Call to Order

Approval of the minutes of the regular Housing and Redevelopment Authority meeting of March 19, 2018.

AGENDA APPROVAL

1. Approval of the Agenda

2. Consent Calendar contains several separate items which are acted upon by the HRA in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further HRA action on these items is necessary. However, any HRA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for HRA discussion and action. All items listed on the Consent Calendar are recommended for approval.
   A. Consideration of the approval of a resolution authorizing the purchase of 7324 Girard Avenue through the Richfield Rediscovered Program.
      Staff Report No. 10

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

RESOLUTIONS

4. Consideration of the approval of resolutions approving an Amended and Restated Contract for Private Development and a Right-of-Entry Agreement with Inland Development Partners for the Cedar Point South Redevelopment Area.
   Staff Report No. 11

OTHER BUSINESS

5. Consideration of the approval of settlement of a Housing and Redevelopment Authority Deferred Loan at 6500 Woodlake Drive, Unit #405.
   Staff Report No. 12

HRA DISCUSSION ITEMS

6. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

7. Executive Director's Report
8. Claims and Payrolls

9. Adjournment

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

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

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

*HRA Members absent:* Michael Howard

*Staff Present:* John Stark, Community Development Director, Julie Urban, Housing Manager and Kate Aitchison, Housing Specialist.

APPROVAL OF THE MINUTES OF THE REGULAR HRA MEETING OF FEBRUARY 20, 2018

M/Vrieze Daniels, S/Sandahl to approve the minutes of the February 20, 2018 Housing and Redevelopment Authority regular meeting.

Motion carried 4-0.

Item #1   APPROVAL OF THE AGENDA

M/Elliott, S/Vrieze Daniels to approve the agenda.

Motion carried 4-0.

Item #3   CONSIDERATION OF THE CONSENT CALENDAR

Community Development Director Stark presented the consent calendar:

A. Consideration of the approval of a resolution approving Assignment and Second Amendment to Amended and Restated Contract for Private Development in the Urban Village Tax Increment Financing District (Staff Report No. 8).

M/Sandahl, S/Elliott, to approve the consent agenda.

Motion carried 4-0.
### Item #4
**CONSIDERATION OF THE APPROVAL OF A RESOLUTION APPROVING A PRELIMINARY DEVELOPMENT AGREEMENT BETWEEN THE HOUSING AND REDEVELOPMENT AUTHORITY AND NHH PROPERTIES, LLC FOR THE DEVELOPMENT OF THE CEDAR POINT HOUSING REDEVELOPMENT AREA.**

Community Development Director Stark presented Staff Report 9, and detailed the specific benchmarks cited in the staff report.

Commissioner Vrieze Daniels asked Community Development Director Stark to describe how the agreement might impact neighbors.

Community Development Director Stark responded by discussing changes to the development team, and updates to the project from a development-perspective. He also cited the benchmarks outlined in the preliminary development agreement. Neighbors should hear from the developer by June 1, 2018.

Chair Supple stated she is glad to see the benchmarks in the agreement. She asked if there are any penalties for not meeting benchmarks. Community Development Director Stark responded that if the developer was not meeting benchmarks, the HRA could terminate the agreement or find ways to incentivize the developer. He stated that the developer will be more invested, financially, with each benchmark that is met.

Adam Seraphine, with NHH Properties, stated that they are working on gap-financing and a home purchase plan for the stakeholders involved. They are working to make all stakeholders happy, and are willing to move forward with more structure.

Community Development Director Stark added that the phasing would allow development to move forward if acquisition of all the homes is not possible. He stated that a common sense approach will be taken in reviewing the developer’s efforts.

M/Elliott, S/Sandahl, to approve of a resolution approving a preliminary development agreement between the Housing and Redevelopment Authority and NHH Properties, LLC for the development of the Cedar Point Housing Redevelopment Area.

Commissioner Sandahl clarified that eleven houses have yet to be purchased. Housing Manager Urban confirmed.

Motion carried 4-0.

### Item #5
**HRA DISCUSSION ITEMS**

There were no HRA Discussion items.

### Item #6
**EXECUTIVE DIRECTOR REPORT**

Community Development Director Stark noted that the City Council recently approved a reduction in building permit fees for projects related to affordable housing.
Item #7 CLAIMS AND PAYROLL

M/Elliott, S/Sandahl, that the following claims and payroll be approved:

<table>
<thead>
<tr>
<th>U.S. BANK</th>
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<tr>
<td>Section 8 Checks: 129545-129624</td>
<td>$154,671.78</td>
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<tr>
<td>HRA Checks: 33416-33425</td>
<td>$131,715.56</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$286,387.34</td>
</tr>
</tbody>
</table>

Motion carried 4-0.

ADJOURNMENT

The meeting was adjourned by unanimous consent at 7:17 p.m.

Date Approved: April 16, 2018

Mary B. Supple
HRA Chair

Kate Aitchison
Housing Specialist

Steven L. Devich
Executive Director
ITEM FOR COUNCIL CONSIDERATION:
Consideration of the approval of a resolution authorizing the purchase of 7324 Girard Avenue through the Richfield Rediscovered Program.

EXECUTIVE SUMMARY:
The owner of 7324 Girard Avenue has expressed an interest in selling her property to the Housing and Redevelopment Authority (HRA). The home is 720 square feet, with an attached 1-car garage. A substandard inspection was conducted, and the inspector concluded that the home was structurally substandard and met the criteria for demolition. A sale price of $120,000 was agreed upon with the seller. Closing will occur by May 31, 2018.

The home will be purchased under the Richfield Rediscovered program and sold as a vacant lot for the construction of a new, market-rate, single-family home.

RECOMMENDED ACTION:
By motion: Approve a resolution authorizing the purchase of 7324 Girard Avenue through the Richfield Rediscovered Program.

BASIS OF RECOMMENDATION:
A. HISTORICAL CONTEXT
   - In mid-2016, Debra Doose (Homeowner) approached HRA staff about the possibility of selling her home to the HRA. Staff provided information and conducted an initial review of the property.
   - In early 2018, the Homeowner again contacted staff, ready to move forward with selling the property. A substandard inspection was ordered and conducted in February 2018.
   - Constructed in 1941, the home is approximately 720 square feet with a walk-out basement and an attached 1-car garage. The home has been vacant since early 2017.
   - The substandard inspection found extensive damage to the foundation of the home in addition to visible separation of the attached garage from the home. Deferred maintenance and deficient insulation also contributed to the home being deemed substandard.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):
   - Through the Richfield Rediscovered Program, the HRA purchases and removes substandard and
functionally obsolete housing and replaces it with newer, higher valued homes.

- In order to utilize the Housing and Redevelopment Fund, a property must be deemed "structurally substandard" as guided by Minnesota State Statute 469.174, subdivision 10.
- The 2008-2018 Richfield Comprehensive Plan states as policy:
  - Encourage the creation of “move-up” housing through new construction and home remodeling.
  - Promote the development of a balanced housing stock that is available to a range of income levels.

C. **CRITICAL TIMING ISSUES:**

- The property is currently vacant and the owner is eager to sell in order to avoid accruing additional holding costs.
- Under the purchase agreement the closing would occur by May 31, 2018.

D. **FINANCIAL IMPACT:**

- An appraisal of the property was conducted on March 6, 2018. The appraised market value of the property was $170,000.
- The owner, eager to avoid the time and resources it would take to bring the home into code compliance for sale on the Multiple Listing Service (MLS), has suggested a sale price of $120,000.
- Funds are available in the Housing and Redevelopment Fund for acquisition for the Richfield Rediscovered program.
- The property will be appraised at its vacant land value; however, staff estimates that the vacant land will likely appraise for around $60,000.

E. **LEGAL CONSIDERATION:**

- The purchase agreement was reviewed by legal counsel.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not approve a resolution authorizing the purchase of 7324 Girard Avenue.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

None

**ATTACHMENTS:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resolution 7324 Girard</td>
<td>Resolution Letter</td>
</tr>
<tr>
<td>Purchase Agreement 7324 Girard</td>
<td>Contract/Agreement</td>
</tr>
<tr>
<td>Photo of 7324 Girard</td>
<td>Backup Material</td>
</tr>
</tbody>
</table>
HRA RESOLUTION NO. _______

RESOLUTION AUTHORIZING PURCHASE OF REAL PROPERTY
LOCATED AT 7324 GIRARD AVENUE

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (“the HRA”) desires to purchase certain real property pursuant to and in furtherance of the Richfield Rediscovered Program, said property being described as:

7324 Girard Avenue

Legal: Lot 7, Block 6, “Irwin Shores” Hennepin County, Minnesota.

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

WHEREAS, Housing and Redevelopment Fund money is available for acquisition purposes.

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

1. The purchase price for the property is approved at $120,000 plus closing costs, not to exceed $124,000.

2. The Chairperson and Executive Director are authorized to execute a Purchase Agreement and to take other actions necessary to purchase the property for the amount set forth in this Resolution.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota on this 16th day of April, 2018.

