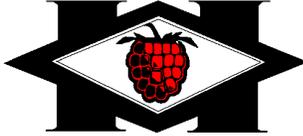


**HOPKINS HRA
SPECIAL MEETING AGENDA
Tuesday, February 13, 2024
HRA meeting to begin immediately after City Council meeting**

**THIS AGENDA IS SUBJECT TO CHANGE
UNTIL THE START OF THE HRA MEETING**

- I. **CALL TO ORDER**
- II. **CONSENT AGENDA**
 - 1. First Amended and Restated Contract for Private Redevelopment – 325 Blake Road
- III. **ADJOURN**



CITY OF HOPKINS

Housing & Redevelopment
Authority

HRA Report 2024-03

To: HRA Chair and Board Members
Mike Mornson, City Manager

From: Kersten Elverum, Director of Planning & Development

Date: February 13, 2024

Subject: First Amended and Restated Contract for Private Redevelopment – 325
Blake Road

RECOMMENDED ACTION

MOTION TO approve the First Amended and Restated Contract for Private Redevelopment between the Housing and Redevelopment Authority in and for the City of Hopkins and Alatus Hopkins.

OVERVIEW

The Alatus development at 325 Blake Road began with the Chorus apartment building, a 100% affordable building completed November 2023. The remainder of the planned buildings have stalled due to unfavorable market conditions including rising interest rates, increased construction costs and delayed investing from capital markets due to rising interest rates and their uncertainty, thereby impacting financing available for development. Despite these conditions, the project and its location have been well-received and Alatus has put together a proposed structure that will move the rest of the development forward.

Additional funds were brought in through partnering with Ron Clark Construction to develop 32 townhomes and Artessa to develop a 65-unit senior cooperative. Another key component in securing private financing is for the City of Hopkins to provide financing for some infrastructure including public parking and the publicly-owned street and utilities that run through the site.

As with most developments of size, Alatus was required to build the main road and utilities and turn them over to the City of Hopkins. Originally, a portion of these improvements were to be financed with a \$3.75 million TIF grant from the City/HRA, with the remaining portion being privately financed. Due to the gap to finance the Chorus, the dollars were provided to that development instead so it could proceed. In order to incentivize private financing, the developer has requested that the City bond for the infrastructure improvements, including public parking, and assess the principal and interest payments to buildings C and D. More detail on the financing structure is included in the attached memo from Stacie Kvilvang, Ehlers, our financial advisor.

Staff has found the financing request for the infrastructure improvements reasonable. The assessments are secured through the property tax system. The City of Hopkins

has a long history of financing public improvements and assessing the cost to benefitting property owners including its annual street reconstruction projects and Housing Improvement Areas without any default on the bond payments or the need to use other City resources. Staff are also concerned that the project may be in jeopardy without this assistance and would not be able to move forward.

This proposed new structure was discussed at the January 16, 2024, City Council meeting and Council members supported the request. The First Amended and Restated Contract for Private Redevelopment reflects the willingness of the City of Hopkins to bond for and assess the cost of the infrastructure improvements. It also makes minor modifications to the private development, reflecting the revised unit counts and timeline and clarifies that the utilities (water and storm sewer) are to be turned over to the City following completion by the developer. It is important to note that the bonding request does not increase the amount of public subsidy going towards the development.

SUPPORTING INFORMATION

- First Amended and Restated Contract for Private Redevelopment
- Memo from Stacie Kvilvang, Ehlers

**FIRST AMENDED AND RESTATED
CONTRACT**

FOR

PRIVATE REDEVELOPMENT

By and Between

CITY OF HOPKINS, MINNESOTA

and

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

and

ALATUS HOPKINS MD LLC

This document drafted by:

KENNEDY & GRAVEN, CHARTERED (SJR)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300

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**FIRST AMENDED AND RESTATED
CONTRACT FOR PRIVATE REDEVELOPMENT**

This First Amended and Restated Contract for Private Redevelopment (the “Agreement”) is made this _____ day of _____, 2024, by and between the City of Hopkins, Minnesota, a Minnesota municipal corporation (“City”), and Housing and Redevelopment Authority in and for the City of Hopkins (“HRA”), each having their principal office at 1010 1st Street South, Hopkins, Minnesota 55343, and Alatus Hopkins MD LLC, a Delaware limited liability company, having its principal office at IDS Center, 80 South 8th Street, Suite 4155, Minneapolis, MN 55402 (the “Redeveloper”).

WITNESSETH:

WHEREAS, the HRA previously found that there exists within the community a building that had a blighting influence on surrounding properties and was structurally substandard due to its poor physical condition or functional obsolescence and which, because of those conditions, threatened the health, safety and welfare of the community; and

WHEREAS, the HRA has previously caused demolition of a building located at the Redevelopment Property as hereinafter defined; and

WHEREAS, the HRA finds that it is in the public interest, helpful for the tax base and beneficial for the health, safety and welfare of the community as a whole to remove vacant, underutilized, obsolete, and structurally substandard buildings and to replace them with new life-cycle housing and ancillary commercial uses; and

WHEREAS, the HRA finds that, due to market conditions which exist today and are likely to persist for the foreseeable future, the private sector alone is not able to accomplish redevelopment of the type needed within the community and, therefore, such will not occur without public intervention; and

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

WHEREAS, in order to foster the redevelopment described above, the City established its Redevelopment Project No. 1, as defined in the Act, providing for the development and redevelopment of certain areas located within the City (which redevelopment project is hereinafter referred to as the “Project”), to implement the goals and objectives thereof, all pursuant to the Act; and

WHEREAS, the Redeveloper has presented to the HRA a proposal wherein the Redeveloper will redevelop 325 Blake Road North (the “Redevelopment Property”) through the construction on the Redevelopment Property of multiple buildings containing approximately 791 multi-family units, with 726 units of apartments, and 65 senior cooperative units, with the affordability levels within each building specified below in Section 4.5;

construction of approximately 32 for sale town homes, approximately 8,000 sq. ft. of ground floor retail, 1,000 sq. ft. sky lounge and two (2) 4,500 sq. ft. standalone restaurant pads; with Total Development Costs estimated to be approximately \$330,000,000; and

WHEREAS, as part of its proposal the Redeveloper has requested that the HRA create a tax increment financing district encompassing the Redevelopment Property and use a portion of the tax increment generated from the redeveloped Redevelopment Property to reimburse the Redeveloper for a portion of the Redeveloper's redevelopment costs; and

WHEREAS, the HRA established Tax Increment Financing District No. 1-6: 325 Blake (a "redevelopment district") and adopted a tax increment financing plan related thereto, all pursuant to Minnesota Statutes, sections 469.174 through 469.1799; and

WHEREAS, the Redeveloper has proposed to redevelop the Redevelopment Property through a project which the HRA believes is in the vital and best interests of Hopkins 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 for which the Project and Tax Increment Financing District No. 1-6: 325 Blake were established; and

WHEREAS, the Redeveloper would not undertake the redevelopment of the Project without the tax increment financing assistance described in this Agreement; and

WHEREAS, the HRA believes that the redevelopment of the Project pursuant to the Redeveloper's proposal and the 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 Project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the covenants 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 the following terms shall have the meanings given unless a different meaning clearly appears from the context:

"Administrative Costs" means the administrative expenses incurred by HRA as defined in section 469.174, subd. 14 of the TIF Act.

"Agreement" means this Agreement, as the same may be from time to time modified, amended, or supplemented.

"Assessor" means the county assessor of Hennepin County.

“Available Tax Increment” means, with respect to each Phase, up to 95 percent of the Tax Increment paid to the HRA by the County with respect to that Phase of the Redevelopment Property, with the Minimum Improvements on that Phase.

“Certificate of Completion” means the certificate, in substantially the form attached hereto as Exhibit D, which will be provided to the Redeveloper pursuant to Article IV of this Agreement.

“City” means the City of Hopkins, Minnesota, a municipal corporation under the laws of Minnesota.

“City Public Improvements” means the commencement of construction of the Spine Road between Blake Road N and Lake Street NE and underlying utilities by December 31, 2024, and Public Parking as hereinafter defined by December 31, 2024, to be paid by Special Assessments as provided herein.

“Construction Plans” means the final plans for construction of each Phase of the Minimum Improvements, which shall be submitted by the Redeveloper pursuant to section 4.2 of this Agreement.

“County” means Hennepin County, Minnesota.

“Declaration of Restrictive Covenants” means, as to Phases IA (Building A), IIA (Building B), and IC (Building D), the Declaration of Restrictive Covenant for each of those Phases between the HRA and the Redeveloper in substantially the form set forth in Exhibit F attached hereto.

“Event of Default” or “default” means an action by the Redeveloper or HRA listed in Article VIX of this Agreement.

“Holder” means the owner of a Mortgage.

“Housing Unit” means the housing units constructed as part of the Minimum Improvements.

“HRA Act” means the Housing and Redevelopment Authorities Act, which is codified at Minnesota Statutes, Sections 469.001 through 469.047, as amended.

“Lender” means any lender who finances the construction or operation of a Phase of the Minimum Improvements.

“Material Change” means a change in the Construction Plans that will have a material adverse effect on the generation of Tax Increment from the Minimum Improvements or that materially reduces the number of Housing Units, or a change in the exterior elements of the applicable Phase (as hereinafter defined) that materially adversely affects the original character and visual preference that was approved by the City and HRA.

“Maturity Date” means, as to each Note, the date that Note has been paid in full or terminated, whichever is earlier.

“Minimum Assessment Agreement” means, as to each Phase, the Minimum Assessment Agreement for that Phase between the HRA, the Redeveloper, and the County assessor in substantially the form attached hereto as Exhibit G.

“Minimum Improvements” means the City Public Improvements plus the following:

The construction of multiple buildings containing approximately 791 multi-family units, with 726 units of apartments, and approximately 65 senior housing units in a building organized as a cooperative, with affordability levels within each building noted in the table below:

	Bldg C Market Rate	Bldg D Mixed Income	Bldg A LIHTC	Bldg B Sr. Coop	Total	% Affordable of TOTAL Units
No. of Units	395	215	116	65	791	N/A
30% AMI	0	0	3	0	3	1%
50% AMI	0	0	107	0	107	13%
60% AMI	0	43	6	7	56	7%
80% AMI	0	43	0	0	43	5%
Total Affordable	0	86	116	7	209	26%
% Affordable by Building	0%	40%	100%	11%	25%	

In addition, construction of approximately 32 for-sale town homes, approximately 8,000 sq. ft. of ground floor retail, 1,000 sq. ft. sky lounge and two (2) 4,500 sq. ft. standalone restaurant pads. Details of each component of the Minimum Improvements, hereinafter individually designated as a separate Phase are noted below in the table.

Phase	Use
Phase IA – Building A (Lot 2, Block 2 of Plat)	6 Story building with approximately 116 LIHTC apartments with 100% of the units affordable at or below 60% of AMI and approximately 77 underground and surface parking stalls. Also includes entry plaza available for public use.
Phase IB – Building C (Lot 4, Block 1 of Plat)	Single building with a 14-Story component consisting of approximately 295-units of market rate apartments with up to 15% of the units designated as hotel units, approximately 8,000 sq. ft. of ground floor retail and a 1,000 sq/ft sky lounge and a 5-story component consisting of approximately 175-units of market rate apartments and approximately 520 above-ground parking stalls. Also includes gateway plaza, cascade promenade and tower plaza available for public use.

Phase	Use
Phase IC – Building D (Lot 3, Block 1 of Plat)	5-Story building with approximately 215-units of mixed income apartments in which 20% of the units (43) are affordable at or below 60% AMI and 20% of the units (43) are affordable at or below 80% AMI plus approximately 277 above-ground parking stalls for residential use and approximately 151 stalls of public parking. Also includes woonerf available for public use.
Phase ID (Lots 1 and 2, Block 1 of Plat)	Two single-story 4,500 sq. ft. restaurant pads and greenway commons, 1,400 sq. ft. boathouse and rental center and pavilion, with the greenway commons and pavilion available for public use
Phase IIA – Building B (Lot 1, Block 2 of Plat)	5-Story building with approximately a 65-unit senior cooperative, in which 7 units (approximately 11%) are affordable to persons at or below 60% AMI and approximately 151 structured parking stalls. Also includes gateway plaza available for public use.
Phase IIB – Town Homes (Outlot C of Plat)	Approximately 32 for-sale town home units

Total Development Costs for all Phases of the Minimum Improvements are estimated to be approximately \$330,000,000. The Minimum Improvements are generally described and depicted on Exhibit B attached hereto.

“Minimum Market Value” means, for all Phases collectively, \$222,000,000. The Minimum Market Value for each Phase is the amount that the Redeveloper and the HRA agree to in the Minimum Assessment Agreement for that Phase.

“Mortgage” means any mortgage made by the Redeveloper that encumbers any Phase of the Redevelopment Property and that is a permitted encumbrance pursuant to the provisions of Article VII hereof.

“Note” and “Notes” means the taxable Tax Increment Revenue Notes, in substantially the form set forth in Exhibit E, to be delivered by the HRA to the Redeveloper or its designee pursuant to Article III of this Agreement.

“Phase” means each of the phases of the Minimum Improvements identified above in the definition of Minimum Improvements.

“Plat” means that certain subdivision plat or map of the Redevelopment Property entitled “Mile 14 on Minnehaha Creak,” recorded on July 12, 2022 in the official records of Hennepin County as Document No. 5957625 (Torrens) and as Document No. 11126218 (Abstract), with potential additional subdivision of the Property necessary for development..

“Preliminary Plans” means, as to each Phase, the preliminary plans for construction of the Minimum Improvements on that Phase; the preliminary plans for all Phases have been submitted by the Redeveloper and approved by the HRA and are attached hereto as Exhibit C.

“Public Parking” means approximately 151 structured parking stalls constructed within Phase IC to be paid with special assessments as provided herein.

“Public Redevelopment Costs” means, site preparation costs, including demolition, costs of soil correction, and infrastructure improvements on the Redevelopment Property, costs of constructing affordable housing, and any other costs eligible to be reimbursed with tax increment.

“Qualifying Costs” means, as to each Phase, the cost of, site preparation, demolition, utility installation, landscaping, grading, earthwork, footings, foundations, retaining walls, storm water ponding, structured, underground and surface parking, and all other expenditures made by the Redeveloper related to completion of the Minimum Improvements on that Phase, which the HRA intends to partially reimburse through the Note for that Phase.

“Redeveloper” has the meaning set forth in the preamble of this Agreement.

“Redevelopment Assistance” means the financial assistance to be offered by the HRA to the Redeveloper through issuance of the Notes.

“Redevelopment Plan” means the Project and the Tax Increment Financing District No. 1-6: 325 Blake, which was approved by the HRA on December 21, 2021, and by the City on December 21, 2021.

“Redevelopment Property” means those properties which are included in the plat of MILE 14 ON MINNEHAHA CREEK with the exception of Outlots A and B, which will be retained by the Minnehaha Watershed District. The Redevelopment Property is legally described in Exhibit A attached hereto.

“HRA” has the meaning set forth in the preamble of this Agreement.

“State” means the state of Minnesota.

“Substantial Completion” means, as to each Phase, completion of the Minimum Improvements in that Phase to a degree allowing the issuance of a Certificate of Occupancy by the City’s building official.

“Tax Increment” means, with respect to each Phase, the tax increment, as that term is defined in Minnesota Statutes, Section 469.174, subd. 25, that is paid to the HRA by the County with respect to that Phase of the Redevelopment Property, including the Minimum Improvements on that Phase.

“Tax Increment Financing District” or TIF District” means Tax Increment Financing District No. 1-6: 325 Blake.

“TIF Act” means the Tax Increment Financing Act, which is codified at Minnesota Statutes, sections 469.174 through 469.1799, as amended.

“TIF Plan” means the tax increment plan for Tax Increment Financing District No. 1-6: 325 Blake, which was approved by the HRA on August 17, 2021, and by the City on August 17, 2021.

