



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
JUNE 18, 2018
7:00 PM**

Call to Order

Approval of the minutes of the regular Housing and Redevelopment Authority meeting of May 21, 2018.

AGENDA APPROVAL

1. Approval of the Agenda
2. **Consent Calendar contains several separate items which are acted upon by the HRA in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further HRA action on these items is necessary. However, any HRA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for HRA discussion and action. All items listed on the Consent Calendar are recommended for approval.**
 - A. Consideration of the adoption of a resolution approving the issuance of, and providing the form, term, covenants and directions for the issuance of its Tax Increment Limited Revenue Note, Series 2016 in an aggregate principal amount not to exceed \$2,400,000, related to TIF District 2014-1 (City Garage site).
Staff Report No. 18
3. Consideration of items, if any, removed from Consent Calendar

RESOLUTIONS

4. Consideration of the adoption of a resolution, related to the Chamberlain Apartments development, approving:
 1. Amended and Restated Contract for Private Development;
 2. Memorandum of Understanding with the Metropolitan Airports Commission;
 3. Tax Increment Financing Collateral Assignment Agreement; and,
 4. Right of Entry Agreement.

Staff Report No. 19

HRA DISCUSSION ITEMS

5. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

6. Executive Director's Report

CLAIMS AND PAYROLLS

7. Claims and Payrolls

8. Adjournment

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



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

May 21, 2018

CALL TO ORDER

The meeting was called to order by Chair Supple at 7:04 p.m.

HRA Members Present: Mary Supple, Chair; Michael Howard; and Sue Sandahl

HRA Members Absent: Pat Elliott; and Erin Vrieze Daniels.

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

APPROVAL OF THE MINUTES OF THE REGULAR HRA MEETING OF APRIL 16, 2018

M/Sandahl, S/Howard to approve the minutes of the April 16, 2018, Housing and Redevelopment Authority regular meeting.

Motion carried 3-0.

Item #1	APPROVAL OF THE AGENDA
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M/Sandahl, S/Howard to approve the agenda.

Motion carried 3-0.

Item #2	CONSENT CALENDAR
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Executive Director Devich presented the consent agenda.

- A. Consideration of the approval of a Right of Entry Agreement with NHH Companies, LLC for the Cedar Point II properties owned by the Housing and Redevelopment Authority. (S.R. No. 13)
- B. Consideration of the approval of Contracts for Sale of Buildings located at 6333 16th Avenue, 6401 16th Avenue, and 6409 16th Avenue to NHH Companies, LLC. (S.R. No. 14)
- C. Consideration of the adoption of a resolution authorizing the HRA to affirm the monetary limits on statutory municipality tort liability. (S.R. No. 15)

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

Chair Supple supported the moving of the homes on 16th Avenue instead of tearing them down.

Commissioner Sandahl asked for details about the size of the existing homes. Community Development Director Stark provided more information.

Motion carried 3-0.

Item #3	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM CONSENT CALENDAR
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None.

Item #4	CONSIDERATION OF THE APPROVAL OF THE SETTLEMENT OF A HOUSING AND REDEVELOPMENT AUTHORITY DEFERRED LOAN AT 6701 STEVENS AVENUE.
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Housing Specialist Aitchison presented Staff Report No. 16.

Sandahl asked whether the subordination policy has changed. Housing Specialist Aitchison responded that the current subordination policy now does not allow for reverse mortgages.

M/Sandahl, S/Howard to approve the proposal made by the representatives of the Homeowner of 6701 Stevens Avenue for the full forgiveness of a \$23,095.68 Richfield Rehabilitation Deferred Loan.

Motion carried 3-0.

Sandahl stated that the Title Company erred in this situation.

Item #5	CONSIDERATION OF THE ADOPTION OF A RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY LOCATED AT 1430 E. 66TH STREET, PENDING A FINDING OF CONSISTENCY BY THE RICHFIELD PLANNING COMMISSION.
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Community Development Director Stark presented Staff Report No. 17.

Executive Director Devich stated that it is a great opportunity for the city and for 66th Street East.