_______________________
Mary B. Supple, Chair

ATTEST:

_______________________
Erin Vrieze Daniels, Secretary
PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (the “Agreement”) is made as of this day of _____________, 20__, by and between Debra Doose, single (“Seller”) and the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of the State of Minnesota (“Buyer”).

RECITALS

Seller is the owner of property located at 7324 Girard Avenue, Richfield, Minnesota, which is legally described on the attached Exhibit A (“Property”).

The Property includes includes all plants, shrubs and trees, storm windows and/or inserts, storm doors, screens, awnings, window shades, blinds, curtain-traverse-drapery rods, attached lighting fixtures with bulbs, plumbing fixtures, water heater, heating system, humidifier, central air conditioning, electronic air filter, automatic garage door opener with controls, water softener, cable television outlets and cabling, and built-ins, including dishwasher, garbage disposal, trash compactor, oven(s), cook top stove, microwave oven, hood-fan, intercom and installed carpeting located on the premises which are the property of Seller. The property also includes the following personal property: NONE. Seller is responsible for removal of all personal property. Seller may remove the following items, provided Seller does not cause any unnecessary damage to the Property:

________________________________________________________

AGREEMENT

1. Offer/Acceptance for Sale of Property. The Seller agrees to sell to Buyer the Property and Buyer agrees to purchase the same, according to the terms of this Agreement.

2. Purchase Price for Property and Terms.

   A. PURCHASE PRICE: The total purchase price for the Property is One hundred and twenty thousand and 00/100ths Dollars ($120,000) (the “Purchase Price”).

   B. TERMS:

      (1): EARNEST MONEY. The sum of zero Dollars ($0.00) (the “Earnest Money”) shall be paid by Buyer to Seller.

      (2): BALANCE DUE SELLER. Buyer agrees to pay by check or electronic transfer of funds on the date of closing on the Property (the “Closing Date”) any remaining balance of the Purchase Price due to Seller according to the terms of this Agreement.
(3): DEED/MARKETABLE TITLE. Subject to performance by Buyer, Seller agrees to execute and deliver a Warranty Deed or Personal Representative’s Deed conveying marketable title to the Property to Buyer, subject only to the following exceptions:

a. Building and zoning laws, ordinances, state and federal regulations.

b. Reservation of minerals or mineral rights to the State of Minnesota, if any.

c. Public utility and drainage easements of record which will not interfere with Buyer’s intended use of the Property.

(4): DOCUMENTS TO BE DELIVERED AT CLOSING BY SELLER. In addition to the Warranty Deed required at paragraph 2B(3) above, Seller shall deliver to Buyer:

a. Standard form Affidavit of Seller.

b. A “bring-down” certificate, certifying that all of the warranties made by Seller in this Agreement remain true as of the Closing Date.

c. Certificate that Seller is not a foreign national.

d. If an environmental investigation by or on behalf of Buyer discloses the existence of petroleum product or other pollutant, contaminant or other hazardous substance on the Property, either (i) a closure letter from the Minnesota Pollution Control Agency (MPCA) or other appropriate regulatory authority that remediation has been completed to the satisfaction of the MPCA or other authority; or (ii) Agreement for remediation/indemnification and security as Buyer may require.

e. Well disclosure certification as required pursuant to Paragraph 9 (g) of this Agreement.

If Seller is unaware of the location of a well and there is a building permit issued for the Property prior to installation of a City water system, Seller agrees to have a licensed well contractor examine the Property for purposes of locating a well.

Seller agrees to have all wells located on the Property, which are not in use, sealed by a licensed well contractor at Seller’s expense.
Seller agrees to escrow funds on the Closing Date for the purpose of locating and sealing wells if circumstances prohibit locating and sealing wells prior to closing.

f. Any other documents reasonably required by Buyer’s title insurance company or attorney to evidence that title to the Property is marketable and that Seller has complied with the terms of this Agreement.

3. **Contingencies.** Buyer's obligation to buy is contingent upon the following:

   a. Buyer's determination of marketable title pursuant to paragraph 4 of this Agreement;

   b. Buyer’s determination, in its sole discretion, that the results of any environmental investigation of the Property conducted pursuant to this Agreement are satisfactory to Buyer;

   c. Approval of this Agreement by Buyer’s Board.

Buyer shall have until the Closing Date to remove the foregoing contingencies. The contingencies at a., and b. are solely for the benefit of Buyer and may be waived by Buyer. The contingency at d. may not be waived by either party. If Buyer or its attorney gives written notice to Seller that the contingencies at a., b., and c. are duly satisfied or waived, Buyer and Seller shall proceed to close the transaction as contemplated herein.

If one or more of Buyer’s or Seller’s contingencies is not satisfied, or is not satisfied on time, and is not waived, this Agreement shall thereupon be void at the written option of Buyer and Seller shall return the Earnest Money, if any, to Buyer, and Buyer and Seller shall execute and deliver to each other a termination of this Agreement. As a contingent Agreement, the termination of this Agreement is not required pursuant to Minnesota Statutes, Section 559.21, et. seq.

4. **Title Examination/Curing Title Defects.** As soon as reasonably possible after execution of this Agreement by both parties,

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

   (b) Buyer shall obtain the title evidence determined necessary or desirable by Buyer.

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

5. **Environmental Investigation.** The Seller warrants that the Property has not been used for production, storage, deposit or disposal of any toxic or hazardous waste or substance, petroleum product or asbestos product during the period of time Seller has owned the Property. The Seller further warrants that Seller has no knowledge or information of any fact which would indicate the Property was used for production, storage, deposit or disposal of any toxic or hazardous waste or substance, petroleum product or asbestos product prior to the date Seller purchased the Property. Notwithstanding the above, Seller's warranty regarding petroleum products does not preclude the presence of heating oil or other similar products used as a heating fuel for the dwelling but Seller does warrant that if there was a fuel tank on the Property used for the storage of heating oil or other similar product, Seller has no knowledge of any leak in the tank or contamination caused thereby.

Seller hereby grants to Buyer and Buyer's agents a license to enter and evaluate the Property for the purpose of conducting an environmental assessment. The Buyer is required to perform an environmental assessment prior to committing federal Community Development Block Grant (CDBG) funds. Further, Buyer or Buyer's agent shall have the right pursuant to the license to bring persons and equipment onto the Property, make inspections and perform tests and analyses as Buyer may deem reasonable to determine the presence of any toxic or hazardous waste, substance, or petroleum product or asbestos product, and ascertain soil conditions on the Property. Buyer shall bear the cost of the environmental assessment. If the results of the environmental assessment are not to the satisfaction of Buyer, including a release from environmental conditions related to the commitment and expenditure of CDBG funds, Buyer at its sole discretion may cancel this Agreement. If Buyer cancels this Agreement pursuant to this provision, Buyer shall restore the Property to its original condition or nearly so as is reasonably practicable.

6. **Real Estate Taxes and Special Assessments.** Real estate taxes payable in the year of closing will be pro-rated between Buyer and Seller to the Closing Date. Seller shall pay all real estate taxes payable in previous years, the entire unpaid balance of special assessments, and all installments of special assessments levied and pending, including special assessments installments payable after the year of closing. Seller also agrees to pay all assessments related to service charges furnished to the Property prior to the Closing Date (e.g., delinquent water or sewer bills, removed or diseased trees), including those charges levied, pending, or certified to taxes payable in the year of closing. If closing occurs prior to the date the amount of real estate taxes due in the year of closing are available from Hennepin County, the current year’s taxes will be pro-rated based on the amount due in the prior year.

7. **Closing Date.** The Closing Date will be on or before May 31, 2018. Delivery of all papers and the closing shall be made at the offices of Buyer, 6700 Portland Avenue South, Richfield, Minnesota 55423, or at such other location as is mutually agreed upon by the parties. All deliveries and notices to Buyer shall be made to the above address and marked to the attention of the Housing Specialist.

8. **Possession/Utilities/Removal of Property/Escrow.**
(a) **Possession.** The Seller agrees to deliver possession not later than the Closing Date.

(b) **Utilities.** City water and sewer charges, electricity and natural gas charges, fuel oil and liquid petroleum gas shall be pro-rated between the parties as of the Closing Date. Seller shall arrange for final readings as of the Closing Date.

(c) **Personal Property.** The Seller agrees to remove all debris and all personal property not included herein from the Property before the possession date. Personal property not so removed shall be deemed forfeited to and shall become the property of Buyer. The Buyer may inspect the Property immediately prior to closing and deduct from the purchase price payable at closing an amount reasonably necessary to pay for the cost of removal of any debris or personal property then remaining on the Property. The provisions of this paragraph shall not merge with the deed and shall survive closing on the property.

(d) **Escrow.** Seller agrees that, at closing, Buyer may retain Five Hundred Dollars ($500.00) from the purchase price for the Property as an Escrow for payment of personal property removal, disposal charges and utility charges. The retained amount, less deductions provided for in this paragraph 8, will be delivered to Seller no later than 60 days following the Closing Date or delivery of possession, whichever is later. Said funds shall be held by Kennedy & Graven, Chartered, as Escrow Agent, pursuant to the terms of the Escrow Agreement attached here as Exhibit C.