“Termination Date” means, as to each Phase, the earlier of (i) the termination of Tax Increment Financing District No. 1-6: 325 Blake, which is estimated to be after 25 years after the date of receipt of the first increment, or (ii) the date the Note for that Phase has been paid through Available Tax Increment or terminated.

“Total Development Costs” means the total development costs of the Minimum Improvements. A line-item estimate of the Total Development Costs is attached hereto as Exhibit I, which reflects the Redeveloper’s current projections for each line-item category of costs comprising the Total Development Costs for each applicable Phase that will receive Tax Increment.

“Transfer” has the meaning set forth in Section 8.2(a) hereof.

“Unavoidable Delays” means delays which are the direct result of unanticipated adverse weather conditions; pandemics (including the global pandemic commonly known as the coronavirus or COVID-19); strikes or other labor troubles; shortages of materials or labor; 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, except those of the HRA or the City reasonably contemplated by this Agreement, any acts or omissions of any federal, State or local governmental unit which directly result in delays in construction of the Minimum Improvements; approved changes to the Construction Plans that result in delays; delays caused by the discovery of any previously unknown adverse environmental condition on or within the Redevelopment Property to the extent reasonably necessary to comply with federal and state environmental laws, regulations, orders or agreements; unanticipated future local events occurring within such proximity of the Redevelopment Property, and not caused by nor within the control of the Redeveloper, having a significantly adverse impact upon the marketability and reasonable profitability of the Minimum Improvements; and any other cause or force majeure beyond the control of the Redeveloper which directly results in delays.

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

- Exhibit A. Legal description of the Redevelopment Property
- Exhibit B. Depiction of the Redevelopment Property and Minimum Improvements
- Exhibit C. Preliminary Plans
- Exhibit D. Form of Certificate of Completion
- Exhibit E. Form of Notes and Terms of Notes
- Exhibit F. Declaration of Restrictive Covenants
- Exhibit G. Form of Minimum Assessment Agreement
- Exhibit H. Form of Investment Letter
- Exhibit I. Total Development Costs
- Exhibit J. Sample Lookback Calculation

Section 1.3. Rules of Interpretation. (a) This Agreement shall be interpreted in accordance with and governed by the laws 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.

Section 1.4. Incorporation of Recitals and Exhibits. The Recitals set forth in the preamble to this Agreement and the Exhibits attached to this Agreement are incorporated into this Agreement as if fully set forth herein.

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the City and the HRA. The City and the HRA make the following representations as the basis for the undertaking on their part herein contained:

(a) The City is a Minnesota municipal corporation duly organized under the laws of the State of Minnesota. The City has the authority to enter into this Agreement and carry out its obligations hereunder.

(b) The HRA is a housing and economic development authority duly organized and existing under the HRA Act. HRA has the authority to enter into this Agreement and carry out its obligations hereunder.

(c) The individual(s) executing this Agreement and related agreements and documents on behalf of the City or the HRA have the authority to do so and to bind the City or the HRA by their actions.

(d) The Redevelopment Project No. 1 for the HRA is a development district within the meaning of the Minnesota Statutes, section 469.125, subd. 9.

(e) TIF District No. 1-6: 325 Blake is a redevelopment tax increment financing district within the meaning of the TIF Act and was created, adopted and approved in accordance with the TIF Act. The City and the HRA have taken all required actions to create the TIF District as a redevelopment district within Minnesota Statute 469.174, Subdivision 10 and have adopted and approved the TIF Plan pursuant to the TIF District and TIF Act.

(f) There are no previous agreements to which the City or the HRA is a party pertaining to the Redevelopment Property which would preclude the parties from entering into this Agreement or which would impede the fulfillment of the terms and conditions of this Agreement.

(g) The activities of the City and the HRA pursuant to this Agreement are undertaken pursuant to the Redevelopment Plan and are for the purpose of redevelopment of the Redevelopment Property.

(h) The City and the HRA will act in a timely manner to consider all approvals required under this Agreement and will cooperate with the Redeveloper in seeking consideration by the City of approvals which must be granted by the City.

Section 2.2. Representations and Warranties by the Redeveloper. The Redeveloper makes the following representations and warranties as the basis for the undertaking on its part herein contained:

(a) The Redeveloper is a limited liability company validly existing under the laws of the State of Delaware and authorized to do business in the State of Minnesota. The Redeveloper has the authority to enter into this Agreement and carry out its obligations hereunder.

(b) The Redeveloper will attempt to acquire the Redevelopment Property in fee title.

(c) The persons executing this Agreement and related agreements and documents on behalf of the Redeveloper have the authority to do so and to bind the Redeveloper by their actions.

(d) Upon acquisition of the Redevelopment Property, the Redeveloper will demolish the existing improvements, if any, and construct the Minimum Improvements in substantial accordance with the terms of this Agreement, the Redevelopment Plan, the TIF Plan, the Construction Plans and all local, State and federal laws and regulations, including, but not limited to, environmental, zoning, building code and public health laws and regulations.

(e) The Redeveloper will apply for and use all reasonable efforts to obtain, in a timely manner, all required permits, licenses and approvals from the HRA and the City, and will meet, in a timely manner, the 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 or used for their intended purpose. The Redeveloper did not obtain a building permit for any portion of the Minimum Improvements before December 21, 2021, the date of approval of the TIF Plan for the TIF District.

(f) The Redeveloper has analyzed the economics of acquisition of the Redevelopment Property, the cost of site improvements, including installation of any necessary utilities and demolition of the improvements currently thereon and construction of the Minimum Improvements and concluded that, absent the Redevelopment Assistance to be offered under this Agreement, it would not undertake this project.

(g) 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 corporation or company organizational documents or any evidence of indebtedness, agreement or instrument of whatever nature to which the Redeveloper is now a party or by which it is bound, or constitutes a default under any of the foregoing.

ARTICLE III

Acquisition of Redevelopment Property; Redevelopment Assistance

Section 3.1. Acquisition of Redevelopment Property. The Redeveloper is in the process of acquiring the Redevelopment Property in fee. The HRA makes no representations to the Redeveloper regarding the suitability of the Redevelopment Property or the Minimum Improvements for the use and purpose intended by the Redeveloper.

Section 3.2. Issuance of Pay-As-You-Go Notes. (a) In consideration of the Redeveloper constructing the Minimum Improvements and to finance the reimbursement of the Qualifying Costs, subject to all terms and conditions of this Agreement, the HRA will issue and the Redeveloper will purchase the Notes in the maximum principal amount up to \$31,700,000, collectively for all Phases, in public assistance for Qualifying Costs, in substantially the form set forth in Exhibit E. The HRA and the Redeveloper agree that the consideration from the Redeveloper for the purchase of the Note for each Phase will consist of the Redeveloper's payment of the Qualifying Costs for that Phase that are eligible for reimbursement with Tax Increment and that are incurred by the Redeveloper in at least the maximum principal amount of the Note for that Phase. The City provided \$3,750,000 from TIF Spending Plan funds from TIF District 2-11 in the form of a loan and provided up front to pay for Qualifying Costs as part of the Phase IA development. In addition, the HRA will reimburse the Redeveloper with Tax Increment generated from the Minimum Improvements for the remaining amount up to a maximum principal amount of \$27,950,000. The HRA's financial consultant will complete an analysis with respect to each Phase when construction is ready to commence on that Phase to determine the amount and term of the assistance to be provided to that Phase; provided, however, with respect to Phase IA, the HRA's financial consultant has determined the amount of assistance for Phase IA to be \$797,500 and will be paid with 90% of the increment generated from Phase IA over a seventeen year period. With respect to Phase IC the amount of assistance is expected to be up to \$8,000,000 and paid with 90% of the increment generated from Phase IC over a 20-year period. Payments from TIF District 1-6: 325 Blake will be made through the Notes issued on a pay-as-you-go basis, with one Note for each remaining Phase, assuming up to 95% of increment at the rate of the lesser of the rate of 4% per annum or the Redeveloper's actual mortgage financing rate. The Note for each Phase will be issued upon the City's issuance of a final Certificate of Occupancy for that Phase and proof of expenditure related to the Qualifying Costs for that Phase. The HRA will deliver the Note for each Phase upon satisfaction by the Redeveloper of all the conditions precedent with respect to that Phase specified in section 3.3 of this Agreement. The HRA agrees that the Note for each Phase may be issued to Redeveloper's designee of such Phase, subject to Section 3.3 of this Agreement and if the designee has assumed the obligations such Phase and entered into a partial assignment and

assumption agreement with the City, the HRA, and the Redeveloper. Each Note will stand alone, and that there will be no cross-default provision in the Notes that allows the HRA to terminate or suspend payment under one Note with respect to a default under this Agreement with respect to another Phase (a Phase other than the one which the Note was issued).

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

(c) At the HRA's discretion, the parcels containing Phase ID, Phase IIA – Building B and Phase IIB – Town Homes may be decertified from the TIF district as development commences since no assistance is required for those Phases.

Section 3.3. Conditions Precedent to Issuance of Notes. Notwithstanding anything in this Agreement to the contrary, the HRA shall not be obligated to issue the Note with respect to a Phase until all of the following conditions precedent have been satisfied with respect to that Phase:

- (a) The Redeveloper or its respective affiliate, subject to Article VIII hereof, has acquired the Redevelopment Property in fee;
- (b) The Redeveloper has submitted and the HRA has approved the Construction Plans;
 - (i) The Redeveloper has constructed the Minimum Improvements on that Phase and the HRA has issued the Certificate of Completion for that Phase;
- (c) The Redeveloper has completed the City Public Improvements and such Improvements have been accepted by the City.
- (d) The Redeveloper has submitted evidence it has paid for the Qualifying Costs, including paid receipts and lien waivers, for that Phase;
- (e) The Redeveloper has reimbursed the HRA for all of its administrative costs incurred in conjunction with the processing of Redeveloper's request with respect to that Phase;
- (f) The Redeveloper has submitted the Investment Letter for the applicable Phase and Note; and
- (g) There has been no Event of Default on the part of the Redeveloper which has not been cured.

Section 3.4. Potential Reduction of Assistance. The HRA will complete a lookback for each applicable Phase that receives TIF assistance.

(a) *Generally.* The financial assistance to the Redeveloper under this Agreement is based on certain assumptions regarding likely performance of Phase IB - Building C and Phase IC - Building D including operating revenues, expenses and development costs of constructing these Phases. The HRA and the Redeveloper agree that the actual financial performance of Phase IB - Building C and Phase IC - Building D will be reviewed at the times described in this Section, and that the amount of tax increment assistance provided under Section 3.2 will be adjusted accordingly. The HRA and the Redeveloper further agree that, upon execution of this Agreement, the Redeveloper shall provide the HRA and its municipal advisor (the “Consultant”) with the Pro Forma Financial Statements showing a target Cash on Cost Return of 7%.

(b) *Definitions.* For the purposes of this Section, the following terms have the following meanings:

“Calculation Date” means the earliest of (A) 90 days after the earlier of (i) the date of Stabilization of the either Phase; (ii) two years after the date of completion of either Phase, as evidenced by the City’s issuance of a Certificate of Completion pursuant to Section 3.3: or (B) at least 30 days prior to sale of either Phase.

“Cash on Cost Return” means NOI divided by the applicable Phase’s actual Total Development Costs, calculated as set forth in the sample lookback calculation attached as Exhibit J.

“NOI” means total annual income and other project-derived annual revenue, including payments under the TIF Note, less Operating Expenses, which exclude debt service payments. For purposes of the Cash on Cost Return calculation on the Calculation Date, (i) revenue shall be based upon 95% occupancy regardless of whether the average occupancy for the measured period is higher or lower than 95%, (ii) revenue for periods after the Calculation Date shall be inflated by 2.5% annually, and (iii) Operating Expenses for periods after the Calculation Date, shall be inflated by 2.5% annually.

“Operating Expenses” means reasonable and customary expenses incurred in operating the applicable Phase, consistent with the Pro Forma Financial Statement, including deposits to commercially reasonable capital replacement reserves and payment of real estate taxes, excluding debt service payments.

“Pro Forma Financial Statement” the applicable Phase’s cash flow pro forma model financial statement projecting future returns, a summary of which is attached to this Agreement as Exhibit J.

“Stabilization” means the calendar month-end date on which the applicable Phase has first achieved an average occupancy of 90% during the preceding 12 calendar months, or such earlier date as may be requested by the Redeveloper but, for purposes of the Cash on Cost Return calculation, assuming 95% occupancy notwithstanding actual occupancy rate as of such date.

“Total Project Cost” means the total expenditures incurred to complete development of the applicable Phase inclusive of land acquisition, hard construction costs, soft costs and financing costs as approved by Redeveloper’s senior construction debt lender.

(c) On the Calculation Dates, the Redeveloper of the applicable Phase shall deliver to the HRA and Consultant, at a minimum, (i) the Redeveloper’s actual financial statement, in the same form as the Pro Forma Financial Statement submitted to the HRA pursuant to clause (1) above and showing NOI, and such other financial information as the Consultant shall reasonably require, for trailing 12-month period preceding the Calculation Date calculated as of the Calculation Date as provided herein and as set forth in the Pro Forma Financial Statement and (ii) evidence, satisfactory to the HRA, of its Total Project Cost.

(d) The average annual Cash on Cost Return shall be calculated by the Consultant based on the applicable Phase financial statement submitted to the HRA pursuant to clause (3) above, with actual incurred Total Project Cost and all elements of NOI determined in accordance with generally accepted accounting principles.

(e) If the average annual Cash on Cost Return does not exceed 7% over the term of the TIF Note, the TIF Note will remain set at the principal amount established in Section 3.2.

(f) If on the Calculation Date, the average annual Cash on Cost Return exceeds 7%, then the principal balance of the TIF Note will be reduced by an amount that results in a stabilized average annual Cash on Cost Return equal to 7% over the term of the TIF Note (the “Participation Amount”). The calculation for the reduction shall be completed as noted in the TIF Lookback Calculation Example in Exhibit J and shall be based upon the present value of the reduced number of years of TIF per the original TIF Run utilized to size the original note for the applicable Phase. Such reduction will be effective upon delivery to the Redeveloper of a written notice stating the Participation Amount as determined by the Consultant in accordance with this Section, accompanied by the Consultant’s report and the Redeveloper shall deliver the TIF Note in exchange for a new TIF Note in the principal amount reduced by the Participation Amount.

Section 3.5. Redeveloper Responsible for Payment of Administrative Costs. The City and HRA acknowledge the Redeveloper made an escrow deposit in the amount of \$25,000 to pay the Administrative Costs of the City and the HRA. The City and the HRA will use such funds to pay “Administrative Costs,” which term means out-of-pocket costs incurred by the City and the HRA, together with staff and consultant costs of the City and the HRA, all attributable to or incurred in connection with the negotiation and preparation of this Agreement, the TIF Plan, and other documents and agreements in connection with the establishment of the TIF District and redevelopment of the Redevelopment Property, and not previously paid by the Redeveloper. The Redeveloper shall pay all other normal and customary City fees and expenses for the approval and construction of the Minimum Improvements. At the Redeveloper’s request, but no more often than monthly, the HRA will provide the Redeveloper with a written report including invoices, time sheets or other comparable evidence of expenditures for Administrative Costs and the outstanding balance of funds deposited. At any time the deposit drops below \$1,000, the Redeveloper shall replenish the deposit in the amount of \$10,000 within thirty (30) days after receipt of written notice thereof from the HRA. If at any time the HRA or the City determines

that the deposit is insufficient to pay Administrative Costs, the Redeveloper is obligated to pay such shortfall within fifteen (15) days after receipt of a written notice from the HRA containing evidence of the unpaid costs. If Administrative Costs incurred, and reasonably anticipated to be incurred are less than the deposit by the Redeveloper, the HRA shall return to the Redeveloper any funds not anticipated to be needed.

Section 3.6. Records. The HRA and its representatives will have the right at all reasonable times after reasonable notice to inspect, examine and copy invoices paid by Redeveloper and/or its general contractor relating to the Minimum Improvements and the Qualifying Costs for which the Redeveloper will be reimbursed under the Notes.

