.1771.*

In meeting the statutory criteria the HRA and City rely on the following facts and findings:

- The District consists of 17 parcels.
- The development will consist of approximately 80 units of single family owner occupied housing
- At least 95% of the houses assisted with tax increment must be occupied with persons at 100% of median income for a family of two or less and 115% of median income for families of three or more (rental housing would have stricter income limitations). Median income under this provision is the greater of the statewide median or the county median. For Hennepin County, the median income is \$94,300 and the statewide median is \$69,500 (year 2018). Therefore, the family of three or more could earn up to \$108,445 (115% of \$94,300) and still qualify to live in the homes. (See Appendix E).

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

## **Subsection 2-7. Duration and First Year of Tax Increment of the District**

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the HRA (a total of 26 years of tax increment). The HRA elects to receive the first tax increment in 2021, which is no later than four years following the year of approval of the District. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2046, or when the TIF Plan is satisfied. The HRA reserves the right to decertify the District prior to the legally required date.

## **Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements**

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

in 2018 for taxes payable 2019.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2021) the amount by which the original value has increased or decreased as a result of:

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

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

The original local tax rate for the District will be the local tax rate for taxes payable 2019, assuming the request for certification is made before June 30, 2019. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Richfield Redevelopment Project Area, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The HRA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2021. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

<b>Project Estimated Tax Capacity upon Completion (PTC)</b>	<b>\$476,294</b>	
<b>Original Estimated Net Tax Capacity (ONTC)</b>	<b>\$27,120</b>	
<b>Estimated Captured Tax Capacity (CTC)</b>	<b>\$449,174</b>	
<b>Original Local Tax Rate</b>	<b>1.49863</b>	Pay 2018
<b>Estimated Annual Tax Increment (CTC x Local Tax Rate)</b>	<b>\$673,146</b>	
<b>Percent Retained by the HRA</b>	<b>100%</b>	

Tax capacity includes a 3% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$36,079.

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

**The City is reviewing the area to be included in the District to determine if any building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.**

## **Subsection 2-9. Sources of Revenue/Bonds to be Issued**

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

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

<b><u>SOURCES OF FUNDS</u></b>	<b><u>TOTAL</u></b>
Tax Increment	\$11,447,128
<u>Interest</u>	<u>\$1,144,713</u>
<b>TOTAL</b>	<b>\$12,591,841</b>

The HRA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$12,591,841. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

## **Subsection 2-10. Uses of Funds**

Currently under consideration for the District is a proposal to facilitate the construction of approximately 80 owner occupied townhomes. The HRA and City have determined that it will be necessary to provide assistance to the project for certain District costs, as described. The HRA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<b><u>USES OF TAX INCREMENT FUNDS</u></b>	<b><u>TOTAL</u></b>
Land/Building Acquisition	\$4,275,000
Site Improvements/Preparation	\$750,000
Utilities	\$225,000
Other Qualifying Improvements	\$554,779
<u>Administrative Costs (up to 10%)</u>	<u>\$1,144,713</u>
PROJECT COST TOTAL	\$6,949,492
<u>Interest</u>	<u>\$5,642,349</u>
<b>PROJECT AND INTEREST COSTS TOTAL</b>	<b>\$12,591,841</b>

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The HRA may expend funds for qualified housing activities outside of the District boundaries.

### **Subsection 2-11. Fiscal Disparities Election**

Pursuant to *M.S., Section 469.177, Subd. 3*, the City may elect one of two methods to calculate fiscal disparities. If the calculations pursuant to *M.S., Section 469.177, Subd. 3, clause a*, (outside the District) are followed, the following method of computation shall apply:

- (1) The original net tax capacity and the current net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured net tax capacity and no tax increment determination. Where the original net tax capacity is less than the current net tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.*
- (2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the lesser of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.*

**The City will choose to calculate fiscal disparities by clause a. It is not anticipated that the District will contain commercial/industrial property. As a result, there should be no impact due to the fiscal disparities provision on the District.**

According to *M.S., Section 469.177, Subd. 3*:

- (c) The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).*

### **Subsection 2-12. Business Subsidies**

Pursuant to *M.S., Section 116J.993, Subd. 3*, the following forms of financial assistance are not considered a business subsidy:

- (1) A business subsidy of less than \$150,000;
- (2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;



- (3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) Redevelopment property polluted by contaminants as defined in *M.S., Section 116J.552, Subd. 3*;
- (5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
- (6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- (7) Assistance for housing;
- (8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under *M.S., Section 469.174, Subd. 23*;
- (9) Assistance for energy conservation;
- (10) Tax reductions resulting from conformity with federal tax law;
- (11) Workers' compensation and unemployment compensation;
- (12) Benefits derived from regulation;
- (13) Indirect benefits derived from assistance to educational institutions;
- (14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- (15) Assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;
- (17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- (18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- (19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- (20) Funds from dock and wharf bonds issued by a seaway port authority;
- (21) Business loans and loan guarantees of \$150,000 or less;
- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
- (23) Property tax abatements granted under *M.S., Section 469.1813* to property that is subject to valuation under Minnesota Rules, chapter 8100.