(e) **Amounts Due.** The Buyer’s ability to deduct amounts due under this paragraph from the retained escrow is not exclusive but is in addition to Buyer's rights at law and equity to collect such amounts from Seller. The Seller is responsible for the amounts due under this paragraph even if: (i) Buyer neglects to deduct the amount from escrow; or (ii) the escrowed amount is insufficient to pay all amounts due under this paragraph 8.

9. **Seller Warranties.**

(a) **Sewer and Water.** Seller warrants that the Property is connected to City sewer and City water.

(b) **Mechanics' Liens.** Seller warrants that, prior to the Closing Date, Seller shall pay in full all amounts due for labor, materials, machinery, fixtures or tools furnished within the 120 days immediately preceding the Closing Date in connection with construction, alteration or repair of any structure upon or improvement to the Property.

(c) **Notices.** Seller warrants that it has not received any notice from any governmental authority as to violation of any law, ordinance or regulation in connection with the Property.

(d) **Tenants.** Seller warrants that the Property is not now occupied by tenants and was not occupied by tenants at the time Seller first received Buyer's written offer to purchase the
Property.

(e) **Broker Commission.** Each party represents to the other that it has not utilized the services of any real estate broker or agent in connection with this Agreement or the transaction contemplated by this Agreement. Each party agrees to indemnify, defend, and hold harmless the other party against and in respect of any such obligation and liability based in any way upon agreements, arrangements, or understandings made or claimed to have been made by the party with any third person.

(f) **Structures.** The Seller warrants that the buildings, if any, are entirely within the boundary lines of the Property. The parties acknowledge that the Property is being sold in "as is" condition relating to the structural, operational, and mechanical systems.

(g) **Well Disclosure.**

☐ The Seller certifies that the Seller does not know of any wells on the described real property.
☐ A well disclosure certificate accompanies this document.
X I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

(h) **Methamphetamine Disclosure.** To the best of Seller’s knowledge, methamphetamine production has not occurred on the property.

10. **Closing Costs/Recording Fees/Deed Tax.** The Buyer will pay: (a) the closing fees charged by the title insurance or other closing agent, if any, utilized to close the transaction contemplated by this Agreement; (b) fees for title evidence obtained by Buyer; and (c) the recording fee for the deed transferring title to Buyer. Seller will pay all other fees normally paid by sellers, including (a) any transfer taxes, recording fees and Well Disclosure fees required to enable Buyer to record its deed from Seller under this Agreement, and (b) fees and charges related to the filing of any instrument required to make title marketable. Each party shall pay its own attorney fees.

11. **Inspections.** From the date of this Agreement to the Closing Date, Buyer, its employees and agents, shall be entitled to enter upon the Property to conduct such surveying, inspections, investigations, soil borings and testing, and drilling, monitoring, sampling and testing of groundwater monitoring wells, as Buyer shall elect; provided, that Seller is given at least 24 hours’ notice.

12. **Risk of Loss.** It there is any loss or damage to the Property between the date hereof and the Closing Date, for any reason including fire, vandalism, flood, earthquake or act of God, the risk of loss shall be on Seller. If the Property is destroyed or substantially damaged before the closing date, this Agreement shall become null and void, at Buyer’s option. At the request of Buyer, Seller agrees to sign a cancellation of Agreement.
13. **Default/Remedies.** If Buyer defaults in any of the covenants herein, Seller may terminate this Agreement, and on such termination all payments made hereunder shall be retained by Seller as liquidated damages, time being of the essence. This provision shall not deprive either party of the right to enforce specific performance of this Agreement, provided this Agreement has not terminated and action to enforce specific performance is commenced within six months after such right of action arises. In the event Buyer defaults in its performance of the terms of this Agreement and Notice of Cancellation is served upon Buyer pursuant to Minn. Stat. Section 559.21, the termination period shall be thirty (30) days as permitted by Minn. Stat., Section 559.21, Subd. 4.

14. **Notice.** Any notice, demand, request or other communication which may or shall be given or served by the parties, shall be deemed to have been given or served on the date the same is personally served upon one of the following indicated recipients for notices or is deposited in the United States Mail, registered or certified, return receipt requested, postage prepaid and addressed as follows:

**SELLER:** Debra Ann Doose  
9381 Nesbitt Rd  
Bloomington, MN 55437

**BUYER:** Housing and Redevelopment Authority of the City of Richfield  
Attn: Housing Specialist  
6700 Portland Avenue  
Richfield, MN 55423

**AGENT:** Kennedy & Graven, Chartered  
ATTN: Julie Eddington and Catherine B. Rocklitz  
470 U.S. Bank Plaza  
200 South Sixth Street  
Minneapolis, MN 55402

15. **Entire Agreement.** This Agreement, Exhibits, and other amendments signed by the parties, shall constitute the entire Agreement between Seller and Buyer and supersedes any other written or oral agreements between the parties relating to the Property. This Agreement can be modified only in a writing properly signed on behalf of Seller and Buyer; except that the Closing Date may be extended up to 6 months by written agreement of the Seller and Buyer without further approval by Buyer’s Board. Buyer’s staff is hereby authorized to execute agreements to extend the Closing Date up to 6 months from the Closing Date at paragraph 7 above.

16. **Survival.** Notwithstanding any other provisions of law or court decision to the contrary, the provisions of this Agreement shall survive closing.
IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date and year above.

Buyer: Housing and Redevelopment Authority of the City of Richfield
By: ______________________________
   Its Chair

And by: _____________________________
   Its Executive Director

Seller: ______________________________
       Debra Doose
EXHIBIT A

Legal Description of Property

Lot 7, Block 6, “Irwin Shores” Hennepin County, Minnesota
EXHIBIT B

Escrow Agreement

THIS AGREEMENT entered into this _____ day of ____________, 20___, by and between ____________________ ("Seller"), the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, a Minnesota municipal corporation ("Buyer"), and KENNEDY & GRAVEN, CHARTERED ("Escrow Agent" or "Agent").

RECITALS

A. Seller and Buyer have entered into a Purchase Agreement dated ______________, 20___ ("Purchase Agreement") for the sale of property located at _______________________, Richfield, Minnesota and legally described on the attached Exhibit One (the ("Property").

B. The parties desire to close the sale of the Property on ______________.

AGREEMENT

The parties agree as follows:

1. Delivery of Possession. Seller shall deliver possession of the Property to Buyer in accordance with the Purchase Agreement entered into by the parties. The Purchase Agreement requires Seller to pay all utilities and to remove all personal property from the Property upon closing.

2. Escrow. (a) Upon closing and execution of this Agreement, Seller agrees to deposit into escrow the sum of $500.00 (the “Escrowed Funds”) from the purchase price, to be held by Agent in a non-interest bearing account.

(b) Within 7 days after requested by Agent, Buyer shall provide to Agent (with copy to Seller) evidence of expenses incurred for the removal and disposal of personal property and for payment of utility charges for services provided to the Property prior to date of possession, if any. Agent shall reimburse Buyer for the incurred expenses from the Escrowed Funds within 7 days following receipt of such evidence from Buyer.

(c) Agent shall deliver to Seller the balance of the Escrowed Funds on deposit, less deductions provided for in paragraph 2(b) above, no later than 30 days following vacation of the Property by Seller.

(d) The sole duties of Agent shall be those described herein, and Agent shall be under no obligation to determine whether the other parties hereto are complying with any requirements of law or the terms and conditions of any other agreements among said parties. Agent shall have no duty or liability to verify any amounts deducted from the retained amount and Agent's sole responsibility shall be
to act expressly as set forth in this Escrow Agreement.

3. **Escrow Agent Liability.** The sole duties of Escrow Agent shall be those described herein, and Escrow Agent shall be under no obligation to determine whether the other parties hereto are complying with any requirements of law or the terms and conditions of any other agreements among said parties. Escrow Agent may conclusively rely upon and shall be protected in acting on any notice believed by it to be genuine and to have been signed or presented by the proper party or parties, consistent with reasonable due diligence on Escrow Agent's part. Escrow Agent shall have no duty or liability to verify any such notice, and its sole responsibility shall be to act expressly as set forth in this Escrow Agreement.

Seller and Buyer understand that Agent is legal counsel to Buyer and each consents to Agent's serving as Escrow Agent notwithstanding such representation. In the event Agent determines, in its sole discretion, that it cannot continue to serve as Escrow Agent herein, Agent shall deposit the funds with Old Republic National Title Insurance Company or such other Escrow Agent acceptable to Seller and Buyer. Seller consents to Agent's continued representation of Buyer after a deposit is made, and Buyer agrees to pay all escrow fees charged by the substitute Escrow Agent.