Section 3.7. Purpose of Assistance; No Business Subsidy. The parties agree and understand that the assistance being provided by the HRA under this Agreement does not constitute a "business subsidy" within the meaning of the Business Subsidy Act, Minnesota Statutes, Sections 116J.993 to 116J.995, because the assistance is being provided for development and housing purposes and the Redeveloper's investment in the Redevelopment Property and site preparation will exceed 70% of the County Assessor's current year's estimated market value for the Redevelopment Property "Business subsidy" within the meaning of Minnesota Statutes, Sections 116J.993 to 116J.995.

Section 3.8. Bonds. The City and HRA will review all financing aspects related to the Project and will endeavor to issue bonds if in the interest of the City and HRA if the City bonds for the City Public Improvements and Public Parking and those bonds put the City over the bank qualified limit, that the developer has to pay the interest differential, if any.

Section 3.9. Special Assessments. The Developer has agreed to certain Special Assessments to fund the City Public Improvements and the Public Parking related to Phase IC (hereinafter referred to as the "Public Phase IC Improvements"), as follows: City Public Improvements Phase ID, \$ _____ and Public Parking Improvements Phase IC \$6,100,000. The Developer shall not object to or contest the amount or use of such Special Assessments, and shall enter into the City's standard Petition and Waiver Agreement for such Public Phase IC Improvements. As a result, the City anticipates all such Public Improvements will be timely constructed to accommodate the Minimum Improvements when completed. The City will work with the Developer on the timing to levy the agreed to Special Assessments on the applicable Phase in order to be able to pay debt service on any bonds issued for the Public Improvements. If the City determines that certain of the Public Improvements will benefit other property, the City will, in accordance with normal city policies, assess the other benefited properties for their appropriate share of the costs to reflect the benefit to such other property resulting from such improvements.

ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Minimum Improvements. If the Redeveloper or its affiliate acquires the Redevelopment Property in accordance with the terms of this Agreement, the Redeveloper or such affiliate agrees that it will construct the Minimum Improvements on the

Redevelopment Property in accordance with the Construction Plans. The Redeveloper acknowledges that, in addition to the requirements of this Agreement, construction of the Minimum Improvements will necessitate compliance with other reviews and approvals by the City and possibly other governmental agencies and, to the extent such approvals have not already been obtained, agrees to submit all applications for and pursue to their conclusion all other approvals needed prior to constructing the Minimum Improvements.

Section 4.2. Preliminary and Construction Plans. (a) The Redeveloper has submitted and the City and the HRA have approved the Preliminary Plans listed in Exhibit C attached hereto. Prior to beginning construction on the Minimum Improvements, the Redeveloper shall submit dated Construction Plans to the City and the HRA. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in substantial conformity with the Preliminary Plans and this Agreement. HRA will approve the Construction Plans for each Phase if they (1) are consistent with the Preliminary Plans; (2) conform to all applicable federal, State and local laws, ordinances, rules and regulations; (3) are adequate to provide for the construction of the Minimum Improvements; (4) conform to the State building code; and (5) if there has occurred no uncured Event of Default on the part of the Redeveloper. The HRA agrees to approve or reject each set of proposed Construction Plans for each Phase within 30 days after it receives them. The HRA agrees to detail its reasons for disapproving any Construction Plans and to explain which of the four criteria in the preceding sentence that it is relying on. If the HRA does not approve or disapprove any proposed Construction Plans within 30 days after receiving them, the HRA will be deemed to have approved them. The HRA will also be deemed to have approved the Construction Plans if the City issues a building permit for the Minimum Improvements. Except as otherwise set forth herein, no approval by HRA shall relieve the Redeveloper of the obligation to comply with the terms of this Agreement, the terms of all applicable federal, State and local laws, ordinances, rules and regulations in the construction of the Minimum Improvements. Except as otherwise set forth herein, no approval by HRA shall constitute a waiver of an Event of Default.

(b) If the Redeveloper desires to make any Material Change to any Construction Plans, the Redeveloper shall submit the proposed change to the HRA for its prior written approval. If the proposed change is consistent with the Preliminary Plans or is otherwise acceptable to the HRA and meets all other requirements of section 4.2(a) above, the HRA shall approve the proposed change. Such change in the Construction Plans shall be deemed approved by the HRA unless rejected, in whole or in part, by written notice by the HRA to the Redeveloper within twenty (20) business days after the Redeveloper submits the proposed change for approval. The HRA agrees to set forth in detail its reasons for any rejection.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Redeveloper shall commence construction of each Phase of the Minimum Improvements by the Commencement Date, and substantially complete construction of each Phase by the Completion Date as set forth below. For the purpose hereof, "Commence" shall mean beginning of physical improvement to the Property for the respective Phase, including excavation, or footings and in the case of Phase I, mass grading other physical site preparation work. "Complete" shall mean that the Minimum Improvements are sufficiently complete for the issuance of a final Certificate of Occupancy.

Phase	Commencement Date	Completion Date
Phase IA – Building A	December 31, 2022	June 30, 2025
Phase IB – Building C	December 31, 2025	June 30, 2028
Phase IC – Building D	December 31, 2024	June 30, 2026
Phase ID – Rest/Common	December 31, 2024	June 30, 2026
Phase IIA – Building B	December 31, 2024	June 30, 2026
Phase IIB – Town Homes	December 31, 2024	June 30, 2026

The Redeveloper and the HRA agree that the dates for each Phase of the construction schedule may be revised based upon timing of actual construction schedules, financing, market conditions, etc. Revisions to the dates of each Phase of the construction schedule shall not require approval or further action by the HRA and may be approved administratively by staff and legal counsel, so long as such revisions are no more than 18 months from each Phase of the construction schedule as noted above. Any revision to the dates beyond 18 months for each Phase in the construction schedule shall require renegotiation between the parties.

All work with respect to the Minimum Improvements to be constructed or provided by the Redeveloper on the Redevelopment Property shall be in conformity with the Construction Plans. The Redeveloper shall make such reports to the HRA regarding construction of the Minimum Improvements as the HRA deems necessary or helpful in order to monitor progress on construction of the Minimum Improvements.

Section 4.4. Certificates of Completion. (a) After Substantial Completion of the Minimum Improvements in each Phase in accordance with the Construction Plans for that Phase and all terms of this Agreement and at the written request of the Redeveloper, the HRA will, within 20 days thereafter, furnish the Redeveloper with a Certificate of Completion for that Phase in the form of Exhibit D attached hereto. The HRA agrees that the Minimum Improvements in each Phase will be completed and the Redeveloper will be entitled to receive and record a Certificate of Completion for that Phase when the City has issued a final Certificate of Occupancy for the Minimum Improvements in that Phase and all site improvements in the Phase have been substantially completed in accordance with the approved Construction Plans for that Phase. Such certification by HRA shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with respect to the obligations of the Redeveloper to construct the Minimum Improvements in the relevant Phase and the dates for the beginning and completion thereof. Following issuance of the Certificate of Completion for a Phase pursuant to this section, the sole outstanding obligation of either Party is for the HRA to issue the Notes and to make payments thereunder, subject to the terms of this Agreement and the Notes.

(b) Each Certificate of Completion shall be in such form as will enable it to be recorded in the proper County office for the recordation of deeds and other instruments pertaining to the Redevelopment Property. If the HRA shall refuse to provide such certification in accordance with the provisions of this section 4.4, the HRA shall promptly notify Redeveloper of the same within 20 days following receipt of request therefor from Redeveloper and shall provide the Redeveloper with a written statement, indicating in adequate detail in what respects the Redeveloper has failed to complete the relevant portion of the Minimum Improvements in

accordance with the provisions of the Agreement, or is otherwise in default of a material term of this Agreement, and what measures or acts will be necessary, in the opinion of HRA, for the Redeveloper to take or perform in order to obtain such certification. If the HRA fails to issue such a written statement within such 20-day period, the HRA shall be deemed to have waived its right to do so and shall immediately thereafter issue the Certificate of Completion to the Redeveloper. The Redeveloper shall have 60 days following receipt of the HRA's written response to cure or agree to terms with HRA regarding issues to be resolved prior to the Redeveloper obtaining a Certification of Completion from HRA.

(c) Notwithstanding any requirement to the contrary set forth in this Agreement and the PUD Agreement, a Certificate of Completion may be issued for Building A of Phase I in the absence of completion of the required permanent parking for Building A of Phase I, with the permanent parking for Building A of Phase I required to be completed after such issuance of a Certificate of Completion by _____.

Section 4.5. Housing Affordability Covenants. The Redeveloper agrees that at all times from initial occupancy of each of Phase IA – Building A, Phase IIA – Building B, and Phase IC – Building D through the date that is 30 years from issuance of a final Certificate of Occupancy for that Phase, the units within the applicable Phase of the Minimum Improvements shall be reserved for occupancy by individuals and satisfy the income requirements noted in Sections 4.5(a) and (b) below. The Redeveloper and the HRA shall execute a Declaration of Restrictive Covenants for each of Phases IA - Building A, IIA - Building B, and IC - Building D in substantially the form set forth in Exhibit F and record such agreement against each of those Phases. The covenants applicable to each of those Phases shall be as follows:

(a) Affordability Covenants Phase IIA – Building B: Redeveloper covenants to make at least 10% of the Phase IIA – Building B units constructed to be “affordable” and agrees that they are subject to the following affordability covenants:

- (i) Twelve (12) cooperative Housing Units (the “Affordable Housing Units”) must be initially sold (as a membership interest in the cooperative) to owner-occupants with household income not to exceed 60 percent of the Minneapolis-St. Paul metropolitan statistical area (the “Metro Area”) median income for the calendar year in which the Redeveloper receives a Certificate of Occupancy. The Affordable Housing Units will be equally distributed throughout the building and floors. Each owner-occupant of the Affordable Housing Units will be required to pay their pro rata share of ongoing operating expenses of the cooperative. Future transfers of the Affordable Housing Units (or the membership interests in the cooperative representing the Affordable Housing Units) will be restricted to maintain the ability of future buyers to purchase the Affordable Housing Units at affordable prices for thirty (30) years following the first purchase of each of the Affordable Housing Units pursuant to the Affordable Housing Agreement described below.
- (ii) Upon or before closing on the initial sale of each Affordable Housing Unit to any person, the Redeveloper shall deliver or cause to be delivered written evidence satisfactory to the HRA of compliance with the covenants. Such evidence shall

include, at a minimum, a fully executed purchase agreement and certificate of real estate value, certification by the buyer that he or she intends to occupy the Affordable Housing Unit, and evidence of the buyer's household income determined in accordance with Metropolitan Council's affordability limits for ownership; provided that income shall be determined as of the date of application for acquisition financing.

- (iii) The HRA and its representatives shall have the right at all reasonable times while the covenants are in effect, after reasonable notice, to inspect, examine and copy all books and records of the Redeveloper and its successors and assigns relating to the covenants.
- (iv) The Redeveloper shall execute with the HRA an agreement in recordable form and satisfactory to the HRA, that substantially reflects the covenants (the "Affordable Housing Agreement") before the Redeveloper obtains its financing. The Affordable Housing Agreement shall include reasonable reporting and monitoring requirements as necessary to ensure compliance with the covenants therein, and shall be recorded by the Redeveloper, at its cost, against the appropriate portion of the Redevelopment Property on which the subject Affordable Housing Units are to be constructed. Failure to enter into, record or comply with the Affordable Housing Agreement in accordance with this Section shall be an Event of Default. If the Redeveloper fails to comply with this Article or with the covenants of the Affordable Housing Agreement, the Redeveloper will reimburse the HRA for any reasonable attorney fees incurred by the HRA in an effort to gain the Redeveloper's compliance with this Article or with the covenants of the Affordable Housing Agreement.

b. Affordability Covenants Phase IA – Building A and IC – Building D: Redeveloper agrees that the Minimum Improvements are subject to the following affordability covenants:

- (i) The Redeveloper expects that each of Phase IA – Building A and Phase IC – Building D will include the mix of rental housing units as noted in the table above in the definition of "Minimum Improvements". These units constitute approximately 27% of the overall rental units. In addition, the Redeveloper will apply to the applicable agencies for project-based housing choice vouchers for Phase IA – Building A. The Redeveloper will be required to enter into a Declaration of Restrictive Covenants for each Phase that will cause the affordable restrictions to remain in effect for a thirty (30) year period. On the date of receipt of a final Certificate of Occupancy for each of those Phases, the Redeveloper will deliver an executed Declaration that Phase to the HRA in recordable form.
- (ii) The Redeveloper agrees to distribute the affordable rental Housing Units among the different rental Housing Unit types throughout the building and floors and various unit types.
- (iii) During the term of the Declaration, the Redeveloper shall not adopt any policies specifically prohibiting or excluding rental to tenants holding

certificates/vouchers under Section 8 of the United States Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq., or its successor because of such prospective tenant's status as such a certificate/voucher holder.

- (iv) The Redeveloper will promptly notify the HRA if at any time during the term of the Declaration the number of rental Housing Units in Phase IA, Building A or Phase IC, Building D occupied by Qualifying Tenants (as defined in the Declaration) or held vacant and available for occupancy by Qualifying Tenants pursuant to the Declaration is fewer than the number required by the terms of the Declaration.
- (v) The HRA and its representatives will have the right at all reasonable times during normal business hours while the covenants in this Section are in effect, after reasonable notice to inspect, to examine and copy all books and records of the Redeveloper and its successors and assigns relating to the covenants described in this Section and in the Declaration for each of the two relevant Phases.
- (vi) The Redeveloper must submit evidence of tenant incomes, showing that Phase IA – Building A and Phase IC – Building D meet the income requirements set forth in the Declarations for those Phases by April 1st of each year. The HRA will review the submitted evidence related to the income restrictions and to the extent the threshold for one of those Phases is not met, the HRA will withhold the TIF payment for that time period with respect to that Phase.

c. Affordability Applications. The HRA and the City agree to pledge support for any affordability application made by the Redeveloper; however, such pledge of support shall not include any monetary commitment.

Section 4.6. Affordable Housing Reporting: At least annually, no later than April 1 of each year commencing on the April 1 first following the issuance of the Certificate of Completion for Phase IA – Building A or Phase IC – Building D, the Redeveloper shall provide a report to the HRA evidencing that the Redeveloper complied with the income affordability covenants set forth in Section 4.5 hereof during the previous calendar year with respect to each Phase that the Redeveloper has Substantially Completed. The income affordability reporting shall be on the form entitled “Tenant Income Certification” from the Minnesota Housing Finance Agency (MHFA HTC Form 14), or if unavailable, any similar form. The HRA may require the Redeveloper to provide additional information reasonably necessary to assess the accuracy of such certification. Unless earlier excused by the HRA, the Redeveloper shall send affordable housing reports to the HRA until the TIF District is decertified. If the Redeveloper fails to provide the annual reporting required under this Section for any Phase, the HRA may withhold payments of Available Tax Increment under the Note for that Phase.

Section 4.7. City Public Improvements: The Redeveloper shall construct the City Public Improvements as defined in this Agreement in accordance with plans and specifications approved by the City. The City may inspect the City Public Improvements as the improvements are being constructed and the Redeveloper will dedicate the City Public Improvements to the

City upon completion. Acceptance of all City Public Improvements shall be by City staff, in their sole discretion, and consistent with the PUD Agreement as hereinafter defined.

Section 4.8. Homeowners' Associations and Restrictive Covenants: The HRA acknowledges that the Redeveloper may utilize deed restrictions, covenants, agreements, architectural controls, homeowners' associations (HOAs) and other means to control the use and to ensure the maintenance of the land within the Minimum Improvements. No such instruments shall adversely affect the rights of the City or HRA under this Agreement, without their consent, which consent shall not be unreasonably withheld. The Redeveloper shall submit any such instruments to the City and HRA for their review and comment.

For Phase IIB (for sale town homes) the HOA documents should have a stipulation on the number of rental units allowed. The stipulation is at the discretion of the HOA and applicable laws governing HOA's and shall be submitted to the HRA for their review and comment.