Chair Supple asked for clarification on the Finding of Consistency of the Planning Commission. Community Development Director Stark answered and explained the process.

M/Sandahl, S/ Howard to adopt a resolution authorizing the purchase of real property located at 1430 E. 66th Street, pending a finding of consistency by the Richfield Planning Commission.

Commissioner Howard stated his support for this action.

Motion carried 3-0.

Item #6	HRA DISCUSSION ITEMS
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Chair Supple asked if anything from the Minnesota legislative session will impact the Housing and Redevelopment Authority.

Community Development Director Stark responded that he didn't think anything that will impact the HRA had occurred. He will follow up with information about Minnesota Housing's legislative efforts and if they would impact Richfield.

Commissioner Sandahl asked for an update on the Cedar Avenue tunnel funding and timeline.

Executive Director Devich stated that the City is trying to voluntarily purchase the Motel 6 property. There would be other mechanisms to acquire the property if the voluntary purchase is unsuccessful.

Item #7	EXECUTIVE DIRECTOR'S REPORT
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Executive Director Devich stated that there is a lot of interest in Richfield, with many building permits being issued. There has been a lot of work preparing for this time, and it is now happening. Commercial and residential developments are both coming in.

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

U.S. BANK	5/21/2018
Section 8 Checks: 129709-129795	\$159,845.00
HRA Checks: 33441-33458	\$21,010.70
TOTAL	\$180,855.70

Motion carried 5-0.

ADJOURNMENT

The meeting was adjourned by unanimous consent at 7:23 p.m.

Date Approved: June 18, 2018

Mary B. Supple
HRA Chair

Kate Aitchison
Housing Specialist

Steven L. Devich
Executive Director



STAFF REPORT NO. 18
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
6/18/2018

REPORT PREPARED BY: Myrt Link, Community Development Accountant

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
6/13/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
6/13/2018

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the adoption of a resolution approving the issuance of, and providing the form, term, covenants and directions for the issuance of its Tax Increment Limited Revenue Note, Series 2016 in an aggregate principal amount not to exceed \$2,400,000, related to TIF District 2014-1 (City Garage site).

EXECUTIVE SUMMARY:

The Housing and Redevelopment Authority (HRA) approved the establishment of the 2014-1 Tax Increment Financing District (City Garage site) and adoption of a Tax Increment Financing Plan on February 18, 2014. On February 16, 2016, the HRA entered into a Contract for Private Redevelopment (Contract) with Mesaba Capital Development, LLC (Developer) for construction of senior housing. Amendments were made to the Contract on November 22, 2016, and March 29, 2017.

The HRA is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs (qualified costs) of the Redevelopment District. The HRA finds and determines that it is in the best interest of the Authority that it issue and sell its Tax Increment Limited Revenue Note, Series 2016 in the amount of up to \$2,400,000, with an annual interest rate of 4.5%, for the purpose of reimbursing the Developer for qualified costs identified in the Tax Increment Plan for the 2014-1 Tax Increment District.

RECOMMENDED ACTION:

By motion: Adopt a resolution approving the issuance of, and providing the form, term, covenants and directions for the issuance of its Tax Increment Limited Revenue Note, Series 2016 in an aggregate principal amount not to exceed \$2,400,000.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- On February 18, 2014, the HRA established the 2014-1 Tax Increment Financing District and adopted a Tax Increment Financing Plan.
- The HRA entered into a Contract for Private Redevelopment with Mesaba Capital Development, LLC on February 16, 2016.
- The First Amendment to the Contract was dated November 22, 2016.
- The Second Amendment to the Contract was dated March 29, 2017.

- Sale of HRA property to Mesaba Capital, LLC closed in March 2017.
- Construction of senior housing commenced in 2017.
- Qualified costs and documentation were received by the HRA in June 2018.

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

- Per Minnesota Statutes, Section 469.178, the HRA is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Redevelopment District.

C. CRITICAL TIMING ISSUES:

- The Note needs to be issued prior to August 1, 2018, when the first payment is scheduled to be made.