The HRA will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions.

### **Subsection 2-13. County Road Costs**

Pursuant to *M.S., Section 469.175, Subd. 1a*, the county board may require the HRA or City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or within five years under another county plan.

If the county elects to use increments to improve county roads, it must notify the HRA or City within forty-five days of receipt of this TIF Plan. In the opinion of the HRA and City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan

was not forwarded to the county 45 days prior to the public hearing. The HRA and City are aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

## Subsection 2-14. Estimated Impact on Other Taxing Jurisdictions

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

IMPACT ON TAX BASE			
	<b>2017/Pay 2018 Total Net Tax Capacity</b>	<b>Estimated Captured Tax Capacity (CTC) Upon Completion</b>	<b>Percent of CTC to Entity Total</b>
Hennepin County	1,685,924,784	449,174	<b>0.0266%</b>
City of Richfield	30,001,418	449,174	<b>1.4972%</b>
Richfield Public School District ISD No. 280	43,598,799	449,174	<b>1.0302%</b>

IMPACT ON TAX RATES				
	<b>2017/Pay 2018 Extension Rates</b>	<b>Percent of Total</b>	<b>CTC</b>	<b>Potential Taxes</b>
Hennepin County	0.428080	28.56%	449,174	<b>192,282</b>
City of Richfield	0.593350	39.59%	449,174	<b>266,517</b>
Richfield Public School District ISD No. 280	0.370500	24.72%	449,174	<b>166,419</b>
Other	<u>0.106700</u>	<u>7.12%</u>	<u>449,174</u>	<u><b>47,927</b></u>
<b>Total</b>	1.498630	100.00%		<b>673,146</b>

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual Pay 2018 rate. The total net capacity for the entities listed above are based on actual Pay 2018 figures. The District will be certified under the actual Pay 2019 rates, which were unavailable at the time this TIF Plan was prepared.

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

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$11,447,127;
- (2) Probable impact of the District on city provided services and ability to issue debt. A minimal impact of the District on police protection is expected. The City does track all calls for service including property-type calls and crimes. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall



demands to the call load. The City believes there is a slight possibility that the proposed development, in and of itself, will necessitate new capital investment in vehicles.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. The existing buildings are several non-sprinkled single family homes that are being replaced by new, sprinklered town homes.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated \$198,800 in sanitary sewer (SAC) and water (WAC) connection fees.

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

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$2,829,730;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$3,269,300;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

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

## **Subsection 2-15. Supporting Documentation**

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the HRA and City's findings:

- Cedar Avenue Corridor Master Plan (2016)
- City of Richfield Comprehensive Plan (2007)
- Cedar Avenue Corridor Redevelopment Concept Master Plan (2004)
- Tax Increment Application from NHH Properties.

## **Subsection 2-16. Definition of Tax Increment Revenues**

Pursuant to *M.S., Section 469.174, Subd. 25*, tax increment revenues derived from a tax increment financing district include all of the following potential revenue sources:

1. Taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under *M.S., Section 469.177*;
2. The proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the authority with tax increments;
3. Principal and interest received on loans or other advances made by the authority with tax increments;
4. Interest or other investment earnings on or from tax increments;
5. Repayments or return of tax increments made to the Authority under agreements for districts for which the request for certification was made after August 1, 1993; and
6. The market value homestead credit paid to the Authority under *M.S., Section 273.1384*.

## **Subsection 2-17. Modifications to the District**

In accordance with *M.S., Section 469.175, Subd. 4*, any:

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;
2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the HRA or City;
5. Increase in the estimate of the cost of the District, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the HRA or City,

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a housing district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 11* must be documented. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2) (A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the HRA agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

The HRA or City must notify the County Auditor of any modification to the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

## **Subsection 2-18. Administrative Expenses**

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the HRA or City, *other than*:

1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the District;
4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S., Section 469.178*; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for District costs which exceed ten percent of total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined in *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District and are not subject to the percentage limits of *M.S., Section 469.176, Subd. 3*. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to *M.S., Section 469.177, Subd. 11*, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the HRA or City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

## **Subsection 2-19. Limitation of Increment**

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the District may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to *M.S., Section 469.176, Subd. 6*:

*if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most*

*recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.*

The HRA or City or a property owner must improve parcels within the District by approximately August 2022 and report such actions to the County Auditor.