Section 4.9. Maintenance: The Redeveloper and the HRA agree that the Redeveloper or HOA shall be responsible for all maintenance (including snow and ice removal) and repair costs associated with the private improvements on that Phase including:

- Driveways, service drives, and surface parking stalls.
- Parking structure
- Sidewalks
- Streetlights
- Landscaping
- Streetscape improvements
- Storm water ponding
- Bicycle Parking
- Plazas
- Pavilion
- Cascade promenade
- Greenway commons

Redeveloper and the HOAs shall not be responsible for the maintenance and repair of the Spine Road.

Section 4.10. Reciprocal Easement and Operating Agreement: The Redeveloper and City will enter into a mutually acceptable reciprocal easement and operating agreement (the "REOA") or other easement agreements to include, without limitation, the following key terms:

(a) Redeveloper and/or City responsibility for maintenance and operation of the private applicable Phase of the Minimum Improvements, road network, and other City Public Improvements, with such costs being allocated to and among Redeveloper, the City and/or any other owners of each Phase of the Minimum Improvements;

(b) perpetual public access easements and perpetual drainage and utility easements, in each case, over the applicable City Public Improvements and at no cost to the City;

(c) perpetual license or public access easements for greenway commons, pavilion plazas, and cascade promenade or other private areas that provide public benefit that the City and Redeveloper deem appropriate; and

(d) provisions providing for enforcement of all terms and conditions of the REOA.

ARTICLE V

Insurance

Section 5.1. Insurance.

(a) The Redeveloper will provide and maintain or cause to be provided and maintained 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 HRA, furnish the HRA 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 HRA must be protected in accordance with a clause in form and content satisfactory to the HRA;

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

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

(b) As to each Phase, upon completion of construction of the Minimum Improvements in that Phase and prior to the Maturity Date of the Note for that Phase, the Redeveloper must maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the HRA will furnish proof of the payment of premiums on, insurance as follows:

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

(ii) Commercial 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 must be endorsed to show the HRA as an additional insured.

(iii) Other insurance, including workers' compensation insurance respecting all employees, if any, of the Redeveloper, in an amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Redeveloper 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 must be taken out and maintained in responsible insurance companies selected by the Redeveloper which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Redeveloper will deposit annually with the HRA policies evidencing all the insurance, or a certificate or certificates or binders of the respective insurers stating that the insurance is in force and effect. Unless otherwise provided in this Article V each policy must contain a provision that the insurer will 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 Redeveloper and the HRA at least sixty (60) days before the cancellation or modification becomes effective. In lieu of separate policies, the Redeveloper may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Redeveloper will deposit with the HRA a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) The Redeveloper agrees to notify the HRA immediately in the case of damage exceeding \$500,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In the event this type of damage or destruction occurs, the Redeveloper 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 the damage and, to the extent necessary to accomplish the repair, reconstruction and restoration, the Redeveloper will apply the Net Proceeds of any insurance relating to the damage received by the Redeveloper to the payment or reimbursement of the costs thereof.

The Redeveloper will complete the repair, reconstruction and restoration of the Minimum Improvements, whether or not the Net Proceeds of insurance received by the Redeveloper is sufficient to pay for the same. Any Net Proceeds remaining after completion of the repairs, construction and restoration will be the property of the Redeveloper.

(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 Redeveloper fails, subject to Unavoidable Delays, to complete any repair, reconstruction or restoration of the Minimum Improvements within eighteen (18) months from the date of damage or such later time as reasonably determined by the HRA if the Redeveloper commences restoration within such eighteen (18) month period and diligently prosecutes the same to completion, the HRA may, at its option, terminate the Note or Notes for the damaged Phase or Phases as provided in Section 9.3(b) hereof. If the HRA terminates the Note for a Phase, the termination will

constitute the HRA's sole remedy under this Agreement as a result of the Redeveloper's failure to repair, reconstruct or restore the Minimum Improvements in that Phase. Thereafter, the HRA will have no further obligations to make any payments under the Note for that Phase.

(f) The Redeveloper and the HRA agree that all of the insurance provisions set forth in this Article V will terminate upon the termination of this Agreement.

Section 5.2. Subordination. The HRA and the City hereby subordinate all rights of their rights to receive or apply any insurance proceeds to the rights of any Holder of a Mortgage allowed under Article VII of this Agreement.

ARTICLE VI

Taxes; Use of Tax Increment

Section 6.1. Right to Collect Delinquent Taxes. The Redeveloper acknowledges that the HRA is providing substantial aid and assistance in furtherance of the redevelopment through issuance of the Notes. The Redeveloper understands that the Tax Increments pledged to payment of the Notes are derived from real estate taxes on the Redevelopment Property, which taxes must be promptly and timely paid. To that end, the Redeveloper 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 Redevelopment Property and the Minimum Improvements. The Redeveloper acknowledges that this obligation creates a contractual right on behalf of the HRA to sue the Redeveloper 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 HRA shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 6.2. Use of Tax Increment. Except as provided for in this Agreement, the HRA shall be free to use any Tax Increment it receives from the County with respect to TIF District No. 1-6: 325 at Blake for any purpose for which such increment may lawfully be used under the TIF Act and the HRA shall have no obligations to the Redeveloper with respect to the use of such Tax Increment.

Section 6.3. Reduction of Taxes. The Redeveloper agrees that after the date of certification of the Tax Increment District and prior to completion of the Minimum Improvements on each Phase, it will not cause a reduction in the real property taxes paid in respect of that Phase through: (A) willful destruction of the Minimum Improvements on that Phase or any part thereof (except for the demolition of structures required for construction of the Minimum Improvements); or (B) willful refusal to reconstruct damaged or destroyed property pursuant to Section 5.1 hereof.

The Redeveloper also agrees that, with respect to each Phase, it will not, prior to the Maturity Date of the Note for that Phase: (i) seek exemption from property tax for that Phase; (ii) convey or transfer or allow conveyance or transfer of that Phase to any entity that is exempt from payment of real property taxes under State law; or (iii) seek or agree to any reduction of the assessor's estimated market value to below the Minimum Market Value for that Phase. If

Redeveloper brings a petition challenging a Market Value determination exceeding the minimum value established in a Minimum Assessment Agreement, the Redeveloper must inform the HRA of such petition. The HRA will pay principal and interest on the each Note only to the extent of Available Tax Increment attributable to the minimum value of the relevant Phase until final resolution of such petition. Upon resolution of Redeveloper's tax petition, any Available Tax Increment deferred and withheld will be paid, without interest thereon, to the extent payable under the assessor's final determination of Market Value.

Notwithstanding the foregoing, the HRA acknowledges that the Redeveloper intends to apply for 4d tax classification for 100% of Phase IA – Building A and 20% of the units on Phase IC-Building D, as defined in Minnesota Statute 273.13, Subd. 25(e), for purposes of the property taxes imposed against the Minimum Improvements.

The Redeveloper may, as to each Phase, at any time following the issuance of the Certificate of Completion for that Phase, seek through petition or other means to have the Assessor's Estimated Market Value for that Phase reduced to not less than the Minimum Market Value for that Phase. Such activity must be preceded by written notice from the Redeveloper to the HRA indicating its intention to do so.

Upon receiving such notice, or otherwise learning of the Redeveloper's intentions, the HRA may suspend or reduce payments due under the Note with respect to the relevant Phase except for the portion of such payments from Available Tax Increment, as defined in the Note for that Phase, based on the Minimum Market Value as described in the Minimum Assessment Agreement for that Phase, until the actual amount of the reduction in market value is determined, whereupon the HRA will make the suspended payments less any amount that the HRA is required to repay the County as a result any retroactive reduction in market value of that Phase. If the Redeveloper fails to notify the HRA of the tax petition, the HRA shall have the right to withhold all payments of principal and interest on the Note with respect to the relevant Phase until the Redeveloper's challenge is resolved. Upon resolution of the Redeveloper's tax petition, any Available Tax Increment deferred and withheld under this Section shall be paid, without interest thereon, to the extent payable under the assessor's final determination of market value.

During the period that the payments are subject to suspension, the HRA may make partial payments on the Note, from the amounts subject to suspension, if it determines, in its sole and absolute discretion, that the amount retained will be sufficient to cover any repayment which the County may require.

The HRA's suspension of payments on a Note pursuant to this Section shall not be considered a default under Article IX hereof.

Section 6.4. Qualifications. The Redeveloper understands and acknowledges that all Public Redevelopment Costs must first be paid by or on behalf of the Redeveloper and will be reimbursed from Available Tax Increment pursuant to the terms of the Notes. The HRA makes no representations or warranties regarding the amount of Tax Increment, or that revenues pledged to the Notes will be sufficient to pay the principal of the Notes. Any estimates of Tax Increment prepared by the HRA or its financial advisors in connection with the TIF District or

this Agreement are for the benefit of the HRA, and are not intended as representations on which the Redeveloper may rely. In the event of legislative changes reducing the tax rate classification of certain qualified low-income rental housing under Minnesota Statutes, Section 273.13, subd. 25(e), the Redeveloper expressly agrees and acknowledges that the HRA may adjust the principal amount of the Notes to reflect such reduction. The parties agree that they will work in good faith to determine the appropriate amount of such reduction, it being the intent that the aggregate effect of such changes (i.e., the projected expense savings to the Redeveloper attributable to the reduction to the annual tax liability with regard to the Project and the projected income reduction to the Redeveloper attributable to the reduction in the amount of payments under the Notes) will be revenue-neutral to the Redeveloper. If the principal amount of the Notes is reduced pursuant to this Section 6.4, and there is subsequently a legislative change which increases the tax rate classification (i.e., the legislation giving rise to the reduction is repealed), the HRA shall adjust the principal amount of the Notes to reflect such increased tax burden in the same manner as the reduction aforesaid; provided, however, that any such increase be limited to the aggregate amount by which the principal balance of the Notes was previously reduced pursuant to this Section 6.4. Public Redevelopment Costs exceeding the principal amount of the Notes are the sole responsibility of Redeveloper.

Section 6.5. Transfer Obligations. Notwithstanding anything herein to the contrary, the parties acknowledge and agree that upon Transfer of any Phase to another person or entity, the Redeveloper will remain obligated under this Article VI hereof, unless the Redeveloper is released from such obligations with respect to that Phase in accordance with the terms and conditions of Section 8.2(b) or 8.3 hereof.

Section 6.6. Minimum Assessment Agreement.

(a) On or about the date of completion of each Phase, the Redeveloper shall execute a Minimum Assessment Agreement for the Phase pursuant to Section 469.177, subdivision 8 of the TIF Act, specifying an assessor’s minimum market value for that Phase with the Minimum Improvements constructed thereon.

Redeveloper and HRA will enter into a Minimum Market Value Assessment Agreement (MAA) setting a minimum property tax value for the rental portions of the various Phases as noted below:

[STACIE TO REVIEW AND REVISE]

Phase	Amount	Date
Phase IB – Building C	\$106,650,000	January 2, 2029 for payable 2030
Phase IC – Building D	\$55,900,000	January 2, 2027 for payable 2028
Phase IA – Building A	\$26,680,000	January 2, 2025 for payable 2026

The Redeveloper and the HRA agree that the dates for the applicable Phase MAA may be revised based upon timing of actual construction schedules and that the final MAA amounts may be revised based upon current market valuations provided by the County Assessor. Revisions to the dates of the applicable Phase MAA and execution thereof shall not require approval or

further action by the HRA and can be completed administratively by staff and legal counsel, so long as such revision is no more than 18 months from the applicable Phase MAA as noted in the above schedule. Any revisions to the dates beyond 18 months for the applicable Phase MAA shall require renegotiation between the parties. Revisions to the MAA amounts shall not require approval or further action by the HRA and can be completed administratively by staff and legal counsel.

The Minimum Assessment Agreement for each Phase shall terminate as to that Phase on the Termination Date for that Phase.

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

ARTICLE VII

Financing

Section 7.1. Mortgage Financing.

(a) Before commencement of construction of the Minimum Improvements, the Redeveloper must submit to the HRA or provide access thereto for review by HRA staff, consultants and agents, evidence reasonably satisfactory to the HRA that Redeveloper has available funds, or commitments to obtain funds, whether in the nature of mortgage financing, equity, grants, loans or other sources sufficient for payment of the Minimum Improvements, provided that any lender or grantor commitments shall be subject only to such conditions as are normal and customary in the commercial lending industry. The 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 HRA finds that the financing is sufficiently committed and adequate in amount to pay the costs specified in paragraph (a) then the HRA will notify the Redeveloper in writing of its approval. Such approval will not be unreasonably withheld and either approval or rejection will be given within twenty (20) days from the date when the HRA is provided the evidence of financing. A failure by the HRA to respond to the evidence of financing will be deemed to constitute an approval hereunder. If the HRA rejects the evidence of financing as inadequate, it will do so in writing specifying the basis for the rejection. In any event the Redeveloper will submit adequate evidence of financing within ten (10) days after any rejection.

Section 7.2. HRA's Option to Cure Default under a Mortgage. In the event that there occurs a default under any Mortgage authorized pursuant to Section 7.1 of this Agreement, to the extent the Redeveloper is aware of such default, the Redeveloper shall cause the HRA to receive

copies of any notice of default received by the Redeveloper from the holder of such Mortgage. Thereafter, to the extent permitted by the Holder of any Mortgage, the HRA shall have the right, but not the obligation, to cure any such default on behalf of the Redeveloper within such cure periods as are available to the Redeveloper under the Mortgage documents. In the event there is an event of default under this Agreement, the HRA will transmit to the Holder of any Mortgage a copy of any notice of default given by the HRA pursuant to Article IX hereof.

Section 7.3. Modification; Subordination. In order to facilitate the securing of other financing, the HRA agrees to subordinate its rights under this Agreement provided that such subordination shall be subject to such reasonable terms and conditions as the HRA and Holder mutually agree in writing. Notwithstanding anything to the contrary herein, any subordination agreement must include the provision described in Section 7.2 hereof.

ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

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

Section 8.2. Prohibition Against Redeveloper's Transfer of Property and Assignment of Agreement. The Redeveloper represents and agrees that, as to each Phase, until either the issuance of the Certificate of Completion for the Minimum Improvements in that Phase or the Termination Date for that Phase, as applicable:

(a) Except as specifically described in this Agreement, the Redeveloper has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Redevelopment Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity (collectively, a "Transfer"), without the prior written approval of the HRA's board of commissioners. The term "Transfer" does not include, with respect to each of Redeveloper's permitted transferee and/or assignee of Redeveloper: (i) a mortgage made or granted by way of security for, and only for, the purpose of obtaining construction, interim or permanent financing necessary to enable the Redeveloper or any successor in interest to any Phase or to construct the Minimum Improvements or component thereof; (ii) any lease, license, easement or similar arrangement entered into in the ordinary course of business related to operation of the Minimum Improvements; (iii) acquisition of a controlling interest in Redeveloper or its successor and/or assignee by another entity or merger of Redeveloper or its successor and/or assignee with another entity; (iv) any sale, conveyance, or transfer in any form to any affiliate of Redeveloper or its successor and/or assignee; (v) a transfer to a third party if the Redeveloper or its successor and/or assignee is unable to commence construction by the date provided in Section 4.3 hereof and the HRA terminates this Agreement pursuant to Section 9.2(b) hereof; or (vi) transfers of membership interests or other ownership interests in the Redeveloper or its successor and/or assignee, pursuant to the Redeveloper's operating agreement or partnership agreement. The

HRA acknowledges that the Redeveloper or its successor and/or assignee may assign or sell the Note for a Phase to a Lender or another party. For all assignments of a TIF Note, the HRA shall require an Investment Letter from the assignee in the form set forth in EXHIBIT H.