D. FINANCIAL IMPACT:

- The payments on Tax Increment Limited Revenue Note, Series 2016 will be made from available tax increment and will only be made subject to sufficient increment being generated on the property to meet the payment obligations.

E. LEGAL CONSIDERATION:

- The resolution and Tax Increment Limited Revenue Note, Series 2016 were drafted by HRA legal counsel.

ALTERNATIVE RECOMMENDATION(S):

- None

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description	Type
☐ Resolution	Resolution Letter

RESOLUTION NO. _____

RESOLUTION APPROVING THE ISSUANCE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS TAX INCREMENT LIMITED REVENUE NOTE, SERIES 2016 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,400,000

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

Section 1. Authorization; Award of Sale.

1.01. Authorization. The Authority has heretofore approved the establishment of Tax Increment Financing District No. 2014-1 Tax Increment Financing District (City Garage Site) (the “TIF District”) within the Richfield Redevelopment Project (“Redevelopment Project”), and has adopted a tax increment financing plan for the purpose of financing certain improvements within the Redevelopment Project.

Pursuant to Minnesota Statutes, Section 469.178, the Authority is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Redevelopment District. Such bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The Authority hereby finds and determines that it is in the best interests of the Authority that it issue and sell its Tax Increment Limited Revenue Note, Series 2016 (the “TIF Note”), in the aggregate principal amount of up to \$2,400,000 for the purpose of financing certain public redevelopment costs of the Tax Increment Plan for the TIF District.

1.02. Issuance, Sale and Terms of the TIF Note. Pursuant to the Contract for Private Development between the Authority and the Owner (the “Agreement”), the TIF Note shall be sold to Mesaba Capital Development, LLC (the “Owner”). The TIF Note shall be dated as of the date of delivery and shall bear interest at the rate of 4.5% per annum to the earlier of maturity or prepayment. In exchange for the Authority’s issuance of the TIF Note to the Owner, the Owner shall pay certain public redevelopment costs related to the Minimum Improvements (as defined in the Agreement) pursuant to Section 3.3 of the Agreement. The TIF Note will be delivered in the principal amount of up to \$2,400,000 for reimbursement of public redevelopment costs in accordance with the terms of Section 3.4(a) of the Agreement.

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

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The TIF Note shall be issued as a single typewritten note numbered R-1.

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

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

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

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

(b) Transfer of TIF Note. Upon surrender for transfer of the TIF Note, including any assignment or exchange thereof, duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, and the payment by the Owner of any tax, fee, or governmental charge required to be paid by or to the Authority with respect to such transfer or exchange, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates. Notwithstanding the foregoing, the TIF Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the Authority has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the Authority, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

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

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

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

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

(e) Persons Deemed Owners. The Authority and the Registrar may treat the person in whose name a Note is at any time registered in the bond register as the absolute owner of the TIF Note, whether the TIF Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of

and interest on such Note and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the Authority upon such Note to the extent of the sum or sums so paid.

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

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

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

Section 4. Security Provisions.

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

4.02. Bond Fund. Until the date the TIF Note is no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the Authority shall maintain a separate and special "Bond Fund" to be used for no purpose other than the payment of the principal of and interest on the TIF Note. The Authority irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment. Any Available Tax Increment remaining in the Bond Fund shall be transferred to the Authority's account for TIF District No 2014-1 Tax Increment Financing District (City Garage Site) upon the payment of all principal and interest to be paid with respect to the TIF Note.

Section 5. Certification of Proceedings.

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

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

Adopted by the Board of Commissioner the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, this ____ day of _____, 2018.

Chair

Executive Director

Schedule A

FORM OF TIF NOTE

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

No. R-1

\$2,400,000

TAX INCREMENT LIMITED REVENUE NOTE
SERIES 2016

<u>Rate</u>	<u>Date of Original Issue</u>
4.5%	June 18, 2018

The Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”), for value received, certifies that it is indebted and hereby promises to pay to Mesaba Capital Development, LLC, or registered assigns (the “Owner”), the principal sum of \$2,400,000 and to pay interest thereon at the rate of four and one-half percent per annum, as and to the extent set forth herein.