## **Subsection 2-20. Use of Tax Increment**

The HRA or City hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the District for the following purposes:

1. To pay the principal of and interest on bonds issued to finance a project;
2. to finance, or otherwise pay public redevelopment costs of the Richfield Redevelopment Project Area pursuant to *M.S., Sections 469.001 to 469.047*;
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4*;
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the HRA or City or for the benefit of Richfield Redevelopment Project Area by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C. M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178*; and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178*.

**Revenues derived from tax increment from a housing district must be used solely to finance the cost of housing projects as defined in *M.S., Sections 469.174, Subd. 11 and 469.1761*. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the HRA or City may be included in the cost of a housing project.**

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by *M.S., Section 469.176, Subd. 4*.

Tax increments generated in the District will be paid by Hennepin County to the HRA for the Tax Increment Fund of said District. The HRA or City will pay to the developer annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. Remaining increment funds will be used for HRA or City administration (up to 10 percent) and for the costs of public improvement activities outside the District.

## **Subsection 2-21. Excess Increments**

Excess increments, as defined in *M.S., Section 469.176, Subd. 2*, shall be used only to do one or more of the following:

1. Prepay any outstanding bonds;
2. Discharge the pledge of tax increment for any outstanding bonds;
3. Pay into an escrow account dedicated to the payment of any outstanding bonds; or
4. Return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

The HRA or City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the HRA or City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in Richfield Redevelopment Project Area or the District.

## **Subsection 2-22. Requirements for Agreements with the Developer**

The HRA or City will review any proposal for private development to determine its conformance with the Redevelopment Plan and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the HRA or City to demonstrate the conformance of the development with City plans and ordinances. The HRA or City may also use the Agreements to address other issues related to the development.

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 10 percent, by acreage, of the property to be acquired in the project area as set forth in the TIF Plan shall at any time be owned by the HRA or City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 10 percent of the acreage, the HRA or City concluded an agreement for the development of the property acquired and which provides recourse for the HRA or City should the development not be completed.

## **Subsection 2-23. Assessment Agreements**

Pursuant to *M.S., Section 469.177, Subd. 8*, the HRA or City may enter into a written assessment agreement in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

## **Subsection 2-24. Administration of the District**

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

## **Subsection 2-25. Annual Disclosure Requirements**

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the HRA or City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. *M.S., Section 469.175, Subd. 5* also provides that an annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report containing the information required by *M.S., Section 469.175 Subd. 5 and Subd. 6*, the Office of the State Auditor will direct the County Auditor to withhold the distribution of tax increment from the District.

### **Subsection 2-26. Reasonable Expectations**

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon HRA and City staff awareness of the feasibility of developing the project site(s) within the District. A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cashflow in Appendix D, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

### **Subsection 2-27. Other Limitations on the Use of Tax Increment**

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay public redevelopment costs of the Richfield Redevelopment Project Area pursuant to *M.S., Sections 469.001 to 469.047*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.
2. Housing District Exceptions to Restriction on Pooling; Five Year Limit. Pursuant to *M.S., Section 469.1763*, (1) At least 80% of revenues derived from tax increments paid by properties in the District must be expended on Public Costs incurred within said district, and up to 20% of said tax increments may be spent on public costs incurred outside of the District but within Richfield Redevelopment Project Area; provided that in the case of a housing district, a housing project, as defined in *M.S., Section 469.174, Subd. 11*, is deemed to be an activity in the District, even if the expenditure occurred after five years.

### **Subsection 2-28. Summary**

The Richfield Housing and Redevelopment Authority is establishing the District to provide an impetus for residential development and provide safe and decent life cycle housing in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, telephone (651) 697-8500.

## Appendix A

### Project Description

Tax Increment Financing District No. 2018-1 is being established to facilitate the development of approximately 80 units of owner-occupied townhomes in the City. At least 95% of the units will be purchased by persons at or below 100% to 115% of area median income. Construction is anticipated to begin in the Fall 2018.

Parcels are being removed from the Cedar Avenue Tax Increment Financing District for establishment of TIF District 2018-1.

The HRA anticipates issuing a Pay-as-you-go Note to the developer to assist with acquisition and demolition of property and other qualified costs.