(b) If the Redeveloper seeks to effect a Transfer of any Phase or other part of the Redevelopment Property requiring the approval of the HRA after the issuance of the Certificate of Completion for that Phase, the HRA shall be entitled to require as conditions to such Transfer that:

(1) any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the HRA, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Redeveloper as to the portion of the Redevelopment Property to be transferred; and

(2) Any proposed transferee, by instrument in writing satisfactory to the HRA and in form recordable in the public land records of the County, shall, for itself and its successors and assigns, and expressly for the benefit of the HRA, have expressly assumed all of the obligations of the Redeveloper under this Agreement as to the portion of the Redevelopment Property to be transferred and agreed to be subject to all the conditions and restrictions to which the Redeveloper is subject as to such portion; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Redevelopment 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 HRA) deprive the HRA of any rights or remedies or controls with respect to the Redevelopment Property, the Minimum Improvements 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 Redevelopment 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 HRA of or with respect to any rights or remedies or controls provided in or resulting from this Agreement with respect to the Redevelopment Property that the HRA would have had, had there been no such transfer or change. 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 Redeveloper, or any other party bound in any way by this Agreement or otherwise with respect to the Redevelopment Property, from any of its obligations with respect thereto.

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

(c) If the conditions described in paragraph (b) are satisfied then the Transfer will be approved and the Redeveloper shall be released from its obligation under this Agreement, as to

the portion of the Redevelopment Property that is transferred, assigned, or otherwise conveyed. The provisions of this paragraph (c) apply to all subsequent transferors, assuming compliance with the terms of this Article VIII.

Section 8.3. Release and Indemnification Covenants.

(a) The Redeveloper releases from and covenants and agrees that the HRA and its respective governing body members, officers, agents, servants and employees thereof will not be liable for and agrees to indemnify and hold harmless the HRA 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 or any willful or wanton misconduct of the following named parties, the Redeveloper agrees to protect and defend the HRA and its respective governing body members, officers, agents, servants and employees (the “Indemnified Parties”) 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.

(c) Except for any negligence of the Indemnified Parties (as defined in clause (b) above), and except for any breach by the Indemnified Parties of their obligations under this Agreement, the Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Redeveloper or its officers, agents, servants or employees or any other person who may be about the Redevelopment Property or Minimum Improvements due to any act of negligence of any person.

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

ARTICLE IX

Events of Default

Section 9.1. Events of Default Defined. “Event of Default” means any one or more of the following events, after the non-defaulting party provides sixty (60) days’ written notice to the defaulting party of the event, but only if the event has not been cured within said sixty (60) days after written notice of default has been tendered or, if the event is incurable within sixty (60) days, the defaulting party does not, within the sixty (60) day period, provide assurances reasonably satisfactory to the non-defaulting party that the event will be cured as soon as reasonably possible:

- (a) Failure by the Redeveloper to acquire the Redevelopment Property in accordance with Article III of this Agreement, unless the failure is caused by an Unavoidable Delay;
- (b) Failure by the Redeveloper to seek approvals from the City and other entities necessary in order to construct the Minimum Improvements, unless the failure is caused by an Unavoidable Delay;
- (c) Failure by the Redeveloper to commence and complete construction of the Minimum Improvements pursuant to the terms, conditions and limitations of Article IV of this Agreement, including the timing thereof, unless such failure is caused by an Unavoidable Delay or waived by the Redeveloper and HRA;
- (d) Failure by the Redeveloper to provide and maintain any insurance required to be provided and maintained by Article V;
- (e) If the Redeveloper 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;
- (f) Failure by the Redeveloper to reimburse the HRA for its administrative expenses associated with the processing of Redeveloper's requests, or to make the necessary escrow deposits pursuant to Section 3.4;
- (g) Sale of the Redevelopment Property or the Minimum Improvements, or any portion thereof, by the Redeveloper in violation of Article VIII of this Agreement; or
- (h) Failure by either party to observe or perform any material covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.

Section 9.2. Remedies of Default. Whenever any Event of Default referred to in Section 9.1 hereof occurs, the non-defaulting party may exercise its rights under this Section 9.2 only if the Event of Default has not been cured within sixty (60) days of the non-defaulting party's tender of a notice of default or, if the Event of Default is incurable within sixty (60) days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting party that the Event of Default 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.
- (c) Upon a default by the Redeveloper, the HRA may suspend payments under the Notes or terminate the Notes and the TIF District, subject to the provisions of Section 9.3 hereof.
- (d) Upon failure by Redeveloper to timely commence or complete construction of the Minimum Improvements in accordance with Section 4.3 hereof, subject to the notice and cure periods set forth herein, the HRA may terminate this Agreement; provided, however, that notwithstanding anything herein to the contrary, the HRA acknowledges and agrees that it shall

have no remedy of specific performance with regard to the Redeveloper's obligation to commence the construction of the Minimum Improvements.

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

Raymond James Tax Credit Fund XX L.L.C., a Florida limited liability company, its successors and/or assigns and any other investors (collectively, the "Investor Limited Partner"), the limited partner or non-managing member of the Redeveloper's respective affiliate that owns or will own title to the respective Phases of the Development Property shall have the right, but not the obligation, to cure any default of the Redeveloper hereunder and such cure shall be deemed to have been made by the Redeveloper.

The Lender with respect to each Phase shall have the right, but not the obligation, to cure any default of the Redeveloper hereunder and such cure shall be deemed to have been made by the Redeveloper.

Section 9.3. Termination or Suspension of Notes. After the HRA has issued its Certificate of Completion for each Phase of the Minimum Improvements, the HRA may exercise its rights under Section 9.2(c) hereof with respect to that Phase only for the following Events of Default:

(a) the Redeveloper fails to pay real estate taxes or assessments on that Phase of the Redevelopment Property or any part thereof when due, and the taxes or assessments have not been paid, or provision satisfactory to the HRA made for their payment, within sixty (60) days after written demand by the HRA to do so; or

(b) the Redeveloper fails to comply with the Redeveloper's obligations to operate and maintain, preserve and keep that Phase of the Minimum Improvements or cause the 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(e) hereof; provided that, upon failure to comply with the obligations under Section 4.1 or 5.1(e) hereof, if uncured after sixty (60) days' written notice to the Redeveloper of the failure, the HRA may only suspend payments under the Note for that Phase until the Redeveloper complies with said obligations. If the Redeveloper fails to comply with said obligations for a period of eighteen months, the HRA may terminate the Note with respect to that Phase; or

(c) the Redeveloper fails to comply with the affordability covenants provided in Section 4.5 hereof with respect to that Phase.

Section 9.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the HRA, the Redeveloper is intended to be exclusive of any other available remedy or remedies, but each and every remedy will be cumulative and will 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 will impair any right or power or will be construed to be a waiver thereof, but any right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the HRA to exercise any remedy reserved to it, it will not be necessary to give notice, other than the notices already required in Sections 9.2 and 9.3 hereof.

Section 9.5. 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, the waiver will be limited to the particular breach so waived and will not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 9.6. Attorney Fees. Whenever any Event of Default occurs (as determined by a final court or administrative order or Redeveloper admissions) and if the HRA shall employ 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 Redeveloper under this Agreement, the Redeveloper agrees that it shall, within ten (10) days of written demand by the HRA, pay to the HRA the reasonable fees of such attorneys and such other reasonable expenses so incurred by the HRA.

Section 9.7. No Cross-Default. Notwithstanding anything to the contrary set forth in this Agreement, no Event of Default by the Redeveloper, its permitted transferees, and/or assignees for one Phase (a “Phase Redeveloper”) shall constitute an Event of Default by a Phase Redeveloper for any other Phase. No Phase Redeveloper shall be responsible for the actions or obligations of any other Phase Redeveloper. None of the obligations under this Agreement are joint and several obligations of the Phase Redevelopers, and the City or the HRA may not seek any remedies against a Phase Redeveloper whose actions did not give rise to an Event of Default. An Event of Default by a Phase Redeveloper shall not limit, impair, or revoke the rights of any other Phase Redeveloper under this Agreement or the respective Note issued or to be issued to such non-defaulting Phase Redeveloper.

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; Representatives Not Individually Liable. To the best of Redeveloper’s knowledge, no member, official, or employee of the HRA shall have any personal financial interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his or her personal financial interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested. No member, official, or employee of the HRA shall be personally liable to the Redeveloper, or any successor in interest, in the event of any default or breach or for any amount which may become due or on any obligations under the terms of this Agreement.

Section 10.2. Equal Employment Opportunity. The Redeveloper, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements

provided for in this Agreement, it will comply with all applicable equal employment and nondiscrimination laws and regulations.

Section 10.3. Restrictions on Use. The Redeveloper agrees that through the Termination Date for each Phase it will use the Minimum Improvements in that Phase for only such uses as permitted under the City's land use regulations. Further, the Redeveloper agrees that, prior to the Maturity Date with respect to each Phase, the Redeveloper, and such successors and assigns, shall use that Phase solely for the development of multifamily housing in accordance with the terms of this Agreement, and shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Redevelopment Property or any improvements erected or to be erected thereon, or any part thereof.

Section 10.4. Notices and Demands. Except as otherwise expressly provided in this Agreement, any notice, demand, or other communication under the Agreement or any related document by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified United States mail, postage prepaid, return receipt requested, or delivered personally to:

- (a) in the case of the Redeveloper: Alatus Hopkins MD LLC
IDS Center
80 South 8th Street, Suite 4155
Minneapolis, MN 55402
Attn: Robert Lux

- and with copies to: Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402
Attn: John M. Stern

- (b) in the case of the City: City of Hopkins, Minnesota
1010 1st Street South
Hopkins, MN 55343
Attn: City Manager

- with a copy to: Kennedy & Graven, Chartered
150 South 5th Street, Suite 700
Minneapolis, MN 55402
Attn: Scott J. Riggs

- (c) in the case of the HRA: Housing and Redevelopment Authority in and for the City of Hopkins
1010 1st Street South
Hopkins, MN 55343
Attn: Executive Director
- (d) in the case of the Investor Member of Borrower: Raymond James Tax Credit Fund XX L.L.C.
c/o Raymond James Affordable Housing Investments, Inc.
880 Carillon Parkway
St. Petersburg, FL 33716
Attn: Steven J. Kropf, President
- (e) With a copy to: Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109
Attn: Nate Bernard, Esq.

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

Section 10.6. Disclaimer of Relationships. The Redeveloper acknowledges that nothing contained in this Agreement nor any act by the HRA or the Redeveloper shall be deemed or construed by the Redeveloper or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between HRA and the Redeveloper.

Section 10.7. Amendment. This Agreement may be amended only by the written agreement of the parties.

Section 10.8. Recording. The HRA intends to record this Agreement among the land records of Hennepin County, Minnesota and the Redeveloper agrees to pay for the cost of recording same.

Section 10.9. Indemnity. The Redeveloper hereby agrees that the HRA, and its governing body members, officers, agents, and employees shall not be liable for, and hereby agrees to indemnify and hold harmless the same, against any loss or claims arising under this Agreement, except for losses or claims arising out of the acts or omissions of the HRA, and its governing body members, officers, agents, and employees.

Section 10.10. Titles of Articles and Sections. Any titles of the several parts, articles, and sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 10.11. Governing Law; Venue. This Agreement shall be construed in accordance with the laws of Minnesota. Any dispute arising from this Agreement shall be heard in the State or federal courts of Minnesota, and all parties waive any objection to the jurisdiction thereof, whether based on convenience or otherwise.

Section 10.12. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or will be merged by reason of any deed transferring any interest in the Redevelopment Property and any deed will not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 10.13. Approvals. Unless otherwise specified, any approval required by the HRA or the City under this Agreement may be given by the HRA staff or City staff, and any approval by either the HRA or the City will be deemed to be the approval of both the HRA and the City. Except where this Agreement expressly provides otherwise, each part agrees not to unreasonably withhold, condition, or delay any approval or consent required of it under this Agreement.

Section 10.14. Termination. This Agreement terminates as to each Phase on the Termination Date for that Phase, except that termination of this Agreement does not terminate, limit or affect the rights of any party that arise under this Agreement before the Termination Date.

Section 10.15. Public Art. Redeveloper is obligated to expend at least \$250,000, exclusive of artwork funded via a Livable Communities Demonstration Grant, for public artwork to be placed in prominent locations on the Property, on the exterior of the Minimum Improvements as set forth in the Planned Unit Development Agreement (“PUD”) for the Property. Prior to the commission of the public artwork, the public artwork shall be approved by the City, which approval shall not be unreasonably withheld. The artwork shall be installed prior to issuance of the Certificate of Occupancy for the applicable Phase.

Section 10.16. Park Dedication. The Redeveloper will pay applicable park dedication fees to the City at the time of issuance of a building permit for any applicable Phase. The City agrees that when a building permit is pulled for any Phase, the Redeveloper’s park dedication payment (which may be required by the City in lieu of land dedication) will be calculated based on the City’s park dedication fees that are in existence as of the effective date of this Agreement and, unless otherwise agreed to by the parties in the future, said payments shall be made at the time of issuance of a building permit for the applicable Phase, as the case may be. The current park dedication fee for multiple family residential subdivisions is \$3,000 per unit while the commercial fee is an amount equal to five (5) percent of the fair market value of the commercial land as estimated by the county assessor. Park dedication fees are typically due with final plat approval.

Section 10.17. Miscellaneous.

(a) No transfer of the Redevelopment Property or this Agreement without City and HRA consent which will not be unreasonably withheld;

(b) Redeveloper will retain a management company with experience in the management of multifamily rental housing developments, subject to reasonable approval by the HRA;

(c) The City and Redeveloper have applied and received a Metropolitan Council TOD Grant of \$1,250,000. The City and Redeveloper expect to apply for Hennepin County TOD Grant funding and MN DEED Redevelopment Grant funding as well. These grants have been accounted for in the Redevelopers Proforma. Any other future grants beyond these for any future applicable Phase that are received will reduce the principal amount of the Note for the applicable Phase.

Section 10.18. Commercial Space in Phase IB – Building C and Phase ID. The intent is to create opportunities for neighborhood serving commercial space for small businesses including minority owned or operated, and locally or regionally owned or operated businesses. The HRA and Redeveloper agree to collaborate to accomplish the goal of providing up to 50% of the 17,000 square feet of Commercial Space available to these users, with a minimum requirement of 40%. The outcomes of the collaboration will be outlined in a business plan approved by City staff and the Redeveloper.

Section 10.19. PUD Agreement/Subdivision. The City and HRA and the Redeveloper have entered into a PUD Agreement and intend to enter into an amended PUD Agreement (as amended, the “PUD Agreement”) regarding the redevelopment of the Redevelopment Property, subdivision of the Redevelopment Property, planning and zoning approvals related to the Redevelopment Property, and improvements to be made by the Redeveloper to the Redevelopment Property, which such PUD Agreement is incorporated by reference into and made a part of this Agreement as if fully set forth herein.

All defined terms of the PUD Agreement shall have the same meaning in this Agreement and all other requirements of the PUD Agreement as to the Minimum Improvements and the Construction Plans shall be satisfied and adhered to by the Redeveloper as if such requirements were fully set forth in this Agreement.

Section 10.20. Rent Control Provisions. The City, HRA and Redeveloper agree that any rental units within any phase at the Redevelopment Property shall be excluded from any future adopted rent control provisions.

Section 10.21. Parking Rental. The Redeveloper intends to rent parking spaces in the underground garage to tenants in Buildings B, C, and D of the Minimum Improvements for approximately \$75 to \$150 per parking space per month initially. The Redeveloper agrees that the monthly rental rate charged for each underground parking space will be the same for all tenants of the applicable Phase within the Minimum Improvements. The Redeveloper agrees

that it will not charge rent for parking spaces in the underground garage to tenants in Building A of the Minimum Improvements.

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

**HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY
OF HOPKINS:**

By: _____
Patrick Hanlon
Its: Chair

By: _____
Michael Mornson
Its: Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument as acknowledged before me this ____ day of _____, 2024, by Patrick Hanlon, the Chair of the Housing and Redevelopment Authority in and for the City of Hopkins, a public body corporate and politic under the laws of Minnesota, on behalf of the Housing and Redevelopment Authority.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument as acknowledged before me this ____ day of _____, 2024, by Michael Mornson, the Executive Director of the Housing and Redevelopment Authority in and for the City of Hopkins, a public body corporate and politic under the laws of Minnesota, on behalf of the Housing and Redevelopment Authority.