1. Payments. Principal and interest (“Payments”) shall be paid on August 1, 2018, and each February 1 and August 1 (each a “Payment Date”) and thereafter to and including February 1, 2044, in the amounts and from the sources set forth in Section 3 herein. Payments shall be applied first to accrued interest, and then to unpaid principal.

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

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

3. Available Tax Increment. Payments on this Note are payable on each Payment Date in the amount of and solely payable from “Available Tax Increment,” which will mean, on each Payment Date, seventy-five percent (75%) of the Tax Increment (as defined in the Agreement) attributable to the Development Property (as defined in the Agreement) and paid to the Authority by Hennepin County in the six months preceding the Payment Date, all as the terms are defined in the Contract for Private Development between the Authority and Owner dated as of February 16, 2016 (the “Agreement”). The principal of and interest on this Note shall be payable each Payment Date solely from Available Tax Increment. Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under the Agreement.

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

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

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

6. Nature of Obligation. This Note is issued to aid in financing certain public development costs and administrative costs of a Redevelopment Project undertaken by the Authority pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the Authority on August 15, 2016, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.1799, as amended. This Note is a limited obligation of the Authority which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution. This Note and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

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

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

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

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

Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

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

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

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

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

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

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

Executive Director

Chair

REGISTRATION PROVISIONS

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

Date of Registration

Registered Owner

Signature of Executive Director

MESABA CAPITAL
DEVELOPMENT, LLC.

Federal ID # _____

[End of Form of TIF Note]



STAFF REPORT NO. 19
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
6/18/2018

REPORT PREPARED BY: John Stark, Community Development Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
6/13/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
6/13/2018

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the adoption of a resolution, related to the Chamberlain Apartments development, approving:

- 1. Amended and Restated Contract for Private Development;**
- 2. Memorandum of Understanding with the Metropolitan Airports Commission;**
- 3. Tax Increment Financing Collateral Assignment Agreement; and,**
- 4. Right of Entry Agreement.**

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 (Developer) for the Cedar Point South Redevelopment Area. The HRA further approved revisions to the Contract at their October 16, 2017, and April 16, 2018, meetings. Since that time, a number of additional issues or points needing further contractual clarification have emerged. Those changes are summarized as follows:

Amended and Restated Contract for Private Development

Both a complete version of the proposed Amended and Restated Contract for Private Development and a "redlined" version containing only pages with additions and deletions to the previously approved Contract are attached for review. The majority of these edits relate to the addition of requirements from the U.S. Department of Housing and Urban Development (HUD), who is insuring the mortgage.

Memorandum of Understanding with the Metropolitan Airports Commission

Much of the property being redeveloped was originally purchased by the City using grant funds that were administered by the Metropolitan Airports Commission (MAC). The use of those funds and the subsequent use of proceeds from the sales of properties acquired with those funds was governed by Grant Agreements made in 2002 and 2005 between the City of Richfield and MAC. Those Agreements did not contemplate such a complex redevelopment and, are difficult in some cases to apply to the current situation. As a result, City/HRA staff, legal counsel, the Developer and MAC staff have worked to develop a Memorandum of Understanding (MOU) which ultimately acknowledges that all parties are either meeting the precise language or the "spirit and intent" of the prior Grant Agreements or that some alternate way of achieving the goals of those Grant Agreements are acceptable. Included in the MOU is the requirement that the City and/or HRA expend at least \$788,625 (including \$300,000 received from the Developer at closing) of the sales proceeds on costs associated with the 77th Street underpass project. The terms of the MOU have been approved by MAC. However, the form of Deed and Avigation Easement are still being finalized by MAC and the

Developer. The Contract for Private Development provides the HRA's Executive Director the authority to approve the final versions of the Deed and Avigation Easement.