## Appendix B

### Map of the Richfield Redevelopment Project Area and the District



# CEDAR CORRIDOR, 2017-1 & 2018-1 HOUSING TIF DISTRICTS



## Appendix C

### Description of Property to be Included in the District

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

<u>Parcel Numbers*</u>	<u>Address</u>	<u>Owner</u>
26.028.24.11.0033	6309 - 16 <sup>th</sup> Ave. S.	Dunn
26.028.24.11.0034	6315 - 16 <sup>th</sup> Ave. S.	Richfield HRA
26.028.24.11.0035	6321 - 16 <sup>th</sup> Ave. S.	Ramirez
26.028.24.11.0036	6327 - 16 <sup>th</sup> Ave. S.	Kowal
26.028.24.11.0037	6333 - 16 <sup>th</sup> Ave. S.	Richfield HRA
26.028.24.11.0038	6339 - 16 <sup>th</sup> Ave. S.	Bolstad
26.028.24.11.0039	6345 - 16 <sup>th</sup> Ave. S.	Robinson
26.028.24.14.0004	6401 - 16 <sup>th</sup> Ave. S.	Richfield HRA
26.028.24.14.0005	6409 - 16 <sup>th</sup> Ave. S.	Richfield HRA
26.028.24.14.0006	6415 - 16 <sup>th</sup> Ave. S.	Ray
26.028.24.14.0007	6421 - 16 <sup>th</sup> Ave. S.	Jones
26.028.24.14.0008	6427 - 16 <sup>th</sup> Ave. S.	Garcia
26.028.24.14.0009	6433 - 16 <sup>th</sup> Ave. S.	Secora
26.028.24.14.0010	6439 - 16 <sup>th</sup> Ave. S.	Pina
26.028.24.14.0011	6445 - 16 <sup>th</sup> Ave. S.	Soderberg
26.028.24.14.0003	6501 - 16 <sup>th</sup> Ave. S.	Mt. Calvary
26.028.24.14.0002	6509 - 16 <sup>th</sup> Ave. S.	Mt. Calvary

\*All of the parcels are currently in the Cedar Avenue Tax Increment Financing District and will be removed for inclusion in the District.

## Appendix D

### Estimated Cash Flow for the District



## Cedar Point - 3% Inflation

City of Richfield, MN

80 For Sale Townhomes -- New Housing TIF District. Assumptions include church property

### ASSUMPTIONS AND RATES

DistrictType: Housing  
 District Name/Number: TIF 2018-1  
 County District #: TBD  
 First Year Construction or Inflation on Value 2019  
 Existing District - Specify No. Years Remaining  
 Inflation Rate - Every Year: 3.00%  
 Interest Rate: 5.00%  
 Present Value Date: 1-Aug-19  
 First Period Ending: 1-Feb-20  
 Tax Year District was Certified: Pay 2019  
 Cashflow Assumes First Tax Increment For Development: 2021  
 Years of Tax Increment: 26  
 Assumes Last Year of Tax Increment: 2046  
 Fiscal Disparities Election [Outside (A), Inside (B), or NA] Inside(B)  
 Incremental or Total Fiscal Disparities Incremental  
 Fiscal Disparities Contribution Ratio 34.6683% Pay 2018  
 Fiscal Disparities Metro-Wide Tax Rate 145.0950% Pay 2018  
 Maximum/Frozen Local Tax Rate: 149.860% Pay 2018  
 Current Local Tax Rate: (Use lesser of Current or Max.) 149.860% Pay 2018  
 State-wide Tax Rate (Comm./Ind. only used for total taxes) 43.8650% Pay 2018  
 Market Value Tax Rate (Used for total taxes) 0.17401% Pay 2018

#### Tax Rates

Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	
First \$150,000	1.50%
Over \$150,000	2.00%
Commercial Industrial Class Rate (C/I)	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	
First \$121,000	0.75%
Over \$121,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)	
First \$500,000	1.00%
Over \$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)	
First \$500,000	1.00%
Over \$500,000	1.25%
Agricultural Non-Homestead	1.00%

### BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
26.028.24.11.0033		Dunn	6309 - 16th Ave. S	67,000	125,000	192,000	100%	192,000	Pay 2019	Hmstd. Res.	1,920	Hmstd. Res.	1,920	
26.028.24.11.0034		HRA	6315 - 16th Ave. S.	67,000		67,000	100%	67,000	Pay 2019	Exempt	-	Hmstd. Res.	670	
26.028.24.11.0035		Ramirez	6321 - 16th Ave. S.	67,000	125,000	192,000	100%	192,000	Pay 2019	Hmstd. Res.	1,920	Hmstd. Res.	1,920	
26.028.24.11.0036		Kowal	6327 - 16th Ave. S.	67,000	115,000	182,000	100%	182,000	Pay 2019	Hmstd. Res.	1,820	Hmstd. Res.	1,820	
26.028.24.11.0037		HRA	6333 - 16th Ave. S.	67,000		67,000	100%	67,000	Pay 2019	Exempt	-	Hmstd. Res.	670	
26.028.24.11.0038		Bolstad	6339 - 16th Ave. S.	67,000	119,000	186,000	100%	186,000	Pay 2019	Hmstd. Res.	1,860	Hmstd. Res.	1,860	
26.028.24.11.0039		Robinson	6345 - 16th Ave. S.	67,000	132,000	199,000	100%	199,000	Pay 2019	Hmstd. Res.	1,990	Hmstd. Res.	1,990	
26.028.24.14.0004		HRA	6401 - 16th Ave. S.	67,000		67,000	100%	67,000	Pay 2019	Exempt	-	Hmstd. Res.	670	
26.028.24.14.0005		HRA	6409 - 16th Ave. S.	67,000		67,000	100%	67,000	Pay 2019	Exempt	-	Hmstd. Res.	670	
26.028.24.14.0006		Ray	6415 - 16th Ave. S.	67,000	123,000	190,000	100%	190,000	Pay 2019	Hmstd. Res.	1,900	Hmstd. Res.	1,900	
26.028.24.14.0007		Jones	6421 - 16th Ave. S.	67,000	115,000	182,000	100%	182,000	Pay 2019	Hmstd. Res.	1,820	Hmstd. Res.	1,820	
26.028.24.14.0008		Garcia	6427 - 16th Ave. S.	67,000	153,000	220,000	100%	220,000	Pay 2019	Hmstd. Res.	2,200	Hmstd. Res.	2,200	
26.028.24.14.0009		Secora	6433 - 16th Ave. S.	67,000	131,000	198,000	100%	198,000	Pay 2019	Hmstd. Res.	1,980	Hmstd. Res.	1,980	
26.028.24.14.0010		Pina	6439 - 16th Ave. S.	67,000	168,000	235,000	100%	235,000	Pay 2019	Hmstd. Res.	2,350	Hmstd. Res.	2,350	
26.028.24.14.0011		Soderberg	6445 - 16th Ave. S.	67,000	142,000	209,000	100%	209,000	Pay 2019	Hmstd. Res.	2,090	Hmstd. Res.	2,090	
26.028.24.14.0003		Mt. Clavary	6501 - 16th Ave. S.	67,000	125,000	192,000	100%	192,000	Pay 2019	Exempt	-	Hmstd. Res.	1,920	1
26.028.24.14.0002		Mt. Clavary	6509 - 16th Ave. S.	67,000		67,000	100%	67,000	Pay 2019	Exempt	-	Hmstd. Res.	670	1
				1,139,000	1,573,000	2,712,000		2,712,000			21,850		27,120	

#### Note:

1. Base values are preliminary for pay 2019 based upon review of County website on May 4, 2018. Tax exempt land value is estimate based on surrounding property.



## Cedar Point - 3% Inflation

City of Richfield, MN

80 For Sale Townhomes -- New Housing TIF District. Assumptions include church property

PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	First Year Full Taxes Payable
1	Townhome	310,000	300,660	8	2,405,280	Hmstd. Res.	24,053	3,007	100%	100%	100%	100%	2021
2	Townhome	310,000	300,660	16	4,810,560	Hmstd. Res.	48,106	3,007	25%	100%	100%	100%	2022
3	Townhome	310,000	300,660	16	4,810,560	Hmstd. Res.	48,106	3,007	0%	50%	100%	100%	2023
4	Townhome	310,000	300,660	16	4,810,560	Hmstd. Res.	48,106	3,007	0%	0%	100%	100%	2023
5	Townhome	310,000	300,660	16	4,810,560	Hmstd. Res.	48,106	3,007	0%	0%	0%	100%	2024
6	Townhome	310,000	300,660	8	2,405,280	Hmstd. Res.	24,053	3,007	0%	0%	0%	100%	2024
<b>TOTAL</b>					<b>24,052,800</b>		<b>240,528</b>						
<b>Subtotal Residential</b>				<b>80</b>	<b>24,052,800</b>		<b>240,528</b>						
<b>Subtotal Commercial/Ind.</b>				<b>0</b>	<b>0</b>		<b>0</b>						

### Note:

1. Market values are based upon estimates from developer discussion on May 3, 2018.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Townhome	24,053	0	24,053	36,046	0	0	4,185	40,231	5,028.87
Townhome	48,106	0	48,106	72,091	0	0	8,371	80,462	5,028.87
Townhome	48,106	0	48,106	72,091	0	0	8,371	80,462	5,028.87
Townhome	48,106	0	48,106	72,091	0	0	8,371	80,462	5,028.87
Townhome	48,106	0	48,106	72,091	0	0	8,371	80,462	5,028.87
Townhome	24,053	0	24,053	36,046	0	0	4,185	40,231	5,028.87
<b>TOTAL</b>	<b>240,528</b>	<b>0</b>	<b>240,528</b>	<b>360,455</b>	<b>0</b>	<b>0</b>	<b>41,854</b>	<b>402,310</b>	