Notary Public

REDEVELOPER:

ALATUS HOPKINS MD LLC, a Delaware limited liability company

By: _____
Christian B. Osmundson
Its: Vice President

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2024, by Christian B. Osmundson, the Vice President of Alatus Hopkins MD LLC, a Delaware limited company, on behalf of the company.

Notary Public

**EXHIBIT A TO
REDEVELOPMENT AGREEMENT**

LEGAL DESCRIPTION OF REDEVELOPMENT PROPERTY

A portion of the property legally described below:

Lots 1, and 2, Block 1, Mile 14 On Minnehaha Creek, Hennepin County, Minnesota.

Lots 3 and 4, Block 1, Mile 14 On Minnehaha Creek, Hennepin County, Minnesota.

Lots 1 and 2, Block 2, Mile 14 On Minnehaha Creek, Hennepin County, Minnesota.

Outlot C, Mile 14 On Minnehaha Creek, Hennepin County, Minnesota.

(Torrens Property, Certificate of Title Numbers 1547004, 1547005, 1547006, 1547007, 1547008, 1547009 and 1547012)

**EXHIBIT B TO REDEVELOPMENT AGREEMENT
DEPICTION OF THE REDEVELOPMENT PROPERTY
AND MINIMUM IMPROVEMENTS**

All Depictions of the Redevelopment Property and Minimum Improvements are on file and available at City Hall.

**EXHIBIT C TO
REDEVELOPMENT AGREEMENT
PRELIMINARY PLAN DOCUMENTS**

All preliminary plan documents are on file and available at City Hall.

**EXHIBIT D TO
REDEVELOPMENT AGREEMENT**

FORM OF CERTIFICATE OF COMPLETION

WHEREAS, City of Hopkins, Minnesota, a Minnesota municipal corporation (“City”), and Housing and Redevelopment Authority in and for the City of Hopkins, corporate and politic under the laws of Minnesota (“HRA”), and Alatus Hopkins MD LLC, a Delaware limited liability company, formed under the laws of Minnesota (the “Redeveloper”), have entered into a certain Contract for Private Redevelopment (the “Agreement”) dated the ____ day of _____, 202__, and recorded in the office of the County Recorder and Registrar in Hennepin County, Minnesota, as Document No. _____, which Agreement contained certain covenants and restrictions regarding completion of the Minimum Improvements, as defined in the Agreement; and

WHEREAS, the Redeveloper has performed said covenants and conditions in a manner deemed sufficient by the HRA to permit the execution and recording of this certification.

NOW, THEREFORE, this is to certify that all construction of the Minimum Improvements specified to be done and made by the Redeveloper has been completed and the covenants and conditions in the Agreement have been performed by the Redeveloper, and the County Recorder in Hennepin County, Minnesota, is hereby authorized to accept for recording and to record the filing of this instrument, to be a conclusive determination of the satisfactory termination of the covenants and conditions relating to completion of the Minimum Improvements and the expiration of certain obligations contained in the Agreement to the extent expressly provided for therein. Unless otherwise expressly provided in the Agreement, Redeveloper shall be deemed to have satisfied its obligations under the Agreement.

Dated: _____, 202__.

CITY OF HOPKINS, MINNESOTA:

By: _____

Its: Mayor

By: _____

Its: City Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument as acknowledged before me this ____ day of _____, 202__, by _____ and _____, the Mayor and City Manager, for the City of Hopkins, Minnesota, a Minnesota municipal corporation, respectively, on behalf of the City.

Notary Public

**HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY
OF HOPKINS:**

By: _____

Its: Chair

By: _____

Its: Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument as acknowledged before me this ____ day of _____, 202__, by _____ and _____, the Chair and Executive Director of the Housing and Redevelopment Authority in and for the City of Hopkins, a public body corporate and politic under the laws of Minnesota, respectively, on behalf of the Housing and Redevelopment Authority.

Notary Public

**EXHIBIT E TO
CONTRACT FOR PRIVATE DEVELOPMENT**

FORM OF NOTES AND TERMS OF NOTES

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

Section 1. Form of Notes. The Notes will be in substantially the following form, with the blanks to be properly filled in and the principal amount and payment schedule adjusted as of the date of issue:

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

No. R-1 \$ _____

TAXABLE TAX INCREMENT REVENUE NOTE
SERIES 202_

Rate Date
of Original Issue
_____% _____ [INSERT DATE]

Housing and Redevelopment Authority in and for the City of Hopkins (“HRA”), for value received, certifies that it is indebted and hereby promises to pay to Alatus Hopkins MD LLC, a Delaware limited liability company, or its 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”) are estimated to be paid on August 1, 20__, and each February 1 and August 1 thereafter to and including February 1, 20__ (“Payment Dates”), in the amounts and from the sources set forth in Section 3 herein. Payments will be applied first to accrued interest, and then to unpaid principal.

Payments are payable by mail to the address of the Owner or any other address as the Owner may designate upon 30 days written notice to HRA. 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 simple non-compounded rate stated herein will accrue on the unpaid principal, commencing on the date of original issue. Interest will be computed on the basis of a year of 360 days and charged for actual days principal is unpaid.

3. Available Tax Increment. Payments on this Note are payable on each Payment Date in the amount of and solely payable from “Available Tax Increment,” which will mean, on each Payment Date, ___ percent of the Tax Increment attributable to the Redevelopment Property (defined in the Agreement) and paid to the HRA by Hennepin County in the six months preceding the Payment Date, all as the terms are defined in the Contract for Private Redevelopment between the HRA and Owner dated as of _____, 202___ (the “Agreement”). Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default by the Owner under the Agreement. At the sole discretion of the HRA, they may provide payment on the Note from other sources.

The HRA will 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 HRA to pay the entire amount of principal or interest on this Note on any Payment Date will not constitute a default hereunder as long as the HRA pays principal and interest hereon to the extent of Available Tax Increment. The HRA will have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final Payment on February 1, 20___.

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 HRA without premium or penalty. No partial prepayment will affect the amount or timing of any other regular payment otherwise required to be made under this Note.

5. Termination. At the HRA’s option, this Note will terminate and the HRA’s obligation to make any payments under this Note will be discharged upon the occurrence of an Event of Default on the part of the Redeveloper with respect to the relevant Phase applicable to this Note [a default with respect to any other Phase will not allow the HRA to terminate payments under this Note] as defined in Section 9.1 of the Agreement, but only if the Event of Default has not been cured in accordance with Section 9.2 of the Agreement.

6. Nature of Obligation. This Note is a single note in the total principal amount of \$_____ issued to aid in financing certain public redevelopment costs and administrative costs of a Redevelopment Project undertaken by the HRA pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and is issued pursuant to the resolution (the “Resolution”) duly adopted by the HRA on December 21, 2021, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.179, as amended. This Note is a limited obligation of the HRA which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution. This Note and the interest hereon will not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the HRA or the City of Hopkins, Minnesota. Neither the State of Minnesota, nor any political subdivision thereof will 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 HRA or its financial advisors in connection with the TIF District or the Agreement are for the benefit of the HRA, and are not intended as representations on which the Owner may rely.

The HRA 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 and Transfer. This Note is issuable only as a fully registered note without coupons. As provided in the Resolution, and subject to certain limitations set forth therein, this Note is transferable upon the books of the HRA kept for that purpose at the principal office of the Executive Director of the HRA as Registrar, by the Owner hereof in person or by the Owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the HRA, duly executed by the Owner. Upon the transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the HRA with respect to the transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

This Note will not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the HRA has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the HRA, that the transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. Notwithstanding the foregoing, Owner may grant, pledge and assign to any lender, to secure full payment and performance of its obligations under the loan, all of Owner's right, title and interest in and to this Note. The HRA consents to the assignment of this Note to _____, a Minnesota nonprofit corporation without the execution of an investment letter.

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 HRA 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 Hopkins, 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
HOPKINS**

Chair

Executive Director

REGISTRATION PROVISIONS

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

Date of Registration Registered Owner Signature of HRA Executive Director

Alatus Hopkins MD LLC, a
Delaware limited liability
company
IDS Center
80 South 8th Street, Suite 4155
Minneapolis, MN 55402
Federal Tax ID #

[End of Form of Note]

Section 2. Terms, Execution and Delivery.

2.01. Denomination, Payment. The Note will be issued as a single typewritten note numbered R 1.

The Note will be issuable only in fully registered form. Principal of and interest on the Note will be payable by check or draft issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. Principal of and interest on the Note will be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date, whether or not the day is a business day.

2.03. Registration. The HRA hereby appoints the Executive Director to perform the functions of registrar, transfer agent and paying agent (the “Registrar”). The effect of registration and the rights and duties of the HRA and the Registrar with respect thereto will be as follows:

(a) Register. The Registrar will keep at their office a bond register in which the Registrar will provide for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

(b) Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in a form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing,

the Note will not be transferred except (1) to any person other than an affiliate, or other related entity, of the Owner unless the HRA has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the HRA, that the transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws, or (2) to any lenders of the note holder's to secure full payment and performance of its obligations under a loan. The HRA consents to an assignment of the Note to _____, a Minnesota nonprofit corporation, without the execution of an investment letter. For all other assignments, the HRA shall require an investment letter from the assignee. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until the Payment Date.

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

(d) Improper or Unauthorized Transfer. When the Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until they are satisfied that the endorsement on the Note or separate instrument of transfer is legally authorized. The Registrar will incur no liability for their refusal, in good faith, to make transfers which they, in their judgment, deem improper or unauthorized.

(e) Persons Deemed Owners. The HRA and the Registrar may treat the person in whose name the Note is at any time registered in the bond register as the absolute owner of the Note, whether the Note is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Note and for all other purposes, and all the payments so made to any registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability of the HRA upon the Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of the Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to the transfer or exchange.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case the Note becomes mutilated or is lost, stolen, or destroyed, the Registrar will deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of the mutilated Note or in lieu of and in substitution for the Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that the Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the HRA and the Registrar will be named as obligees. The Note so surrendered to the Registrar will be cancelled and evidence of the cancellation will be given to the HRA. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it will not be necessary to issue a new Note prior to payment.

2.04. Preparation and Delivery. The Note will be prepared under the direction of the Executive Director and will be executed on behalf of the HRA by the signatures of its Chair and Executive Director. In case any officer whose signature appears on the Note ceases to be the officer before the delivery of the Note, the signature will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. When the Note has been so executed, it will be delivered by the HRA to the Owner following the delivery of the necessary items delineated in Section 3.3 of the Agreement.

Section 3. Security Provisions.

3.01. Pledge. The HRA hereby pledges to the payment of the principal of and interest on the Note all Available Tax Increment as defined in the Note. Available Tax Increment will be applied to payment of the principal of and interest on the Note in accordance with the terms of the form of Note set forth in Section 2 of this resolution.

3.02. Bond Fund. Until the date the Note is no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the HRA will maintain a separate and special “Bond Fund” to be used for no purpose other than the payment of the principal of and interest on the Note. The HRA irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment. Any Available Tax Increment remaining in the Bond Fund will be transferred to the HRA’s account for the TIF District upon the payment of all principal and interest to be paid with respect to the Note.

Section 4. Certification of Proceedings.

4.01. Certification of Proceedings. The officers of the HRA are hereby authorized and directed to prepare and furnish to the Owner of the Note certified copies of all proceedings and records of the HRA, and the other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all the certified copies, certificates, and affidavits, including any heretofore furnished, will be deemed representations of the HRA as to the facts recited therein.

EXHIBIT F

DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS, dated _____, 202__ (the “Declaration”), by ALATUS HOPKINS MD LLC, a Delaware limited liability company (the “Redeveloper”), is given to HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF HOPKINS, a public body corporate and politic under the laws of Minnesota (the “HRA”).

RECITALS

WHEREAS, the HRA and Redeveloper entered into that certain Contract for Private Development, dated _____, 2022, filed _____, 202__ in the Office of the County Recorder for Hennepin County as Document No. _____, and in the Office of the Registrar of Titles for Hennepin County as Document No. _____ (the “Contract”); and

WHEREAS, pursuant to the Contract, the Redeveloper is obligated to cause construction of _____ (the “Project”) on the property described in EXHIBIT A hereto (the “Redevelopment Property”), and to cause compliance with certain affordability covenants described in Section 4.5 of the Contract; and

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

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

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

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

1. Term of Restrictions.

(a) Occupancy and Rental Restrictions. The term of the occupancy restrictions set forth in Section 3 and the term of rent restrictions set forth in Section 4 of this Declaration will commence on the date a Certificate of Occupancy is received from the City of Hopkins, Minnesota (the “City”) for the Project. The period from commencement to termination is the “Qualified Project Period.”

(b) Termination of Declaration. This Declaration will terminate upon 30 years after the date a Certificate of Occupancy is received for the Project.

(c) Removal from Real Estate Records. Upon termination of this Declaration, the HRA will, upon request by the Redeveloper or its assigns, file any document appropriate to remove this Declaration from the real estate records of Hennepin County, Minnesota.

2. Project Restrictions.

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

(i) All leases of units to Qualifying Tenants (as defined in Section 3(a)(i) hereof) will contain clauses, among others, wherein each individual lessee:

(1) Certifies the accuracy of the statements made in its application and Eligibility Certification (as defined in Section 3(a)(ii) hereof); and

(2) Agrees that the family income at the time the lease is executed will be deemed substantial and material obligation of the lessee's tenancy; that the lessee will comply promptly with all requests for income and other information relevant to determining low or moderate income status from the Redeveloper or the HRA, and that the lessee's failure or refusal to comply with a request for information with respect thereto will be deemed a violation of a substantial obligation of the lessee's tenancy.

(ii) the Redeveloper will permit any duly authorized representative of the HRA to inspect the books and records of the Redeveloper pertaining to the income of Qualifying Tenants residing in the Project.

3. Occupancy Restrictions. The Redeveloper represents, warrants, and covenants that:

(a) Qualifying Tenants. From the commencement of the Qualified Project Period, ___ - percent (___%) of the rental Housing Units will be occupied (or treated as occupied as provided herein) or held vacant and available for occupancy by Qualifying Tenants. Qualifying Tenants means those persons and families who are determined from time to time by the Redeveloper to have combined adjusted income that does not exceed ___ percent (___%) or ___ percent (___%) of the Area Median Income ("AMI") for the applicable calendar year. For purposes of this definition, the occupants of a residential unit will not be deemed to be Qualifying Tenants if all the occupants of such residential unit at any time are "students," as defined in Section 151(c)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), not entitled to an exemption under the Code. The determination of whether an individual or family is of low or moderate income will be made at the time the tenancy commences and on an ongoing basis thereafter, determined at least annually. If during their tenancy a Qualifying Tenant's income exceeds one hundred forty percent (140%) of the maximum income qualifying as low or moderate income for a family of its size, the next available unit (determined in accordance with the Code and applicable regulations) (the "Next Available Unit Rule") must be leased to a Qualifying Tenant or held vacant and available for occupancy by a Qualifying Tenant. If the Next Available Unit Rule is violated, the Unit will not continue to be treated as a Qualifying Unit.

(b) Certification of Tenant Eligibility. As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant will be required annually to sign and deliver to the Redeveloper a Certification of Tenant Eligibility substantially in the form attached as EXHIBIT B hereto, or in any other form as may be approved by the HRA (the “Eligibility Certification”), in which the prospective Qualifying Tenant certifies as to qualifying as low or moderate income. In addition, the person will be required to provide whatever other information, documents, or certifications are deemed necessary by the HRA to substantiate the Eligibility Certification, on an ongoing annual basis, and to verify that the tenant continues to be a Qualifying Tenant within the meaning of Section 3(a) hereof. Eligibility Certifications will be maintained on file by the Redeveloper with respect to each Qualifying Tenant who resides in a Project unit or resided therein during the immediately preceding calendar year.