Tax Increment Financing (TIF) Collateral Assignment Agreement

The Developer intends to finance the project with a mortgage loan insured by HUD. HUD requires that the TIF Note be assigned to the mortgage lender. Under the Assignment of Payments the Tax Increment Limited Revenue Note provides for the assignment of the TIF Note, the Developer pledges the TIF Note to the mortgage lender and agrees that all payments under the TIF Note will be sent directly to the mortgage lender (Dougherty Mortgage). Upon an event of default, the mortgage lender can step into the shoes of the developer to exercise the developer's rights and remedies if it so chooses. The HRA's rights and remedies against the Developer under the Development Agreement are not impacted by the assignment.

RECOMMENDED ACTION:

By motion: Adopt a resolution approving:

- 1. Amended and Restated Contract for Private Development;**
- 2. Memorandum of Understanding with the Metropolitan Airports Commission;**
- 3. Tax Increment Financing Collateral Assignment Agreement; and,**
- 4. Right of Entry Agreement.**

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, and April 16, 2018, meetings.
- The sales proceeds related to properties acquired with MAC funds are subject to Grant Agreement (entered into by the City of Richfield and the MAC in 2002 and 2005). The Memorandum of Understanding acknowledges that the MAC is satisfied with the manner in which sales proceeds and other Grant Agreement provisions are being met.

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

- The attached documents are consistent with state and local ordinances.

C. CRITICAL TIMING ISSUES:

- The Developer is wrapping up the financing approval process with their major financing partner (a U.S. Department of Housing and Urban Development [HUD] insured loan provided by Dougherty Mortgage), and hope to close on their financing as soon as July 17, 2018.

D. FINANCIAL IMPACT:

- There is no direct financial impact to the HRA, as any properties purchased with HRA funding are not subject to the MOU with MAC regarding the use of sales proceeds.

E. LEGAL CONSIDERATION:

- HRA legal counsel drafted a resolution and either drafted or reviewed and approved all of the agreements related thereto.

ALTERNATIVE RECOMMENDATION(S):

- Adopt a resolution with changes to one or more of the attached documents.
- 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:

Description

Type

▣	Resolution	Resolution Letter
▣	Amended and Restated Contract	Contract/Agreement
▣	Redlined Contract Changes	Contract/Agreement
▣	Memorandum of Understanding with MAC	Contract/Agreement
▣	Right of Entry	Contract/Agreement

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

RESOLUTION NO. _____

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

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

WHEREAS, on October 24, 2017, the Authority and Chamberlain Apartments, LLC, a Delaware limited liability company (the "Developer") entered into a Contract for Private Development, relating to the acquisition and development of certain land located within the Project and owned by the Authority (the "HRA Property") for the purposes of constructing a multifamily housing development; and

WHEREAS, there has been presented before this Board an Amended and Restated Contract for Private Development (the "Development Contract") proposed to be entered into between the Authority and the Developer, pursuant to which the Developer will acquire the HRA Property and certain other parcels of property within the Project (collectively, the "Development Property") and construct a multifamily housing development with approximately 283 apartment units, substantially rehabilitate three 11-unit apartment buildings, and construct underground parking (the "Minimum Improvements"), and the Authority will reimburse the Developer for a portion of land acquisition costs and certain site improvements costs related thereto with tax increment generated from the Development Property; and

WHEREAS, a portion of the HRA Property was purchased with federal grant funds obtained by the City of Richfield (the "City") from the Metropolitan Airports Commission (the "MAC") under an Agreement dated March 20, 2002, which placed restrictions on the conveyance and use of a portion of the HRA Property and restricted the use of any proceeds derived from the sale of the HRA Property;

WHEREAS, the City has proposed entering into a Memorandum of Understanding (the "MOU") with the MAC in order to confirm that the proposed conveyance and use of the HRA Property for the Minimum Improvements is approved by the MAC and that the Authority's proposed use of the proceeds derived from the sale of the HRA Property are also approved by MAC; and

WHEREAS, under the MOU, the MAC approves a form of a quit claim deed conveying the HRA Property from the HRA to the Developer (the "Deed") and Avigation and Clearance Easements that the HRA must execute and record against the HRA Property prior to conveyance of the HRA property for redevelopment; and