4. Notices to be sent to the parties to this Agreement shall be sent by mail or personal delivery to:

**SELLER:**

________________________

________________________

**BUYER:**

Housing and Redevelopment Authority
in and for the City off Richfield
Attn: ________________
Richfield City Hall
6700 Portland Avenue South
Richfield, MN 55423

**AGENT:**

Kennedy & Graven, Chartered
ATTN: Julie Eddington and Catherine B. Rocklitz
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402

IN WITNESS WHEREOF, the parties have executed this agreement as of the date written above.
SELLER:          BUYER:

HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE
CITY OF RICHFIELD

___________________________  By: ______________________________
Its Chair

___________________________  And by: ____________________________
Its Executive Director

ESCROW AGENT:
KENNEDY & GRAVEN, CHARTERED

By: ____________________________
Exhibit One
Legal Description of Property

Lot 7, Block 6, “Irwin Shores” Hennepin County, Minnesota
ITEM FOR COUNCIL CONSIDERATION:
Consideration of the approval of resolutions approving an Amended and Restated Contract for Private Development and a Right-of-Entry Agreement with Inland Development Partners for the Cedar Point South Redevelopment Area.

EXECUTIVE SUMMARY:
At a Special Meeting on August 29, 2017, the Richfield Housing and Redevelopment Authority (HRA) approved a Contract for Private Development (Contract) with Inland Development Partners (the Developer) for the Cedar Point South Redevelopment Area. The HRA further approved revisions to the Contract at their October 16, 2017, meeting. Since that time, a number of additional issues or points needing further contractual clarification have emerged. HRA staff has worked with the HRA’s legal counsel (Julie Eddington of Kennedy & Graven) as well as with the Developer and their legal counsel to modify the existing Contract. Among the changes being contemplated are:

- Reducing the sales price of the HRA-owned land to $982,850. The reduction is a reflection of the extraordinary costs of construction in the Airport Noise Mitigation Area, including:
  - $407,000 for the installation of central air conditioning (including other building upgrades required to support the air conditioning) in the three buildings being rehabilitated.
  - $195,500 for additional costs to upgrade windows and glass doors to meet the City’s Airport Noise Mitigation Construction Standards.
- As a result of the amended sales price and deductions for land the Developer is deeding back to the City, the “Surplus Cash Note” for the repayment of the balance of the purchase price is being reduced from $1,411,445 to $682,850 (Exhibit E).
- The Developer's obligation to make a cash payment of $300,000 at the time of closing on the remaining HRA owned properties continues to be a requirement of the contract.
- Due to ongoing discussions between the Metropolitan Airports Commission (MAC), the appraiser for the land and City staff related to the structure of the land value, the proposed Contract amendment provides the Executive Director with the authority to alter the land value and/or the Surplus Cash Note by up to $250,000 (this will not affect the resulting payment that the HRA ultimately receives for the land).
- The addition of language stating that the Developer is willing to accept the Deed of Conveyance and Aviation Easement as required by MAC.
- Extending the date by which the Developer must close on the purchase of the HRA land to no later than August 1, 2018.
Other minor “housekeeping” changes, including the clarification or addition of other performance dates.

This item also seeks approval of a Right-of-Entry Agreement that allows IDP to access HRA-owned land prior to their closing on its purchase.

RECOMMENDED ACTION:
1) By motion: Adopt a resolution approving an Amended and Restated Contract for Private Development with Inland Development Partners for the Cedar Point South Redevelopment Area, and;
2) By motion: Adopt a resolution approving a Right-of-Entry Agreement with Inland Development Partners for the Cedar Point South Redevelopment Area.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT
   • On October 19, 2015, the Richfield HRA entered into a Preliminary Development Agreement with the Anderson Companies (predecessor to the Developer) for the development of the Cedar Point South Redevelopment Area.
   • On August 29, 2017 the Richfield HRA approved a Contract for Private Development with the Developer for the Cedar Point South Redevelopment Area. This Contract was further amended by the HRA at its October 16, 2017 meeting.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):
   • None

C. CRITICAL TIMING ISSUES:
   • The Developer is wrapping up the financing approval process with their major financing partner (the U.S. Department of Housing and Urban Development [HUD]), and should be able to move forward fairly quickly with the purchase of the HRA-owned property and commencement of construction upon receiving final HUD approval.

D. FINANCIAL IMPACT:
   • While the purchase price is being reduced, MAC’s interpretation of the grant agreement which provided the original funding for property acquisition results in all proceeds needing to either be repaid to the MAC or used on other projects that they deem to be airport related. As a result, the reduced sales price will not have any direct impact on the Richfield HRA.

E. LEGAL CONSIDERATION:
   • HRA legal counsel drafted the Amended and Restated Contract for Private Development.

ALTERNATIVE RECOMMENDATION(S):
   • Adopt a resolution with changes to the Amended and Restated Contract for Private Development.
   • Do not adopt a resolution (which may ultimately render the project as infeasible).

PRINCIPAL PARTIES EXPECTED AT MEETING:
A representative of Inland Development Partners

ATTACHMENTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chamberlain Contract Resolution</td>
<td>Resolution Letter</td>
</tr>
<tr>
<td>Chamberlain Right-of-Entry Resolution</td>
<td>Resolution Letter</td>
</tr>
<tr>
<td>Chamberlain Amended/Restated Contract</td>
<td>Contract/Agreement</td>
</tr>
<tr>
<td>Chamberlain Right-of-Entry Agreement</td>
<td>Contract/Agreement</td>
</tr>
</tbody>
</table>
WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) owns certain property (the “Authority Property”) located or to be located within one or more certain tax increment financing districts within the Richfield Redevelopment Project (the “Project”) in the City of Richfield, Minnesota (the “City”); and

WHEREAS, the Authority and Chamberlain Apartments, LLC, a Delaware limited liability company (the “Developer”), entered into a Contract for Private Development (the “Original Agreement”), pursuant to which the Developer agreed to acquire the Authority Property and certain other parcels of property within the Project (collectively, the “Development Property”) and construct a multifamily housing development with approximately 283 apartment units, substantially rehabilitate three 11-unit apartment buildings, and construct underground parking (the “Minimum Improvements”), and the Authority will reimburse the Developer for a portion of land acquisition costs and certain site improvements costs related thereto with tax increment generated from the Development Property; and

WHEREAS, the Authority and Chamberlain Apartments, LLC, a Delaware limited liability company (the “Developer”), entered into a Contract for Private Development (the “Original Agreement”), pursuant to which the Developer agreed to acquire the Authority Property and certain other parcels of property within the Project (collectively, the “Development Property”) and construct a multifamily housing development with approximately 283 apartment units, substantially rehabilitate three 11-unit apartment buildings, and construct underground parking (the “Minimum Improvements”), and the Authority will reimburse the Developer for a portion of land acquisition costs and certain site improvements costs related thereto with tax increment generated from the Development Property; and

WHEREAS, the Authority and the Developer propose to amend certain terms of the Original Agreement, including but not limited to the price of the property to be purchased, the closing date, and the acceptance by the Developer of certain restrictions on the Development Property; and

WHEREAS, there has been presented before this Board of Commissioners of the Authority a First Amendment to Contract for Private Development (the “First Amendment to Agreement”) proposed to be entered into between the Authority and the Developer, which sets forth the modifications to the Original Agreement; and

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

1. The First Amendment to Agreement is hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Director are hereby authorized and directed to execute the First Amendment to Agreement for and on behalf of the Authority in substantially the form now on file with the Community Development Director but with such modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

2. The Chair and the Executive Director are hereby authorized to execute and deliver to the Developer any and all documents deemed necessary to carry out the intentions of this resolution and the First Amendment to Agreement.
Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 16th day of April, 2018.

ATTEST:

Mary Supple, Chair

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

WHEREAS, Chamberlain Apartments, LLC, a Delaware limited liability company (the “Developer”), has proposed to acquire the Authority Property and additional property in the City for the purpose of constructing a multifamily housing development with approximately 283 apartment units, substantially rehabilitate three 11-unit apartment buildings, and construct underground parking; and

WHEREAS, the Authority wishes to grant the Developer the right to enter the Authority Property in order to facilitate the construction of an extension of the Richfield Parkway between 66th Street and 68th Street in the City within the dedicated right-of-way for Richfield Parkway; and

WHEREAS, there has been presented before this Board of Commissioners of the Authority a Right of Entry Agreement (the “Right of Entry Agreement”) proposed to be entered into between the Authority and the Developer, which provides the Developer the right to access and use the Authority Property to facilitate, among other things, the construction of the extension of Richfield Parkway; and

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

1. The Right of Entry Agreement is hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Director are hereby authorized and directed to execute the Right of Entry Agreement for and on behalf of the Authority in substantially the form now on file with the Community Development Director but with such modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

2. The Chair and the Executive Director are hereby authorized to execute and deliver to the Developer any and all documents deemed necessary to carry out the intentions of this resolution and the Right of Entry Agreement.
Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 16\textsuperscript{th} day of April, 2018.

ATTEST:

Mary Supple, Chair

Erin Vrieze Daniels, Secretary
FIRST AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT

THIS FIRST AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT (the “First Amendment”), made as of the ______ day of _________________, 2018, by and between the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”), and CHAMBERLAIN APARTMENTS, LLC, a Delaware limited liability company (the “Developer”), amends the Contract for Private Development, dated October 24, 2017 (the “Original Agreement,” and together with the First Amendment, the “Agreement”), recorded in the Office of the [County Recorder] [Registrar of Titles] of Hennepin County, Minnesota on ______________, 2018, as Document No. ___________, between the Authority and the Developer.