(c) Lease. The form of lease to be utilized by the Redeveloper in renting any units in the Project to any person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by the person to immediate eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by the person with respect to the Eligibility Certification.

(d) Annual Report. The Redeveloper covenants and agrees that during the term of this Declaration, it will prepare and submit to the HRA on or before January 31 of each year, a certificate substantially in the form of EXHIBIT C hereto, executed by the Redeveloper, (a) identifying the tenancies and the dates of occupancy (or vacancy) for all Qualifying Tenants in the Project, including the percentage of the dwelling units of the Project which were occupied by Qualifying Tenants (or held vacant and available for occupancy by Qualifying Tenants) at all times during the year preceding the date of the certificate; (b) describing all transfers or other changes in ownership of the Project or any interest therein; and (c) stating, that to the best knowledge of the person executing the certificate after due inquiry, all the units were rented or available for rental on a continuous basis during the year to members of the general public and that the Redeveloper was not otherwise in default under this Declaration during the year.

(e) Notice of Non-Compliance. The Redeveloper will immediately notify the HRA if at any time during the term of this Declaration the dwelling units in the Project are not occupied or available for occupancy as required by the terms of this Declaration.

4. Rent Restrictions. For at least thirty years following the date the Project is placed in service, the rents for ___ percent (___%) of the units and ___ percent (___%) of the units in the Project must not exceed ___ percent (___%) or ___ percent (___%) of the Area Median Income for the applicable calendar year. For each unit that the Redeveloper agrees to accept Section 8 vouchers for, such unit shall be deemed to meet the rent restrictions set forth in this Section 4.

5. Transfer Restrictions. The Redeveloper covenants and agrees that the Redeveloper will cause or require as a condition precedent to any conveyance, transfer, assignment, or any other disposition of the Project prior to the termination of the Rental Restrictions and Occupancy Restrictions provided herein (the “Transfer”) that the transferee of the Project pursuant to the Transfer assume in writing, in a form acceptable to the HRA, all duties and obligations of the

Redeveloper under this Declaration, including this Section 4, in the event of a subsequent Transfer by the transferee prior to expiration of the Rental Restrictions and Occupancy Restrictions provided herein (the “Assumption Agreement”). The Redeveloper will deliver the Assumption Agreement to the HRA prior to the Transfer.

6. Enforcement.

(a) The Redeveloper will permit, during normal business hours and upon reasonable notice, any duly authorized representative of the HRA to inspect any books and records of the Redeveloper regarding the Project with respect to the incomes of Qualifying Tenants.

(b) The Redeveloper will submit any other information, documents or certifications requested by the HRA which the HRA deems reasonably necessary to substantial the Redeveloper’s continuing compliance with the provisions specified in this Declaration.

(c) The Redeveloper acknowledges that the primary purpose for requiring compliance by the Redeveloper with the restrictions provided in this Declaration is to ensure compliance of the property with the housing affordability covenants set forth in Section 4.5 of the Contract, and by reason thereof, the Redeveloper, in consideration for assistance provided by the HRA under the Contract that makes possible the construction of the Minimum Improvements (as defined in the Contract) on the Redevelopment Property, hereby agrees and consents that the HRA will be entitled, for any breach of the provisions of this Declaration, and in addition to all other remedies provided by law or in equity, to enforce specific performance by the Redeveloper of its obligations under this Declaration in a state court of competent jurisdiction. The Redeveloper hereby further specifically acknowledges that the HRA cannot be adequately compensated by monetary damages in the event of any default hereunder.

(d) The Redeveloper understands and acknowledges that, in addition to any remedy set forth herein for failure to comply with the restrictions set forth in this Declaration, the HRA may exercise any remedy available to it under Article IX of the Contract.

7. Indemnification. The Redeveloper hereby indemnifies, and agrees to defend and hold harmless, the HRA from and against all liabilities, losses, damages, costs, expenses (including reasonable attorneys’ fees and expenses), causes of action, suits, allegations, claims, demands, and judgments of any nature arising from the consequences of a legal or administrative proceeding or action brought against them, or any of them, on account of any failure by the Redeveloper to comply with the terms of this Declaration, or on account of any representation or warranty of the Redeveloper contained herein being untrue.

8. Agent of the HRA. Upon any default hereunder, after first providing the Redeveloper with a reasonable amount of time to cure such default, the HRA will have the right to appoint an agent to carry out any of its duties and obligations hereunder, and will inform the Redeveloper of any agency appointment by written notice.

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

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

REDEVELOPER:

ALATUS HOPKINS MD LLC

By: _____

Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 202__, by _____, the _____ of Alatus Hopkins MD LLC, a Delaware limited company, on behalf of the company.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
Kennedy & Graven, Chartered (SJR)
150 South 5th Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300

EXHIBIT A TO DECLARATION OF RESTRICTIVE COVENANTS

Legal Description

[INSERT LEGAL DESCRIPTION]

EXHIBIT B TO DECLARATION OF RESTRICTIVE COVENANTS

Certification of Tenant Eligibility

(INCOME COMPUTATION AND CERTIFICATION)

Project: [Address]

Owner:

Unit Type: _____ 1 BR _____ 2 BR _____ 3 BR _____ 4 BDRM

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

Name of Members of the Household	Relationship To Head of Household	Age	Place of Employment
_____	_____	___	_____
_____	_____	___	_____
_____	_____	___	_____
_____	_____	___	_____
_____	_____	___	_____

Income Computation

2. The anticipated income of all the above persons during the 12-month period beginning this date,

(a) including all wages and salaries, overtime pay, commissions, fees, tips and bonuses before payroll deductions; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness); interest and dividends; the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts; payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay; the maximum amount of public assistance available to the above persons; periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling; and all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; but

(b) excluding casual, sporadic or irregular gifts; amounts which are specifically for or in reimbursement of medical expenses; lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen’s compensation), capital gains and settlement for personal or property losses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for these types of purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged for the allotments; and payments received pursuant to participation in ACTION volunteer programs, is as follows: \$ _____.

3. If any of the persons described above (or whose income or contributions was included in item 2) has any savings, bonds, equity in real property or other form of capital investment, provide:

(a) the total value of all such assets owned by all such persons: \$ _____;

(b) the amount of income expected to be derived from such assets in the 12 month period commencing this date: \$ _____; and

(c) the amount of such income which is included in income listed in item 2: \$ _____.

4. (a) Will all of the persons listed in item 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes _____

No _____

(b) Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes _____

No _____

THE UNDERSIGNED HEREBY CERTIFY THAT THE INFORMATION SET FORTH ABOVE IS TRUE AND CORRECT. THE UNDERSIGNED ACKNOWLEDGE THAT THE LEASE FOR THE UNIT TO BE OCCUPIED BY THE UNDERSIGNED WILL BE CANCELLED UPON 10 DAYS WRITTEN NOTICE IF ANY OF THE INFORMATION ABOVE IS NOT TRUE AND CORRECT.

Head of Household

Spouse

FOR COMPLETION BY OWNER
(OR ITS MANAGER) ONLY

1. Calculation of Eligible Tenant Income:

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

(b) If the amount entered in 3(a) above is greater than \$5,000, enter the greater of (i) the amount entered in 3(b) less the amount entered in 3(c) or (ii) 10% of the amount entered in 3(a): \$ _____

(c) TOTAL ELIGIBLE INCOME (Line 1(a) plus Line 1(b)): \$ _____

2. The amount entered in 1(c) is less than or equal to 60% of median income for the area in which the Project is located, as defined in the Declaration. 60% is necessary for status as a "Qualifying Tenant" under Section 3(a) of the Declaration.

3. Number of apartment unit assigned: _____.

4. This apartment unit was _____ was not _____ last occupied for a period of at least 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit was less than or equal to 60% of Median Income in the area.

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

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

ALATUS HOPKINS MD LLC, a Delaware limited liability company

By: _____

Its: _____

EXHIBIT C TO DECLARATION OF RESTRICTIVE COVENANTS

Certificate of Continuing Program Compliance

Date: _____

The following information with respect to the Project located at 325 Blake Road, Hopkins, Minnesota (the "Project"), is being provided by Alatus Hopkins MD LLC, a Delaware limited liability company, formed under the laws of Minnesota (the "Owner") to the Housing and Redevelopment Authority in and for the City of Hopkins, a public body corporate and politic under the laws of Minnesota ("HRA"), pursuant to that certain Declaration of Restrictive Covenants, dated _____, 202__ (the "Declaration"), with respect to the Project:

(A) The total number of residential units which are available for occupancy is 120. The total number of these units occupied is _____.

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

1 BR Units:

2 BR Units:

3 BR Units:

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

Unit Number	Previous Designation of Unit (if any)	Replacing Unit Number
_____	_____	_____
_____	_____	_____

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

	Unit Number	Name of Tenant	Number of Persons Residing in the Unit	Number of Bedrooms	Total Adjusted Gross Income	Date of Initial Occupancy	Rent
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							

(E) The Owner has obtained a “Certification of Tenant Eligibility,” in the form provided as EXHIBIT B to the Declaration, from each Tenant named in (D) above, and each such Certificate is being maintained by the Owner in its records with respect to the Project. Attached hereto is the most recent “Certification of Tenant Eligibility” for each Tenant named in (D) above who signed such a Certification since _____, 20___, the date

on which the last “Certificate of Continuing Program Compliance” was filed with the HRA by the Owner.

(F) In renting the residential units in the Project, the Owner has not given preference to any particular group or class of persons (except for persons who qualify as Qualifying Tenants); and none of the units listed in (D) above have been rented for occupancy entirely by students, no one of which is entitled to file a joint return for federal income tax purposes. All of the residential units in the Project have been rented pursuant to a written lease, and the term of each lease is at least twelve (12) months.

(G) The information provided in this “Certificate of Continuing Program Compliance” is accurate and complete, and no matters have come to the attention of the Owner which would indicate that any of the information provided herein, or in any “Certification of Tenant Eligibility” obtained from the Tenants named herein, is inaccurate or incomplete in any respect.

(H) The Project is in continuing compliance with the Declaration.

(I) The Owner certifies that as of the date hereof, 40% of the residential dwelling units in the Project are occupied or held open for occupancy by Qualifying Tenants, as defined and provided in the Declaration.

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

IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of the Owner,
on _____, 202__.

ALATUS HOPKINS MD LLC, a Delaware limited liability company

By: _____

Its: _____

EXHIBIT G

FORM OF MINIMUM ASSESSMENT AGREEMENT

[This Minimum Assessment Agreement shall be updated from this generic form for each Phase of the Minimum Improvements.]

THIS MINIMUM ASSESSMENT AGREEMENT, made on or as of the ____ day of _____, 2021 (the “Minimum Assessment Agreement”), is between the Housing and Redevelopment Authority in and for the City of Hopkins, a public body corporate and politic under the laws of Minnesota (the “HRA”), and Alatus Hopkins MD LLC, a Delaware limited liability company, formed under the laws of Minnesota, (the “Redeveloper”).

WITNESSETH

WHEREAS, the HRA and the Redeveloper have entered into that certain Contract for Private Development, dated _____, 202__ (the “Contract”), regarding the acquisition of property, the construction of multiple buildings containing approximately 800 multi-family units, with 688 units of apartments, and 112 senior cooperative units with affordable levels within each building; construction of 33 for sale town homes, 8,000 sq. ft. of ground floor retail, 1,000 sq. ft. sky lounge and two (2) 4,500 sq. ft. standalone restaurant pads (the “Minimum Improvements”), affordable to households as set forth in the Contract, to be constructed on property legally described in Exhibit A (the “Redevelopment Property”); and

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

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

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

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

2. The minimum market value which shall be assessed for ad valorem tax purposes for the Redevelopment Property, together with the Minimum Improvements constructed thereon, shall be \$ _____ or such lesser amount as established by the applicable assessing agency as of January 2, 20 __, notwithstanding the progress of construction by such date, until January 2, 20 __.

3. The minimum market value which shall be assessed for ad valorem tax purposes for the Redevelopment Property, together with the Minimum Improvements constructed thereon, shall be \$ _____ or such lesser amount as established by the applicable assessing agency as of

January 2, 20__, notwithstanding the progress of construction by such date, and as of each January 2 thereafter until termination of this Minimum Assessment Agreement under Section 4 hereof.

4. The minimum market value herein established shall be of no further force and effect and this Minimum Assessment Agreement shall terminate on the earlier of (i) date the principal of and interest on the Tax Increment Revenue Note delivered to the Redeveloper by the HRA pursuant to the terms of Contract is paid in full; or (ii) the date the Tax Increment Financing District No. 1-6 established by the HRA and the City of Hopkins, Minnesota is decertified. The HRA shall execute a certificate or affidavit upon the occurrence of a termination event referred to in this Section 4 indicating that this Minimum Assessment Agreement has terminated and shall supply such certificate to the Redeveloper for recording.

5. This Minimum Assessment Agreement shall be promptly recorded by the HRA. The Redeveloper shall pay all costs of recording.

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

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

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

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

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

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

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

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

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

REDEVELOPER:

ALATUS HOPKINS MD LLC, a Delaware limited liability company

By: _____

Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 202__, by _____, the _____ of Alatus Hopkins MD LLC, a Delaware limited company, on behalf of the company.

Notary Public

EXHIBIT A TO MINIMUM ASSESSMENT AGREEMENT

LEGAL DESCRIPTION

[INSERT LEGAL DESCRIPTION]

**EXHIBIT H TO
REDEVELOPMENT AGREEMENT
FORM OF INVESTMENT LETTER**

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

Dated: _____, 202__

Re: \$_____ Tax Increment Revenue Note (Alatus Hopkins MD LLC TIF Project No. 1-6) -
325 Blake

The undersigned, as Purchaser of \$_____ in principal amount of the above-captioned Tax Increment Revenue Note (the “Note”), approved by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Hopkins on _____, 202__, hereby represents to you and to Kennedy & Graven, Chartered, Minneapolis, Minnesota, as legal counsel to the HRA, as follows:

1. **[For First Purchaser** - We understand and acknowledge that the Note is delivered to the Purchaser on this date pursuant to the Contract for Private Redevelopment by and between the HRA and the Purchaser dated September 1, 2022 (the “Agreement”)] **[For All Subsequent Owners of Note** – We acknowledge receipt of the Tax Increment Revenue Note (Alatus Hopkins MD LLC TIF Project No. 1-6) - 325 Blake, in the principal amount of \$_____].

2. The Note is payable as to principal and interest solely from Available Tax Increment pledged to the Note, as defined therein.

3. 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 Note.

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

5. 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 HRA, the Note and the security therefor, and that as reasonable investors we have been able to make our decision to purchase the above-stated principal amount of the Note.

6. We have been informed that the 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.

7. We acknowledge that the HRA and Kennedy & Graven, Chartered, as legal counsel to the HRA, have not made any representations or warranties as to the status of interest on the Note for the purpose of federal or state income taxation.

8. We represent to you that we are purchasing the Note for our own account and not for resale or other distribution thereof, except to the extent otherwise provided in the Note or as otherwise approved in writing by the HRA.

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

10. The Purchaser’s federal tax identification number is _____

11. We acknowledge receipt of the Note on the date hereof.

IN WITNESS WHEREOF, the undersigned has executed this Investment Letter as of the date and year first written above.