WHEREAS, the Authority will allow the Developer the right to enter the HRA Property as necessary to facilitate the construction of the Minimum Improvements within the dedicated right-of-way for Richfield Parkway pursuant to a Right of Entry Agreement (the "Right of Entry Agreement") between the Authority and the Developer; and

WHEREAS, the Developer is planning to finance the acquisition and construction of the Minimum Improvements with financing insured by the Department of Housing and Urban Development and the lender providing such financing, Dougherty Mortgage LLC (the "Lender"), has requested a collateral assignment of the payments of the tax increment note to be provided to the Developer by the Authority pursuant to an

Assignment of Payments Under Tax Increment Limited Revenue Note (the "Assignment of TIF Note") between the Developer and the Lender and consented to by the Authority; and

WHEREAS, forms of the Development Contract, the MOU (including the Deed and Avigation and Clearance Easements), the Right of Entry Agreement, and the Assignment of TIF Note have been presented to the Board of Commissioners of the Authority.

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

1. The Development Contract, the Deed, Avigation and Clearance Easements, the Right of Entry Agreement, and the Assignment of TIF Note are hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Directed are hereby authorized and directed to execute the Development Contract, the Deed, Avigation and Clearance Easements), the Right of Entry Agreement, and the Assignment of TIF Note 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 Development Contract.

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

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota
this 18th day of June, 2018.

Mary Supple, Chair

ATTEST:

Erin Vrieze Daniels, Secretary

**Third Draft
June 13, 2018**

AMENDED AND RESTATED CONTRACT

FOR

PRIVATE DEVELOPMENT

By and Between

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

and

CHAMBERLAIN APARTMENTS, LLC

Dated: _____, 2018

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

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**AMENDED AND RESTATED
CONTRACT FOR PRIVATE DEVELOPMENT**

THIS AMENDED AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT (this “Agreement”), 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 and restates the Contract for Private Development, dated October 24, 2017, 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 plans to establish the Tax Increment Financing District No. 2017-1 (a housing district) (The Chamberlain) (the “TIF District”) within the Richfield Project pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the “TIF Act”) in order to facilitate redevelopment of certain property in the Redevelopment Project and promote the development of affordable housing within the City; and

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

“City” means the City of Richfield, Minnesota.

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

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

“County” means Hennepin County, Minnesota.

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

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

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

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

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

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

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

“Holder” means the owner of a Mortgage.

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

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

“HRA Property Purchase Price” means \$982,850.

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

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

“Managing Member” means Kraus-Anderson, Incorporated, a Minnesota corporation.

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

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

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

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

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

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

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

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

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

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

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

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

“Redevelopment Project” means the Richfield Redevelopment Project.

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

“State” means the State of Minnesota.

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

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

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

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

“Tax Increment Plan” or “TIF Plan” means the Tax Increment Financing Plan for Tax Increment Financing District No 2017-1, as it may be amended and supplemented.

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

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

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of strikes, other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the Authority in exercising its rights under this Agreement) which directly result in delays.

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

ARTICLE II

Representations and Warranties

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

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

(b) The Authority proposes to assist in financing certain land acquisition costs and site improvement costs necessary to facilitate the construction of the Minimum Improvements in accordance with the terms of this Agreement to further the objectives of the Redevelopment Plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Property Acquisition; Financing

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

Section 3.2. Conveyance of HRA Property.

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

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

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

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

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

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

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

(vii) the Developer and the Authority's approval of the form of Avigation Easement required by MAC to be recorded against the Development Property.

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

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

(c) Without limitation, the Developer is responsible for satisfying itself as to matters such as contamination, soils conditions and soil stability, and survey. Except as provided in Section 3.2(b), the Authority shall have no obligation to cure any defect or other matter regarding contamination, soils conditions and soil stability, and survey, but agrees to cooperate, at no cost or expense to it, in any efforts by Developer to achieve such a cure.