WITNESSETH:

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

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

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

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

WHEREAS, the Developer proposes to acquire certain property from the Authority (the “HRA Property”) and certain other additional properties within the TIF District (all as legally described in EXHIBIT A attached hereto) and construct a multifamily housing development with approximately 283 apartment units, substantially rehabilitate three 11-unit apartment buildings, and construct underground parking (the “Minimum Improvements”); and
WHEREAS, in order to achieve the objectives of the Redevelopment Plan for the Redevelopment Project and make the Minimum Improvements economically feasible for the Developer to construct, the Authority is prepared to convey the HRA Property to the Developer and reimburse the Developer for a portion of the land acquisition costs and certain site improvement costs related to the Minimum Improvements; and

WHEREAS, the Authority and the Developer entered into the Original Agreement in order to set forth the conditions of the Developer’s construction of the Minimum Improvements; and

WHEREAS, the Authority and the Developer are entering into this First Amendment to modify certain provisions of the Agreement; and

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

ARTICLE I

Amendments

Section 1.1. Amendments to Section 3.2(e) of Original Agreement. Section 3.2(e) of the Original Agreement is hereby deleted and replaced with the following:

(e) The Developer acknowledges that the Authority will be conveying the Platted Property to the Developer for a purchase price of $1,711,445 $982,850 (the “HRA Property Purchase Price”). On the date of Closing, the Developer shall pay a portion of the HRA Property Purchase Price to the Authority in the amount of $300,000. The remainder of the HRA Property Purchase Price ($682,850) will be paid by the Developer over time through payments on the Developer Surplus Cash Note as described more fully in Section 3.6. The Developer Surplus Cash Note will be issued by the Developer in the amount $682,850.

The HRA Property Purchase Price was determined as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraised value of the Redevelopment Property reflecting soil contamination</td>
<td>$1,879,140</td>
</tr>
<tr>
<td>($7.185/square foot)</td>
<td></td>
</tr>
<tr>
<td>Discount for parcels deeded to City for road and/or public improvements</td>
<td>($311,790)</td>
</tr>
<tr>
<td>Discount for noise mitigation costs (including central air conditioning</td>
<td>($602,500)</td>
</tr>
<tr>
<td>rehabilitation, building and HVAC upgrades, and window upgrades)</td>
<td></td>
</tr>
<tr>
<td>Total land value</td>
<td>$982,850</td>
</tr>
</tbody>
</table>

Section 1.2. Noise Mitigation Costs. The Developer agrees to provide the Authority with a detailed list of noise mitigation costs related to central air conditioning rehabilitation, building and HVAC upgrades, and window upgrades equaling at least $602,500, with invoices.

Section 1.3. Closing Date. The Developer and the Authority agree that the Closing will take place on or before August 1, 2018. Notwithstanding the foregoing, the deadline for the Closing may be postponed to November 1, 2018, if the Developer has completed the following actions: (i) submitted all paperwork necessary to the City to obtain all required building permits for the Minimum Improvements; and (ii) obtained a commitment from one or more lenders to provide financing for the Minimum Improvements.
Section 1.4. **Conveyance Deed.** The Developer and the Executive Director of the Authority will work cooperatively to negotiate with MAC the form of DEED conveying the HRA Property to the Developer.

Section 1.5. **Avigation Easement.** The Developer and the Executive Director of the Authority will work cooperatively to negotiate with MAC the form of Avigation Easement required by MAC to be recorded against the Development Property.

Section 1.6. **Developer Surplus Cash Note.** The Developer Surplus Cash Note attached as Exhibit E to the Original Agreement is hereby deleted in its entirety and replaced with the form of Developer Surplus Cash Note attached hereto as EXHIBIT B.

Section 1.7. **Developer Surplus Cash Note Guaranty.** The Developer Surplus Cash Note Guaranty attached as Exhibit K to the Original Agreement is hereby deleted in its entirety and replaced with the form of Developer Surplus Cash Note Guaranty attached hereto as EXHIBIT C. If the Developer Surplus Cash Note is decreased as described in Section 1.1 above, the Executive Director of the Authority has the authority to approve a revised Developer Surplus Cash Note Guaranty.

Section 1.8. **Change in HRA Property Purchase Price.** The Executive Director of the Authority has the authority to decrease the appraised value of the HRA Property set forth in Section 1.1 above by up to $250,000 based on information from the Authority’s appraiser and ongoing negotiations regarding the HRA Property Purchase Price with MAC (specifically relating to the reduction in the purchase price related to noise mitigation costs). If the appraised value of the HRA Property is decreased, the Executive Director of the Authority has the authority to revise the table in Section 1.1 above, if necessary, by reducing the noise mitigation costs and the HRA Property Purchase Price. In no event shall the HRA Property Purchase Price be more than $982,850. If the appraised value of the HRA Property is decreased as described in Section 1.1 above, and such decrease results in a reduction in the HRA Property Purchase Price, the Executive Director of the Authority has the authority to approve a revised Developer Surplus Cash Note and a revised Developer Surplus Cash Note Guaranty reflecting the decrease in the HRA Property Purchase Price.

ARTICLE II

**Miscellaneous**

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

Section 2.2. **Effective Date.** The amendments and supplements made to the Original Agreement, as amended and supplemented by this First Amendment to Agreement, shall be effective as of April 16, 2018.

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

(The remainder of this page is intentionally left blank.)
IN WITNESS WHEREOF, the Authority has caused this First Amendment to Contract for Private Development to be duly executed in its name and behalf and its seal to be hereunto duly affixed and the Developer has caused this First Amendment to Contract for Private Development to be duly executed in its name and behalf as of the date first above written.

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

By _________________________________________
   Its Chair

By _________________________________________
   Its Executive Director

STATE OF MINNESOTA    )
    ) SS.
COUNTY OF HENNEPIN    )

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

__________________________________________
Notary Public

STATE OF MINNESOTA    )
    ) SS.
COUNTY OF HENNEPIN    )

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

__________________________________________
Notary Public

THIS INSTRUMENT DRAFTED BY:
Kennedy & Graven, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402
CHAMBERLAIN APARTMENTS, LLC

By: Kraus-Anderson, Incorporated
Its: Managing Member

By: ________________________________
Name: Bruce W. Engelsma
Its: Chief Executive Officer

STATE OF MINNESOTA )
 ) SS.
COUNTY OF HENNEPIN )

The foregoing instrument was acknowledged before me this _________________, 2018, by Bruce W. Engelsma, the Chief Executive Officer of Kraus-Anderson, Incorporated, a Minnesota corporation, the managing member of Chamberlain Apartments, LLC, on behalf of the Developer.

__________________________________________
Notary Public
EXHIBIT A

DEVELOPMENT PROPERTY

HRA Property

<table>
<thead>
<tr>
<th>Address</th>
<th>Parcel Identification No.</th>
<th>Legal Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>6621 17th Avenue South</td>
<td>26-028-24-41-0076</td>
<td>Lot 13, Block 2, Wexler’s Addition</td>
</tr>
<tr>
<td>6627 17th Avenue South</td>
<td>26-028-24-41-0075</td>
<td>Lot 12, Block 2, Wexler’s Addition</td>
</tr>
<tr>
<td>6633 17th Avenue South</td>
<td>26-028-24-41-0074</td>
<td>Lot 11, Block 2, Wexler’s Addition</td>
</tr>
<tr>
<td>6639 17th Avenue South</td>
<td>26-028-24-41-0073</td>
<td>Lot 10, Block 2, Wexler’s Addition</td>
</tr>
<tr>
<td>6645 17th Avenue South</td>
<td>26-028-24-41-0072</td>
<td>Lot 9, Block 2, Wexler’s Addition</td>
</tr>
<tr>
<td>6626 18th Avenue South</td>
<td>26-028-24-41-0068</td>
<td>Lot 5, Block 2, Wexler’s Addition</td>
</tr>
<tr>
<td>6632 18th Avenue South</td>
<td>26-028-24-41-0069</td>
<td>Lot 6, Block 2, Wexler’s Addition</td>
</tr>
<tr>
<td>6638 18th Avenue South</td>
<td>26-028-24-41-0070</td>
<td>Lot 7, Block 2, Wexler’s Addition</td>
</tr>
<tr>
<td>6644 18th Avenue South</td>
<td>26-028-24-41-0071</td>
<td>Lot 8, Block 2, Wexler’s Addition</td>
</tr>
<tr>
<td>6700 18th Avenue South</td>
<td>26-028-24-41-0080</td>
<td>Lot 1, Block 3, Wexler’s Addition</td>
</tr>
<tr>
<td>6708 18th Avenue South</td>
<td>26-028-24-41-0081</td>
<td>Lot 2, Block 3, Wexler’s Addition</td>
</tr>
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<td>6714 18th Avenue South</td>
<td>26-028-24-41-0082</td>
<td>Lot 3, Block 3, Wexler’s Addition</td>
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<td>6720 18th Avenue South</td>
<td>26-028-24-41-0083</td>
<td>Lot 4, Block 3, Wexler’s Addition</td>
</tr>
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<td>26-028-24-41-0084</td>
<td>Lot 5, Block 3, Wexler’s Addition</td>
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<tr>
<td>6732 18th Avenue South</td>
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<td>Lot 6, Block 3, Wexler’s Addition</td>
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<td>6738 18th Avenue South</td>
<td>26-028-24-41-0086</td>
<td>Lot 7, Block 3, Wexler’s Addition</td>
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<td>6744 18th Avenue South</td>
<td>26-028-24-41-0087</td>
<td>Lot 8, Block 3, Wexler’s Addition</td>
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<tr>
<td>6701 18th Avenue South</td>
<td>26-028-24-41-0107</td>
<td>Lot 16, Block 4, Wexler’s Addition</td>
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<tr>
<td>6709 18th Avenue South</td>
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<td>Lot 10, Block 4, Wexler’s Addition</td>
</tr>
<tr>
<td>6745 18th Avenue South</td>
<td>26-028-24-41-0100</td>
<td>Lot 9, Block 4, Wexler’s Addition</td>
</tr>
<tr>
<td>6700 Cedar Avenue South</td>
<td>26-028-24-41-0096</td>
<td>Lots 1 and 2, Block 4, Wexler’s Addition</td>
</tr>
</tbody>
</table>