### Note:

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

### WHAT IS EXCLUDED FROM TIF?

Total Property Taxes	402,310
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(41,854)
less Base Value Taxes	(40,642)
<b>Annual Gross TIF</b>	<b>319,813</b>

### MARKET VALUE BUT / FOR ANALYSIS

Current Market Value - Est.	2,712,000
New Market Value - Est.	24,052,800
Difference	21,340,800
Present Value of Tax Increment	5,196,548
Difference	16,144,252
Value likely to occur without Tax Increment is less than:	16,144,252



**Cedar Point - 3% Inflation**  
**City of Richfield, MN**

80 For Sale Townhomes -- New Housing TIF District. Assumptions include church property

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
														02/01/20
														08/01/20
														02/01/21
100%	36,079	(27,120)	-	8,959	149.860%	13,426	6,713	(24)	(669)	6,020	5,454	0.5	2021	08/01/21
							6,713	(24)	(669)	6,020	10,775	1	2021	02/01/22
100%	96,933	(27,120)	-	69,813	149.860%	104,621	52,311	(188)	(5,212)	46,910	51,225	1.5	2022	08/01/22
							52,311	(188)	(5,212)	46,910	90,689	2	2022	02/01/23
100%	171,278	(27,120)	-	144,158	149.860%	216,035	108,017	(389)	(10,763)	96,866	170,191	2.5	2023	08/01/23
							108,017	(389)	(10,763)	96,866	247,754	3	2023	02/01/24
100%	248,574	(27,120)	-	221,454	149.860%	331,871	165,936	(597)	(16,534)	148,805	364,000	3.5	2024	08/01/24
							165,936	(597)	(16,534)	148,805	477,411	4	2024	02/01/25
100%	256,032	(27,120)	-	228,912	149.860%	343,047	171,523	(617)	(17,091)	153,815	591,781	4.5	2025	08/01/25
							171,523	(617)	(17,091)	153,815	703,362	5	2025	02/01/26
100%	263,712	(27,120)	-	236,592	149.860%	354,558	177,279	(638)	(17,664)	158,976	815,874	5.5	2026	08/01/26
							177,279	(638)	(17,664)	158,976	925,642	6	2026	02/01/27
100%	271,624	(27,120)	-	244,504	149.860%	366,413	183,207	(660)	(18,255)	164,292	1,036,313	6.5	2027	08/01/27
							183,207	(660)	(18,255)	164,292	1,144,285	7	2027	02/01/28
100%	279,773	(27,120)	-	252,653	149.860%	378,625	189,313	(682)	(18,863)	169,768	1,253,135	7.5	2028	08/01/28
							189,313	(682)	(18,863)	169,768	1,359,329	8	2028	02/01/29
100%	288,166	(27,120)	-	261,046	149.860%	391,203	195,602	(704)	(19,490)	175,408	1,466,375	8.5	2029	08/01/29
							195,602	(704)	(19,490)	175,408	1,570,811	9	2029	02/01/30
100%	296,811	(27,120)	-	269,691	149.860%	404,159	202,079	(727)	(20,135)	181,217	1,676,073	9.5	2030	08/01/30
							202,079	(727)	(20,135)	181,217	1,778,768	10	2030	02/01/31
100%	305,715	(27,120)	-	278,595	149.860%	417,503	208,751	(752)	(20,800)	187,200	1,882,266	10.5	2031	08/01/31
							208,751	(752)	(20,800)	187,200	1,983,240	11	2031	02/01/32
100%	314,887	(27,120)	-	287,767	149.860%	431,247	215,623	(776)	(21,485)	193,362	2,084,994	11.5	2032	08/01/32
							215,623	(776)	(21,485)	193,362	2,184,266	12	2032	02/01/33
100%	324,333	(27,120)	-	297,213	149.860%	445,404	222,702	(802)	(22,190)	199,710	2,284,297	12.5	2033	08/01/33
							222,702	(802)	(22,190)	199,710	2,381,887	13	2033	02/01/34
100%	334,063	(27,120)	-	306,943	149.860%	459,985	229,992	(828)	(22,916)	206,248	2,480,214	13.5	2034	08/01/34
							229,992	(828)	(22,916)	206,248	2,576,143	14	2034	02/01/35
100%	344,085	(27,120)	-	316,965	149.860%	475,004	237,502	(855)	(23,665)	212,982	2,672,788	14.5	2035	08/01/35
							237,502	(855)	(23,665)	212,982	2,767,076	15	2035	02/01/36
100%	354,408	(27,120)	-	327,288	149.860%	490,473	245,237	(883)	(24,435)	219,918	2,862,060	15.5	2036	08/01/36
							245,237	(883)	(24,435)	219,918	2,954,727	16	2036	02/01/37
100%	365,040	(27,120)	-	337,920	149.860%	506,407	253,203	(912)	(25,229)	227,063	3,048,071	16.5	2037	08/01/37
							253,203	(912)	(25,229)	227,063	3,139,139	17	2037	02/01/38
100%	375,991	(27,120)	-	348,871	149.860%	522,818	261,409	(941)	(26,047)	234,421	3,230,864	17.5	2038	08/01/38
							261,409	(941)	(26,047)	234,421	3,320,352	18	2038	02/01/39
100%	387,271	(27,120)	-	360,151	149.860%	539,722	269,861	(971)	(26,889)	242,000	3,410,481	18.5	2039	08/01/39
							269,861	(971)	(26,889)	242,000	3,498,411	19	2039	02/01/40
100%	398,889	(27,120)	-	371,769	149.860%	557,133	278,566	(1,003)	(27,756)	249,807	3,586,964	19.5	2040	08/01/40
							278,566	(1,003)	(27,756)	249,807	3,673,357	20	2040	02/01/41
100%	410,855	(27,120)	-	383,735	149.860%	575,066	287,533	(1,035)	(28,650)	257,848	3,760,356	20.5	2041	08/01/41
							287,533	(1,035)	(28,650)	257,848	3,845,233	21	2041	02/01/42
100%	423,181	(27,120)	-	396,061	149.860%	593,537	296,769	(1,068)	(29,570)	266,130	3,930,699	21.5	2042	08/01/42
							296,769	(1,068)	(29,570)	266,130	4,014,081	22	2042	02/01/43
100%	435,877	(27,120)	-	408,757	149.860%	612,563	306,281	(1,068)	(30,521)	274,692	4,098,047	22.5	2043	08/01/43
							306,281	(1,103)	(30,518)	274,661	4,179,955	23	2043	02/01/44
100%	448,953	(27,120)	-	421,833	149.860%	632,159	316,079	(1,138)	(31,494)	283,447	4,262,422	23.5	2044	08/01/44
							316,079	(1,138)	(31,494)	283,447	4,342,877	24	2044	02/01/45
100%	462,421	(27,120)	-	435,301	149.860%	652,343	326,171	(1,174)	(32,500)	292,497	4,423,876	24.5	2045	08/01/45
							326,171	(1,174)	(32,500)	292,497	4,502,900	25	2045	02/01/46
100%	476,294	(27,120)	-	449,174	149.860%	673,132	336,566	(1,212)	(33,535)	301,819	4,582,453	25.5	2046	08/01/46
							336,566	(1,212)	(33,535)	301,819	4,660,066	26	2046	02/01/47
<b>Total</b>							<b>11,488,452</b>	<b>(41,324)</b>	<b>(1,144,713)</b>	<b>10,302,415</b>				
<b>Present Value From 08/01/2019</b>							<b>5,196,548</b>	<b>(18,697)</b>	<b>(517,785)</b>	<b>4,660,066</b>				