REDEVELOPER:
ALATUS HOPKINS MD LLC, a Delaware limited company

By: _____

Its: Chief Manager

EXHIBIT I

TOTAL DEVELOPMENT COSTS

Total Development Costs - Bldg A			
	Amount	% of Cost	Per Unit
ACQUISITION COSTS	1,000,000	2.7%	Per Unit
Land Cost	1,000,000	2.7%	8,621
CONSTRUCTION COSTS	26,972,400	71.6%	232,521
Residential Building	23,196,066	61.6%	199,966
General Requirements	872,177	2.3%	7,519
Builder's Overhead	872,177	2.3%	7,519
Builder's Profit	747,580	2.0%	6,445
Construction Contingency	1,284,400	5.0%	11,072
PERMITS/FEEES	665,260	1.8%	5,735
Park Dedication	348,000	0.9%	3,000
Local SAC/WAC Connection Fees	29,000	0.1%	250
Met Council Sewer Access Connection	288,260	0.8%	2,485
PROFESSIONAL SERVICES	1,686,050	4.5%	14,535
Appraisals	25,000	0.1%	216
Architectural & Engineering Fees	978,750	2.6%	8,438
Architectural Reimbursements	30,000	0.1%	259
Consultants	30,000	0.1%	259
Cost Certification/Audit	20,000	0.1%	172
Environmental Assessment Consultant	4,000	0.0%	34
FF&E	182,000	0.5%	1,569
Legal - Development	200,000	0.5%	1,724
Marketing/Leasing	7,800	0.0%	67
Owner's Representative	46,500	0.1%	401
Interior Design	47,500	0.1%	409
Soils Consultant	15,000	0.0%	129
Survey	7,500	0.0%	65
Sustainability & HERS Rater modeling	35,000	0.1%	302
Acoustics	17,000	0.0%	147
Landscape Architecture	40,000	0.1%	345
FINANCING COSTS	2,780,679	7.4%	23,971
Bond - Counsel	50,000	0.1%	431
Bond - Issuance Fee	267,077	0.7%	2,302
Bond - Trustee	12,000	0.0%	103
Construction Period Interest	1,202,991	3.2%	10,371
Insurance - Builder's Risk	256,880	0.7%	2,214
Lender Legal	25,000	0.1%	216
Loan Origination Fees	394,600	1.0%	3,402
Other Fee (e.g. MHFA, HUD, and FHA Fees)	11,000	0.0%	95
Construction Monitoring Fee	28,000	0.1%	241
Real Estate Taxes During Construction	75,938	0.2%	655
Tax Credit & Compliance Fees	190,666	0.5%	1,644
Financing Applications	25,000	0.1%	216
Closing Costs	241,527	0.6%	2,082
DEVELOPER FEE	3,444,502	9.1%	29,694
Developer Fee	3,444,502	9.1%	29,694
CASH ACCOUNTS/ESCROWS/RESERVES	1,121,120	3.0%	9,665
Debt Service Reserves	493,000	1.3%	4,250
Management Startup/Leasing	300,920	0.8%	2,594
Operating Reserves	327,200	0.9%	2,821
	37,670,011		324,741

Total Development Costs - Bldg C			
	Amount	% of Cost	Per Unit
ACQUISITION COSTS	5,473,776	3.4%	13,858
Land Cost	5,399,418	3.3%	13,669
Closing Costs	74,358	0.0%	188
CONSTRUCTION COSTS	125,283,123	77.4%	317,172
Residential Building	119,204,962	73.7%	301,785
Commercial - Building	1,048,300	0.6%	2,654
Parking Technology Equipment	250,000	0.2%	633
Low Voltage	592,500	0.4%	1,500
Construction Consultant	50,000	0.0%	127
Construction Contingency	3,686,751	3.0%	9,334
Solar	450,610	0.3%	1,141
ENVIRONMENTAL ABATEMENT/SOIL CORRECTION	2,450,000	1.5%	6,203
Soil Remediation Work	2,450,000	1.5%	6,203
PERMITS/FEES	3,158,266	2.0%	7,996
Park Dedication	1,185,000	0.7%	3,000
Permits/Inspection	923,051	0.6%	2,337
Local SAC/WAC Connection Fees	1,200	0.0%	3
Met Council Sewer Access Connection	991,515	0.6%	2,510
MPCA Fees	7,500	0.0%	19
City Fees, City Approvals	50,000	0.0%	127
PROFESSIONAL SERVICES	8,270,533	5.1%	20,938
Accounting	98,750	0.1%	250
Architectural & Engineering Fees	2,968,100	1.8%	7,514
Construction Testing	399,398	0.2%	1,011
Design Consultants	69,000	0.0%	175
LEED Consultant	175,000	0.1%	443
Environmental Assessment Consultant	208,500	0.1%	528
FF&E	2,540,000	1.6%	6,430
Legal - Development	375,000	0.2%	949
Market Research	20,000	0.0%	51
Construction Management	296,250	0.2%	750
Soft Cost Contingency	750,000	0.5%	1,899
Survey	26,500	0.0%	67
Commercial Commissions	39,035	0.0%	99
Traffic Study	5,000	0.0%	13
Other	300,000	0.2%	759
FINANCING COSTS	5,320,861	3.3%	13,471
Construction Period Interest	2,859,193	1.8%	7,238
Inspections - Lenders	65,000	0.0%	165
Insurance - Builder's Risk	250,000	0.2%	633
Insurance - Hazard/Liability	59,250	0.0%	150
Loan Origination Fees	669,273	0.4%	1,694
Closing Costs	273,258	0.2%	692
Real Estate Taxes During Construction	244,584	0.2%	619
Title & Recording	7,500	0.0%	19
Placement Fee - Equity/Debt	842,803	0.5%	2,134
Reimbursement - all vendors/consultants	50,000	0.0%	127
DEVELOPER FEE	5,645,700	3.5%	14,293
Developer Fee	5,645,700	3.5%	14,293
CASH ACCOUNTS/ESCROWS/RESERVES	6,178,649	3.8%	15,642
Interest Reserves	759,213	0.5%	1,922
Management Startup/Leasing	930,000	0.6%	2,354
Operating Reserves	252,277	0.2%	639
Owner Contingence	4,237,159	2.7%	10,889
TOTAL USES	161,780,908	100%	409,572

Total Development Costs - Bldg D			
	Amount	% of Cost	Per Unit
ACQUISITION COSTS	2,316,419	3.9%	12,387
Land Cost	2,252,760	3.8%	12,047
Closing Costs	63,659	0.1%	340
CONSTRUCTION COSTS	46,002,109	77.0%	246,001
Residential Building	42,398,417	71.0%	226,730
Parking Technology Equipment	250,000	0.4%	1,337
Low Voltage	280,500	0.5%	1,500
Construction Contingency	2,622,582	6.1%	14,025
Solar	450,610	0.8%	2,410
ENVIRONMENTAL ABATEMENT/SOIL CORRECTION	250,000	0.4%	1,337
Soil Remediation Work	250,000	0.4%	1,337
PERMITS/FEES	1,045,059	1.7%	5,589
Park Dedication	190,500	0.3%	1,019
Permits/Inspection	331,164	0.6%	1,771
Local SAC/WAC Connection Fees	1,200	0.0%	6
Met Council Sewer Access Connection	472,195	0.8%	2,525
Other	50,000	0.1%	267
PROFESSIONAL SERVICES	4,451,113	7.4%	23,803
Architectural & Engineering Fees	1,417,500	2.4%	7,580
Construction Testing	284,113	0.5%	1,519
Design Consultants	75,000	0.1%	401
Other Consultants	125,000	0.2%	668
Environmental Assessment Consultant	208,500	0.3%	1,115
FF&E	467,500	0.8%	2,500
Legal - Development	375,000	0.6%	2,005
Market Research	25,000	0.0%	134
Marketing/Leasing	722,000	1.2%	3,861
Soft Cost Contingency	500,000	0.8%	2,674
Survey	26,500	0.0%	142
Commercial Commission	175,000	0.3%	936
Other	50,000	0.1%	267
FINANCING COSTS	3,123,660	5.2%	16,704
Construction Period Interest	1,712,266	2.9%	9,157
Inspections - Lenders	55,000	0.1%	294
Insurance - Builder's Risk	250,000	0.4%	1,337
Insurance - Hazard/Liability	28,050	0.0%	150
Loan Origination Fees	477,980	0.8%	2,556
Closing costs	139,325	0.2%	745
Real Estate Taxes During Construction	133,405	0.2%	713
Title & Recording	7,500	0.0%	40
Placement Fee - Equity	320,134	0.5%	1,712
DEVELOPER FEE	2,447,750	4.1%	13,090
Developer Fee	2,447,750	4.1%	13,090
CASH ACCOUNTS/ESCROWS/RESERVES	113,060	0.2%	605
Operating Reserves	113,060	0.2%	604.60
	59,749,170	100%	319,514

EXHIBIT J SAMPLE LOCKBACK CALCULATION



325 Blake Rd - Building C
City of Hopkins
 386 Market Rate Apartments; 10,843 (sf) Commercial Space
Exhibit J - Sample Lockback Calculation

	Schedule														
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Rental Income															
Gross Potential Rent															
Less: 5.0% Stabilized Vacancy															
Less: Additional Pre-stabilization Vacancy															
Total Rental Income	3,839,082	8,898,358	10,376,713	10,884,489	11,438,224	12,011,186	12,611,744	13,242,331	13,904,448	14,689,870	15,329,864	16,086,138	16,800,843	17,746,980	18,833,280
Other Residential Income															
Underground Parking - 1st Stall															
Underground Parking - 2nd Stall															
Storage Income															
CAM/RE Tax Reimbursements															
Guest Guites & Solar Net Metering															
Miscellaneous															
Less: Vacancy															
Less: Additional Pre-stabilization Vacancy															
Total Other Residential Income	1,148,860	2,637,878	2,104,446	2,862,188	2,830,413	3,010,790	3,093,391	3,178,278	3,266,610	3,366,159	3,447,238	3,641,898	3,639,271	3,739,289	3,842,937
Net Residential Income (NRI)	4,987,942	12,334,338	12,480,168	13,746,677	14,268,637	15,021,976	15,705,135	16,420,609	17,186,458	17,996,023	18,777,102	19,838,036	20,640,216	21,486,269	22,476,217
Commercial Income															
Net Commercial Income	103,009	124,846	125,094	129,247	132,478	135,290	139,185	142,654	145,231	149,887	153,634	157,475	161,412	165,447	169,583
Effective Gross Income (EGI)	5,090,951	12,459,184	12,605,262	13,875,924	14,599,115	15,357,266	16,044,320	16,853,263	17,632,689	18,442,157	19,220,736	20,195,511	21,071,628	21,851,716	22,644,910
Expenses															
Rental Unit Expenses															
Operating Expenses															
Management Fee: 2.4% of EGI															
Property Taxes															
Reserves: \$250 PUPY															
Total Rental Unit Expenses	3,866,724	4,892,038	4,809,339	4,933,349	5,080,939	5,192,086	5,328,832	5,486,349	5,607,728	5,764,987	5,904,646	6,068,227	6,218,282	6,381,782	6,548,926
Total Expenses	3,866,724	4,892,038	4,809,339	4,933,349	5,080,939	5,192,086	5,328,832	5,486,349	5,607,728	5,764,987	5,904,646	6,068,227	6,218,282	6,381,782	6,548,926
NET OPERATING INCOME	1,224,227	7,567,146	7,795,923	8,942,575	9,518,176	10,165,180	10,715,488	11,366,914	11,974,961	12,677,170	13,316,090	14,027,314	14,853,346	15,264,934	16,095,984
Tax Incremental Financing Revenue															
ADJUSTED NET OPERATING INCOME	1,224,227	7,567,146	7,795,923	8,942,575	9,518,176	10,165,180	10,715,488	11,366,914	11,974,961	12,677,170	13,316,090	14,027,314	14,853,346	15,264,934	16,095,984
Debt Service															
Debt A: First Mortgage															
Total Debt Service	3,287,388	3,820,842	3,378,186												
Debt Coverage															
Debt Coverage w/o Tax Increment Financing	54%	228%	175%	197%	207%	218%	229%	238%	246%	219%	200%	206%	211%	217%	229%
NET CASH FLOW	(1,063,161)	3,746,304	4,417,737	5,564,389	6,140,000	6,786,994	7,337,302	7,988,728	8,596,775	9,308,904	9,947,904	10,659,128	11,475,060	12,476,748	13,717,058
Working Capital Reserve Draw	1,606,472														
NET CASH FLOW AVAILABLE FOR DISTRIBUTION	0	3,139,832	4,417,737	5,564,389	6,140,000	6,786,994	7,337,302	7,988,728	8,596,775	9,308,904	9,947,904	10,659,128	11,475,060	12,476,748	13,717,058
Returns Analysis															
Total Development Costs	\$181,730,808														
Cash on Cost Annual Return	1.1%	5.5%	5.8%	6.5%	6.9%	7.2%	7.6%	7.9%	8.2%	8.4%	8.7%	8.9%	9.2%	9.4%	9.9%
Cash on Cost Annual Return (w/o TIF assistance)	0.9%	4.8%	4.8%	5.5%	5.8%	6.2%	6.5%	6.9%	7.2%	7.6%	8.1%	8.5%	9.0%	9.4%	9.9%
Cash on Cost Average Annual Return	1.1%	3.5%	4.1%	4.7%	5.2%	5.6%	6.0%	6.4%	6.8%	7.1%	7.4%	7.7%	8.0%	8.3%	8.9%

TIF Lockback Calculations	
Original # of Years of TIF	15
Year TIF Not needed to meet average 7% COC	13
Principal Amount of Original TIF Note	\$ 16,095,000
PV of TIF in Year 13 based upon original TIF run	\$ 14,295,000
Difference	\$ 1,800,000
Principal Amount of Original TIF Note	\$ 16,095,000
Reduction Amount	\$ (1,800,000)
New Principal Amount of TIF Note	\$ 14,295,000

Note: TIF Run Atlasus 6-22-22 - Mid Rise - Bldg C is the TIF run used to size the original note and the one to be used to determine new note sizing, if any

MEMORANDUM

TO: Mike Mornson – City Manager
FROM: Stacie Kvilvang - Ehlers
DATE: November 15, 2023
SUBJECT: City Bonding for Public Parking and Infrastructure – 325 Blake

Alatus has been working with capital equity partners and lenders to move forward construction of Building D (Mixed-income) and Building C (Mid Rise). Due to the current interest rate environment, construction costs and limited capital investors, financing multi-family projects anywhere in the metropolitan area has become increasingly difficult and thus many projects have been put on hold or retracted all together.

Alatus approached the City to see if they would consider issuing general obligations bonds to provide the capital needed to pay for public costs associated with the development. The bonds would be 100% assessed to the property and be the responsibility of Alatus as the property owner to repay. Specifically, the bond proceeds would be used to pay for the public parking element being constructed as part of Building D (to serve the retail planned for site E, overflow parking for any other buildings constructed and for general public use of the amenities in the area) totaling approximately \$6 million and the remaining roads, utilities, sidewalks for the overall development, totaling of approximately \$7 million. This would benefit the project and likely be the only way for the project to move forward in 2024 by:

1. Providing capital to the project at a rate lower than private lenders (+-5% vs. 7.75% to 8.75%)
2. Reducing the amount needed in private financing from lenders at the higher interest rate, thus reducing overall debt service payments, and
3. Reduce the capital needed from the equity investors who require a higher return

In 2021, the City approved providing up to \$31.7 million in pay-as-you-go (PAYGO) TIF to the overall development. In order to make the debt service on the bonds for the parking ramp tie to the annual TIF payment, this would require the bonds and the PAYGO TIF note to be issued for 20 years vs. the 15 years as originally anticipated. Infrastructure bonds for street construction would be issued with a 15-year term. Issuing the bonds and providing 20 years of TIF on Building D versus 15, will not increase the overall assistance approved to be provided to the development of up to \$31.7 million (infrastructure and ramp bonds are loans vs. subsidies since they are repaid by the development).

The City has in the past issued bonds for private development to pay for public infrastructure and/or public redevelopment costs including the Super Valu campus (both roads and parking ramps) and the City's annual road reconstruction projects. We view the issuance of these bonds to be low risk since they are assessed to the property, just like annual road reconstruction projects.

We have discussed these options with the City Attorney and Bond Counsel and are comfortable that if the Council is agreeable to proceed, we can structure the bonds and their repayment to be low to no risk for the City. In addition, we will continue to work with Alatus on refining the cost allocable to the various elements to assure we issue the least amount of debt.

Please contact me at 651-697-8506 with any questions.