HRA Remnant Parcels Created Following Construction of Roadway

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

*Portion of this HRA Remnant Parcel not used for roadway will become part of Platted Property.
**The Portion of this HRA Remnant Parcel south of the driveway will become part of Platted Property and the other portion of this HRA Remnant Parcel will be conveyed to City for a driveway and a small landscaped corner property. Developer will enter into maintenance agreement with City for the maintenance of the small landscaped corner property to the North of the driveway.
**Additional Property purchased by Developer**

<table>
<thead>
<tr>
<th>Address</th>
<th>Parcel Identification No.</th>
<th>Legal Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>6715 18th Avenue South</td>
<td>26-028-24-41-0105</td>
<td>Lot 14, Block 4, Wexler’s Addition</td>
</tr>
</tbody>
</table>

**Additional Property to be purchased by Developer**

<table>
<thead>
<tr>
<th>Address</th>
<th>Parcel Identification No.</th>
<th>Legal Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>6720 Cedar Avenue South</td>
<td>26-028-24-41-0097</td>
<td>Lots 3 &amp; 4, Block 4, Wexler’s Addition</td>
</tr>
<tr>
<td>6730 Cedar Avenue South</td>
<td>26-028-24-41-0098</td>
<td>Lots 5 &amp; 6, Block 4, Wexler’s Addition</td>
</tr>
<tr>
<td>6744 Cedar Avenue South</td>
<td>26-028-24-41-0099</td>
<td>Lots 7 &amp; 8, Block 4, Wexler’s Addition</td>
</tr>
</tbody>
</table>

[TO INSERT PLATTED PROPERTY DESCRIPTIONS PRIOR TO RECORDING CONTRACT]
EXHIBIT B

FORM OF DEVELOPER SURPLUS CASH NOTE

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

FOR VALUE RECEIVED, CHAMBERLAIN APARTMENTS, LLC, a Delaware limited liability company ("Maker") promises to pay to HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota ("Payee") the sum of Six Hundred Eighty-Two Thousand Eight Hundred Fifty Dollars ($682,850), that was advanced pursuant to that certain Contract for Private Development, dated October 24, 2017, as amended by the First Amendment to Contract for Private Development, dated __________, 2018, between the Maker and the Payee (the “Development Contract”), with interest at the rate of two percent (2.0%) per annum accruing from November 1, 2018 and payable semi-annually, commencing August 1, 2025, and thereafter on the first day of February and August until the entire indebtedness has been paid. Any interest not so paid shall not create any default in the terms of this Developer Surplus Cash Note, but shall accrue and be payable in full on the maturity date hereof. In any event, the balance of principal, if any remaining unpaid, plus accrued interest, shall be due and payable on February 1, 2046 (the “Maturity Date”). [Note: The Maturity Date must be on or after the maturity date of the Borrower’s Security Instrument.] (The definition of any capitalized term or word used herein but not defined shall have the meaning given such term in that certain Regulatory Agreement for Multifamily Projects between Maker and the U.S. Department of Housing and Urban Development (“HUD”) (the “Borrower’s Regulatory Agreement”), and/or the Borrower’s Security Instrument, as defined below.)

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

1. By May 31st of each year, beginning May 31, 2025, and continuing until the Maturity Date, the Maker shall deliver to the Payee a certificate signed by an officer of the Maker’s managing member providing the calculation of Surplus Cash (as defined in the U.S. Department of Housing and Urban Development (“HUD”) Regulatory Agreement for Multifamily Projects, dated on or after October 1, 2017, between the Maker and HUD) available for distribution by the Maker. The Payee requires scheduled payments to be made in an amount equal to $22,641.00 on each February 1 and August 1, commencing August 1, 2025 (each a “Payment Date”). Payments shall be payable by the Maker on each Payment Date from Surplus Cash, as provided in Section 3.6 of the Development Contract, and shall continue until principal of and interest on this Note is paid in full. If the payments are not paid in full for each required payment date, such payments will be made by Kraus-Anderson, Incorporated, a Minnesota corporation, as the guarantor under the Developer’s Surplus Cash Note Guaranty Agreement, dated ____________, 2017.

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

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

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

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

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

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

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

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

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

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

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

13. The terms and provisions of this Developer Surplus Cash Note are also for the benefit of and are enforceable by HUD against any party hereto, their successors and assigns. This Developer Surplus Cash Note shall not be modified or amended without the written consent of HUD.
IN WITNESS WHEREOF, Maker has executed this Developer Surplus Cash Note on this ____ day of __________, 20__.  

MAKER:  

CHAMBERLAIN APARTMENTS, LLC  

By: ________________________________  
Name: ________________________________  
Title: ________________________________  

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

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

MAKER:  

CHAMBERLAIN APARTMENTS, LLC  

By: ________________________________  
Name: ________________________________  
Title: ________________________________  

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

By ________________________________  
   Its Chair  

By ________________________________  
   Its Executive Director
EXHIBIT C

FORM OF DEVELOPER SURPLUS CASH NOTE GUARANTY

This Developer’s Surplus Cash Note Guaranty Agreement, dated __________, 2018 (the “Guaranty”), is made and entered into by Kraus-Anderson, Incorporated a Minnesota corporation (the “Guarantor”), for the benefit of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a body corporate and politic organized and existing under the laws of the State of Minnesota (the “Lender”). All capitalized terms used in this Guaranty and not defined herein shall have the meanings assigned to such terms in the Developer Surplus Cash Note, dated as of the date hereof (the “Developer Surplus Cash Note”), executed by Chamberlain Apartments, LLC, a Delaware limited liability company (the “Developer”) for the benefit of the Lender.

RECITALS

The Developer has requested that the Lender provide a loan to the Developer in the original principal amount of $682,850 related to the acquisition of land conveyed to Developer by Lender and located in the City of Richfield, Minnesota (the “Seller Loan”).

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

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

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

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

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

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

(b) The execution and delivery of this Guaranty, the consummation of the transactions contemplated hereby, and the fulfillment of the terms and conditions hereof, do not and will not, conflict with or result in a breach of any of the terms and conditions of the respective articles of incorporation and bylaws of the Guarantor. The execution and delivery of this Guaranty, the consummation of the transactions contemplated hereby, and the fulfillment of the terms and conditions hereof, do not and will not conflict with or result in a breach of any restriction, agreement, instrument, indenture, mortgage, deed of trust, indebtedness, judgment, decree, order, statute, or rule or regulation to which the Guarantor is a party or by which any of its property is bound or result in the creation or imposition of any lien, charge, or encumbrance of any nature upon any property or assets of the Guarantor contrary to the terms of any instrument or agreement.
(c) The Guarantor shall not consolidate with or merge into another corporation, association, or entity or permit any other corporation, association, or entity to consolidate with or merge into the Guarantor, unless (1) the surviving, resulting, or transferee corporation, association, or other entity (a “Transferee”), as the case may be, assumes in writing all of the obligations of the Guarantor under this Guarantee, (2) the net worth of the Transferee is at least 100% of that of the Guarantor immediately prior to such consolidation or merger, (3) the Guarantor certifies in writing to the Lender that such action will not result in a default under any note, loan agreement, or other instrument by which such Guarantor is bound; and (4) the Lender approves the Transferee taking on the obligations of this Guaranty. In the event of such sale, transfer, consolidation or merger as permitted under this Section 1.1(c), the Guarantor shall be relieved of all its obligations under this Guaranty.

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

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

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

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

Notwithstanding the foregoing, commencing on August 1, 2025 and on each February 1 and August 1 thereafter, the Authority will be paid $22,641 for the HRA Property Purchase Price due and owing after Closing (which includes the principal amount of the HRA Property Purchase Price, plus 2% interest accruing from November 1, 2018). Such payments shall be made in the first instance from Surplus Cash of the Developer in accordance with the Developer Surplus Cash Note. In the event that the Developer’s payments under the Developer Surplus Cash Note do not equal $22,641 on any payment date, the Guarantor shall be responsible for the difference. Such payments shall continue until all principal of and interest on the Developer Surplus Cash Note is paid in full and will be payable hereunder.