## Appendix E

### Housing Qualifications for the District

<b>Income Restrictions- Adjusted for Family Size</b>		
<b>(Owner Occupied Housing District - Hennepin County)</b>		
No. of Persons	100% of Median Income	115% of Median Income
1-2 persons	\$94,300	N/A
3-4 persons	N/A	\$108,445

Source: U.S. Department of Housing and Urban Development

\*Please note: These numbers are adjusted annually. All income figures reported on this page are for 2018.

## Appendix F

### Findings for the District

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 2018-1, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 2018-1 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

TIF District No.2018-1 consists of 17 parcels. As proposed, the development will consist of 80 units of owner-occupied townhomes with at least 95% of the units purchased by persons at or below 100% to 115% of area median income. Ninety-five percent of the units which will receive tax increment assistance will meet income restrictions described in *M.S. 469.1761*. Appendices A and E of the TIF Plan contains background for the above finding.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the development proposed in this plan is a housing district that meets the City's objectives for development and redevelopment, but that due to the high costs of building new housing in the City, the cost of financing the proposed public improvements, and the insufficiency of affordable, owner-occupied housing to provide a sufficient financial return, the project is feasible only through the assistance, in part, from tax increment financing. The developer was asked for and provided a pro forma as justification that the developer would not have gone forward without tax increment assistance.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 2018-1 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan on July 23, 2018 and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 2018-1 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Richfield Redevelopment Project Area by private enterprise.*

Through the implementation of the TIF Plan, the HRA or City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.