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

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

(b) the failure to give notice to the Guarantor of the occurrence of an Event of Default under the terms and provisions of this Guaranty, or any event of default under the Seller Loan;

(c) the waiver by the Lender of the payment, performance, or observance by the Lender, the Developer, or the Guarantor of any of the obligations, covenants, or agreements of any of them contained in the Seller Loan, this Guaranty or any collateral documents;

(d) to the extent permitted, any extension by the Lender of the time for payment of principal on the Seller Loan, or of the time for performance of any other obligations, covenants, or agreements arising out of the Developer Surplus Cash Note, the Development Contract, this Guaranty or any collateral documents or any extension or renewal thereof;

(e) the modification or amendment (whether material or otherwise) of any obligation, covenant, or agreement set forth in the Seller Loan or any collateral documents, or the securing of any other guarantees, collateral, or security to further secure the Seller Loan or any other obligations secured by this Guaranty;

(f) any failure, omission, delay, or lack on the part of the Lender to enforce, assert, or exercise any right, power, or remedy conferred on the Lender in this Guaranty, the Seller Loan, the collateral documents, or any other act or acts on the part of the Lender, the Seller Loan or collateral documents;

(g) to the extent permitted by law, the voluntary or involuntary liquidation, dissolution, sale, or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting the Guarantor, the Developer, or the Lender, or any of the assets of any of them, or any allegation or contest of the validity of this Guaranty in any such proceeding;

(h) to the extent permitted by law, the release or discharge, voluntarily or by operation of law, of the Developer or any other obligor or guarantor from the performance or observance of any obligation, covenant, or agreement contained in the Developer Surplus Cash Note or this Guaranty;

(i) the default or failure of the Guarantor fully to perform any of its obligations set forth in this Guaranty;

(j) the assignment or mortgaging or the purported assignment or mortgaging of all or any part of the interest of the Developer in the Project or any failure of title with respect to the Developer’s interest therein; or

(k) any determination of the illegality, invalidity, or unenforceability of the Bonds, the Loan Agreement, any collateral documents, or this Guaranty, or any of the provisions thereof, and any prohibition by operation of law against enforcing the claim against the Developer or any other obligor.

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

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

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

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

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

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

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

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

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

Section 15. Termination of Guaranty. This Guaranty shall terminate upon the repayment in full of the Seller Loan.
IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed in its name as of the date first written above.

KRAUS-ANDERSON, INCORPORATED

By ______________________________________
Its _______________________________________
RIGHT OF ENTRY AGREEMENT

THIS RIGHT OF ENTRY AGREEMENT (the “Agreement”) is made and entered into this ___

day of __________, 2018, by and between the HOUSING AND REDEVELOPMENT AUTHORITY IN

AND FOR THE CITY OF RICHFIELD, a public body corporate and politic under the laws of the State

of Minnesota (the “Authority”), and CHAMBERLAIN APARTMENTS, LLC, a Delaware limited

liability company (the “Developer”).

WHEREAS, the Authority is the owner in fee simple of certain real estate in the City of

Richfield, Minnesota, which is legally described on the attached Exhibit A and incorporated herein (the

“Authority Property”); and

WHEREAS, the Developer intends to acquire the Development Property from the Authority and

redevelop such property under the terms of the Contract for Private Development, dated October 24,

2017, as amended by the First Amendment to Contract for Private Development, dated __________,

2018 (as amended, the “Development Agreement”), between the Authority and the Developer, subject to

the conditions set forth in Section 3.2 of the Development Agreement; and

WHEREAS, pursuant to Section 3.11 of the Development Agreement, the Developer agreed to

construct an extension of the Richfield Parkway between 66th Street and 68th Street (the “Improvements”);

WHEREAS, after the Developer’s purchase of the Development Property (as defined in the

Development Agreement), the Authority has agreed to allow the Developer the right to enter the

Authority Property as necessary to facilitate the construction of the Improvements within the dedicated

right-of-way for Richfield Parkway; and

NOW THEREFORE, the parties agree as follows:

1. Access. The Authority grants to the Developer, upon the terms and conditions stated

below, on a non-exclusive basis, the permission and right to access and use the Authority Property to

facilitate the construction of an extension of Richfield Parkway and sidewalks and landscaping along the

same portion of Richfield Parkway, all as described in the Infrastructure Construction Agreement, dated

________ (the “Infrastructure Agreement”), entered into between the City of Richfield, Minnesota (the

“City”) and the Developer. The Developer shall not construct any structures or improvements on the

Authority Property, unless such structures or improvements are described in the Infrastructure Agreement,

without the prior written consent of the Authority. Such right of access and use is granted only for the

term of this Agreement, as set forth below, and only for the purposes set forth above.

2. Term. The term of this Agreement (the “Term of this Agreement”) shall commence on

the day that this Agreement is executed and it shall continue until the Developer has completed all

contemplated Improvements.

3. Safety and Maintenance. The Developer agrees that if there is damage or changes to the

Authority Property as a result of the construction of the Improvements, the Developer will, after

completion of the Improvements, restore the Authority Property to substantially the same condition as it

previously was and remove all rubbish, waste, and debris in connection therewith. The Developer also

agrees not to use the Authority Property for the production, storage, deposit or disposal of toxic,
dangerous or hazardous substances, pollutants, wastes or contaminations, including but not limited to,
nuclear fuel or wastes that are considered hazardous by law and regulations. The Developer shall

indemnify the Authority, its officials, employees, agents and others acting on behalf of the Authority,
hold it harmless against any and all loss, damage, liability, claim, cost or expenses (specifically including attorneys’ fees and other costs and expenses of investigation and defense of any sort), resulting from injury or death to any person or from loss of or damage to any property, however caused, which occurs on the Authority Property with respect to the production, storage, deposit or disposal of toxic, dangerous or hazardous substance pollutants, wastes or contaminations by the Developer.

4. **Hold Harmless and Indemnity.** The Developer agrees to indemnify, defend and hold harmless the Authority and the City, their agents, officials and employees from any and all claims, losses, damages, liabilities, causes of action, judgments, costs or expenses because of personal injury, death or property damage caused by Developer or its officers, employees, agents, contractors or assigns’ use of the Authority Property. The Authority and the City agree to indemnify, defend and hold harmless the Developer, its agents, officers and employees from and against any and all claims, losses, damages, liabilities, causes of action, judgments, costs or expenses because of personal injury, death or property damage caused by the Authority or the City or their officials, employees, agents, contractors or assigns’ entry into the Authority Property during the Term of this Agreement.

5. **Insurance.** The Developer agrees to provide and maintain a liability insurance policy with a general liability limit of at least $1,500,000 each occurrence throughout the Term of this Agreement and to list the Authority as an “additional insured.” Said policy is limited to any person or persons working for or under the Developer as employees, contractors, and agents. On execution of this Agreement, the Developer shall provide the Authority with evidence that is satisfactory to the Authority that the insurance coverage required hereunder will be in full force and effect during the Term of this Agreement. In the event that any insurance renews or is terminated during the Term of this Agreement, the Developer shall promptly provide the Authority with evidence that such coverage will be renewed or replaced upon termination with insurance that complies with these provisions. At the request of the Authority, the Developer shall, in addition to providing such evidence of insurance, promptly furnish the Authority with a complete (and if so requested, insurer-certified) copy of the insurance policy intended to provide coverage required by this Agreement.

6. **Assignment.** The Developer shall not assign or otherwise transfer this Agreement, any right or interest in this Agreement, any right or interest in the Authority Property or any of the improvements that may now or hereafter be constructed or installed on the Authority Property without the express written consent of the Authority, which consent shall not be unreasonably withheld.

7. **Costs.** The Developer shall be responsible to pay any fees, wages and other charges and expenses in any manner associated with the Developer’s activities under this Agreement.

8. **Other Authority or Rights.** The Developer shall bear the sole obligation of obtaining such other authority or rights as it may need in addition to the rights provided in this Agreement for the use of the Authority Property.

9. **Liens and Encumbrances.** The Developer shall keep the Authority Property free of all liens and encumbrances arising out of its interest in or activities on the Authority Property.

10. **Disclaimer of Warranty.** The Developer has conducted its own investigation and inspection of the Authority Property and is familiar with the physical condition of the Authority Property and surrounding terrain, and is fully informed as to the existing conditions and limitations. The Authority makes no representation or warranty as to the suitability of the Authority Property for use by the Developer and no such representation, warranty, or any other representations are made by the Authority or shall be implied by operation of law or otherwise. The Developer accepts the Authority Property in an as-is, where-is condition with all faults, defects and deficiencies.
11. **Governing Law.** The parties agree that the interpretation and construction of this Agreement shall be governed by the laws of the State of Minnesota, without regard to such state’s conflict of law provisions.

12. **Notices and Demands.** All notices, demands or other communications under this Agreement shall be effective only if made in writing and shall be sufficiently given and deemed given when delivered personally or mailed by certified mail (return receipt requested) or registered mail, postage prepaid, properly addressed as follows:

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

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

With a copy to:  
Inland Development Partners  
130 Lake Street West, Suite 101  
Wayzata, MN 55391  
Attn: Kent Carlson

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

13. **Execution in Counterpart.** This Agreement is executed in any number of counterparts, each of which shall constitute one and the same instrument.

14. **Amendment.** This Agreement may be amended only by a written amendment signed by both parties.

15. **Relationship of Parties.** Nothing in this Agreement shall be interpreted or construed as a partnership or joint venture between the Authority and the Developer concerning the Developer’s use of the Authority Property. This Agreement shall not be interpreted to be any type of lease or easement affecting the Authority Property and does not convey an interest in the Authority Property to the Developer.

16. **Severance.** Should any portion of this Agreement be declared invalid and unenforceable, then such portion shall be deemed to be severed from this Agreement and shall not affect the remainder thereof.

17. **Default.** If any default is made by the Developer in any of the agreements contained in this Agreement which is not cured within 30 days of written notice from the Authority, it shall be lawful for the Authority to declare the term ended and to enter the Authority Property either with or without legal process, and to remove the Developer or any other person occupying the Authority Property, using such force as may be necessary, without being liable for prosecution, or for damages, and to repossess the
Authority Property free and clear of any rights of the Developer.
IN WITNESS WHEREOF, the parties have executed this Right of Entry Agreement as of the date first above written.

HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD

By ________________________________
Its Chair

By ________________________________
Its Executive Director
Execution page of the Developer to the Right of Entry Agreement dated as of the date first written above.

CHAMBERLAIN APARTMENTS, LLC

By ________________________________

Its ________________________________
### EXHIBIT A

**LEGAL DESCRIPTION OF THE AUTHORITY PROPERTY**

<table>
<thead>
<tr>
<th>Address</th>
<th>Parcel Identification No.</th>
<th>Legal Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>6621 17th Avenue South</td>
<td>26-028-24-41-0076</td>
<td>Lot 13, Block 2, Wexler’s Addition</td>
</tr>
<tr>
<td>6627 17th Avenue South</td>
<td>26-028-24-41-0075</td>
<td>Lot 12, Block 2, Wexler’s Addition</td>
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<td>6633 17th Avenue South</td>
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<td>Lot 11, Block 2, Wexler’s Addition</td>
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<td>6639 17th Avenue South</td>
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<td>Lot 10, Block 2, Wexler’s Addition</td>
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<td>Lot 9, Block 2, Wexler’s Addition</td>
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<td>Lot 5, Block 2, Wexler’s Addition</td>
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<td>Lot 7, Block 2, Wexler’s Addition</td>
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<td>Lot 8, Block 3, Wexler’s Addition</td>
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<td>6701 18th Avenue South</td>
<td>26-028-24-41-0107</td>
<td>Lot 16, Block 4, Wexler’s Addition</td>
</tr>
<tr>
<td>6709 18th Avenue South</td>
<td>26-028-24-41-0106</td>
<td>Lot 15, Block 4, Wexler’s Addition</td>
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<td>26-028-24-41-0104</td>
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<td>6733 18th Avenue South</td>
<td>26-028-24-41-0102</td>
<td>Lot 11, Block 4, Wexler’s Addition</td>
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<td>6739 18th Avenue South</td>
<td>26-028-24-41-0101</td>
<td>Lot 10, Block 4, Wexler’s Addition</td>
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<td>6745 18th Avenue South</td>
<td>26-028-24-41-0100</td>
<td>Lot 9, Block 4, Wexler’s Addition</td>
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<td>6700 Cedar Avenue South</td>
<td>26-028-24-41-0096</td>
<td>Lots 1 and 2, Block 4, Wexler’s Addition</td>
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<td>6620 18th Avenue South</td>
<td>26-028-24-41-0067</td>
<td>Lot 4, Block 2, Wexler’s Addition</td>
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<tr>
<td>6615 17th Avenue South</td>
<td>26-028-24-41-0077</td>
<td>Lot 14, Block 2, Wexler’s Addition</td>
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</table>
STAFF REPORT NO. 12
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
4/16/2018

REPORT PREPARED BY: Kate Aitchison, Housing Specialist

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
4/11/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
4/12/2018

ITEM FOR COUNCIL CONSIDERATION:
Consideration of the approval of settlement of a Housing and Redevelopment Authority Deferred Loan at 6500 Woodlake Drive, Unit #405.

EXECUTIVE SUMMARY:
In February 2018, the Housing and Redevelopment Authority (HRA) approved a settlement for a Deferred Loan for the property located at 6500 Woodlake Drive, Unit #405. Joanne Dominquez (Homeowner) received a Deferred Loan in the amount of $18,463.49 but was forced into a short-sale situation due to her declining health. The HRA approved a settlement for $1,800.

In early March, the buyer withdrew their offer. The unit continued to be listed on the Multiple Listing Service (MLS) and has since accepted a cash-offer from a buyer intending to owner-occupy the property. The HRA will receive at least $1,800 from the most recent offer.

Due to the nature of the short-sale process, it is possible that the most recent offer may not come to fruition. By approving this item, the HRA will authorize staff to accept any short sale settlement offer that results in the HRA receiving at least $1,800.

RECOMMENDED ACTION:
By motion: Approve the settlement of a Housing and Redevelopment Authority Deferred Loan at 6500 Woodlake Drive, Unit #405 for at least $1,800.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT
   - The Homeowner received a Deferred Loan from the HRA in 2016 in the amount of $18,463.49.
   - In the fall of 2017, the Homeowner was unable to continue living in her home and began the process of selling the condominium unit.
   - The homeowner contacted a realtor and had the condo listed for sale on the MLS.
     - In early January an offer was accepted but later revoked due to the buyers’ changed circumstance. The condo was relisted on the MLS.
     - A second offer was accepted in mid-January 2018, and the settlement approved by the HRA at the February 20, 2018 meeting.
In March 2018, the second offer also fell through.
As of April 4th, a cash-offer has been accepted for the property. The buyer intends to owner-occupy the property.
The HRA has been guaranteed at least $1,800 from the sale of the condominium.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):
- The Deferred Loan Program provides loans to Homeowners earning less than 80 percent of the Twin Cities Area Median Income (AMI) to make repairs and improvements that address health, safety and/or property maintenance items. Most recipients of the Deferred Loan earn less than 50 percent of the Twin Cities AMI.
- The entire loan amount is due and payable if the property is sold within the 30-year period, regardless of the number of years remaining on the loan.
- The Deferred Loan Program is funded with federal Community Development Block Grant (CDBG) funds. There is no federal requirement that the money be repaid.
- The Mortgage Foreclosure Response Program Procedural Guidelines state as follows: “Staff will consider short sale offers and negotiate as high of repayment as possible. Action will be taken quickly so as to not disrupt the short sale opportunity and cause the homeowner to enter into foreclosure.”
- Hennepin County, who administers the Deferred Loan for Richfield and other communities, considers a 10% loan settlement to be a reasonable settlement in a short-sale situation.
- The HRA has received 8 requests for a short sale settlement in the past 5 years. The following settlements have been reached:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>LIEN AMOUNT</th>
<th>AMOUNT REPAID</th>
<th>% RECAPTURED</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$10,000</td>
<td>$2,000</td>
<td>20.0%</td>
</tr>
<tr>
<td>2016</td>
<td>$10,345</td>
<td>$1,000</td>
<td>9.7%</td>
</tr>
<tr>
<td>2014</td>
<td>$8,238</td>
<td>$500</td>
<td>6.1%</td>
</tr>
<tr>
<td>2014</td>
<td>$15,892</td>
<td>$2,384</td>
<td>15.0%</td>
</tr>
<tr>
<td>2013</td>
<td>$30,000</td>
<td>$26,094</td>
<td>87.0%</td>
</tr>
<tr>
<td>2013</td>
<td>$10,080</td>
<td>$5,040</td>
<td>50.0%</td>
</tr>
<tr>
<td>2012</td>
<td>$26,000</td>
<td>$2,600</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

C. CRITICAL TIMING ISSUES:
- The current Purchase Agreement states a closing date on or before April 30, 2018.
- By authorizing staff to accept a settlement of at least $1,800, the HRA will not hinder any Purchase Agreement from moving towards a quick closing.

D. FINANCIAL IMPACT:
- Any repaid funds would be returned to the Deferred Loan Program for future loan recipients.
- The HRA has a subordinated position to the primary lender. If the property is foreclosed by the lender, the HRA would likely receive nothing.

E. LEGAL CONSIDERATION:
- The HRA has the authority to negotiate a settlement or forgive the loan.
- Staff is unable to approve a settlement outside of the HRA’s formal authorization.

ALTERNATIVE RECOMMENDATION(S):
- Deny the proposal for a settlement of at least $1,800.
- Approve a settlement of the Deferred Loan for a different amount.

PRINCIPAL PARTIES EXPECTED AT MEETING:
None