**STAFF REPORT NO. 37**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**8/20/2018**

REPORT PREPARED BY: Chris Regis, Finance Manager

DEPARTMENT DIRECTOR REVIEW: Steven L. Devich, Executive Director  
 8/15/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
 8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the adoption of resolutions approving proposed property tax levy for payable 2019 for certification to Hennepin County.**

**EXECUTIVE SUMMARY:**

The bylaws of the Richfield Housing and Redevelopment Authority (HRA) require that an annual budget be submitted to the HRA Commissioners for approval. Accordingly, the 2019 Proposed Budget and Tax Levy and 2018 Revised Budget are presented for approval.

In addition, Minnesota State Statutes require adoption of a preliminary tax levy from each taxing authority. The proposed tax levy must be certified to the Hennepin County Auditor by October 1, 2018. Any amendments to the proposed budget, which would increase the property tax levy, must be made prior to October 1, 2018. No increases in the tax levy are permissible after that date, only reductions. Final certification of the HRA tax levy is part of the City's budget process.

The tax levy as proposed represents a 4.00% increase from the previous year's levy.

**RECOMMENDED ACTION:**

**By motion: Adopt resolutions approving the 2019 Proposed Housing and Redevelopment Authority Budget and Tax Levy and 2018 Revised Housing and Redevelopment Authority Budget.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- N/A

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

- Minnesota Statutes require adoption of a preliminary levy from each taxing authority.
- The budget and accompanying proposed levy for 2019 are ready for consideration.
- Even though a public hearing for the HRA tax levy is not required by State Statute, this does not preclude the HRA from opening this item up for public discussion if the HRA desires to do so.

**C. CRITICAL TIMING ISSUES:**

- As required by State Statutes, each taxing authority must certify its proposed tax levy for the

payable year 2019 to the County Auditor on or before October 1, 2018.

**D. FINANCIAL IMPACT:**

- The Proposed 2019 HRA levy represents a 4.00% increase from the previous year's levy. This equates to a \$22,876 increase.
- The levy is approximately \$8,893 less than the maximum HRA levy established by law of the .0185% of the City's total taxable market value net of market value exclusion.
- The HRA may decide to levy an additional amount up to the maximum allowed by law if they choose to do so.

**E. LEGAL CONSIDERATION:**

- N/A

**ALTERNATIVE RECOMMENDATION(S):**

- The HRA could adopt a preliminary levy less than the one proposed herein. However, that would not provide for programs that are recommended in the 2019 Proposed/2018 Revised budget.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

None

**ATTACHMENTS:**

Description	Type
▣ Resolution - 2019 HRA Budget and Tax Levy	Resolution Letter
▣ Resolution - Revision of 2018 HRA Budget	Resolution Letter

**HRA RESOLUTION NO.**

**RESOLUTION APPROVING PROPOSED 2019 HOUSING AND REDEVELOPMENT  
AUTHORITY BUDGET AND CERTIFYING THE 2019 TAX LEVY**

**BE IT RESOLVED** by the Housing and Redevelopment Authority of the City of Richfield, Minnesota as follows:

Section 1. The budget for the Housing and Redevelopment Authority General Fund of Richfield for the year 2019 in the amount of \$515,240 is hereby ratified.

Section 2. The estimated gross revenue of the Housing and Redevelopment Authority General Fund of Richfield from all sources, including general ad valorem tax levies as hereinafter set forth for the year 2019, and as the same are more fully detailed in the Executive Director's official copy of the budget for the year 2019, in the amount of \$610,330 is hereby approved.

Section 3. There is hereby levied upon all taxable property in the City of Richfield an ad valorem tax in 2018, payable in 2019 for the following purposes:

Housing and Redevelopment Authority	\$594,781
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Section 4. A certified copy of this resolution shall be transmitted to the County Auditor.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20th day of August, 2018.

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Mary Supple, Chair

ATTEST:

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Erin Vrieze Daniels, Secretary

**RESOLUTION NO.**

**RESOLUTION AUTHORIZING REVISION OF THE 2018 BUDGET OF THE  
HOUSING AND REDEVELOPMENT AUTHORITY OF RICHFIELD**

**WHEREAS**, Resolution No. 1265 appropriated funds for personal services and other expenses and capital outlay for the Housing and Redevelopment Authority for the year 2017, and

**WHEREAS**, The Executive Director has requested a revision of the 2018 budget as detailed in the 2019 budget document.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing and Redevelopment Authority of Richfield, Minnesota as follows:

Section 1. That the 2018 appropriation for the Housing and Redevelopment Authority General Fund is revised as follows:

\$38,200 increase

Section 2. Estimated 2018 gross revenue of the Housing and Redevelopment Authority General Fund from all sources, as the same is more fully detailed in the Executive Director's official copy of the 2019 budget document, are hereby revised as follows:

\$7,770 increase

Section 3. That the Executive Director bring into effect the provisions of this resolution.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20th day of August, 2018.

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Mary Supple, Chair

ATTEST:

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Erin Vrieze Daniels, Secretary