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

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

(e) The Developer acknowledges that the Authority will be conveying the Platted Property to the Developer for a purchase price of \$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:

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

(f) The Closing will not take place until the Developer has, and the Developer’s obligations hereunder are contingent upon, (i) the Developer having obtained all necessary land use approvals from the City, including without limitation, obtaining all necessary approvals for the creation of the TIF District (including rezoning and a comprehensive plan amendment); (ii) the Developer having acquired the remaining Additional Property, as described in Section 3.3 hereof; (iii) the Developer having executed and delivered to the Authority the Declaration of Restrictive Covenants set forth in EXHIBIT F, the Right of Purchase and Right of First Refusal Agreement set forth in EXHIBIT G, the Developer Surplus Cash Note in EXHIBIT E, and the Minimum Assessment Agreement set forth in EXHIBIT J; (iv) the Developer having delivered the Developer Surplus Cash Note Guaranty set forth in EXHIBIT K; (v) the contingencies in Section 3.2(c) are satisfied; (vi) the Developer having obtained a commitment for financing the Minimum Improvements and all conditions for closing have been met to the such lender’s satisfaction; and (vii) the Developer having completed its due diligence regarding the Development Property and found it to be acceptable.

(g) 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.

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

(i) The Developer and the Executive Director of the Authority will work cooperatively to negotiate with MAC the final form of DEED conveying the HRA Property to the Developer.

(j) The Developer and the Executive Director of the Authority will work cooperatively to negotiate with MAC the final form of Avigation Easement required by MAC to be recorded against the Development Property.

Section 3.3. [Reserved].

Section 3.4. Relocation.

(a) For each parcel of the Additional Property yet to be acquired by the Developer (as described in EXHIBIT A), the Developer is responsible for complying with Minn. Stat. Sections 117.50 to 117.56 (the “Minnesota Uniform Relocation Act”) and providing evidence of such compliance to the Authority. The Parties acknowledge that no tenants will be relocated from the three buildings located on the Additional Property to be purchased by the Managing Member (to be contributed to Developer). All rehabilitation of the three buildings will be done with tenants remaining in their units.

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

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

Section 3.5. Issuance of Pay-As-You-Go TIF Note.

(a) To reimburse the Developer for certain Public Redevelopment Costs, the Authority shall issue and deliver the TIF Note to the Developer in the principal amount of \$8,492,000 in substantially the form set forth in Schedule A of the Authorizing Resolution attached as EXHIBIT B. The Authority and the Developer agree that the consideration from the Developer for the purchase of the TIF Note shall consist of the Developer's payment of the Public Redevelopment Costs in at least the principal amount of the TIF Note.

The Authority shall consider an Authorizing Resolution in the form attached hereto as EXHIBIT B and deliver the TIF Note upon delivery by the Developer of an investment letter in substantially the form attached to this Agreement as EXHIBIT C, together with evidence reasonably satisfactory to the Authority that the Developer has paid the Public Redevelopment Costs in at least the principal amount of the TIF Note. The principal of and interest on the TIF Note shall be payable each Payment Date solely with Available Tax Increment subject to the provisions of Section 3.6 hereof.

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

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

Section 3.6. Reimbursement of Authority for HRA Property Purchase Price. The amount of the HRA Property Purchase Price due and owing to the Authority at Closing is \$982,850. The Developer shall pay a portion of the HRA Property Purchase Price in the amount \$300,000 to the Authority on the date of Closing. The remainder of the HRA Property Purchase Price (\$682,850) will be repaid through principal and interest payment under the Developer Surplus Cash Note, payment of which shall commence August 1, 2025 with interest at a rate of two percent (2.0%) per annum and shall continue until all principal of and interest on the Developer Surplus Cash Note is paid in full. The form of the Developer Surplus Cash Note is set forth in EXHIBIT E. The Developer Surplus Cash Note shall be secured by the Developer Surplus Cash Note Guaranty in the form set forth in EXHIBIT K. In the event that the required payments cannot be made from 75% of Surplus Cash (as defined in the Developer Surplus Cash Note) of the Developer, such payments will

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

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

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

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

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

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

Section 3.11. Construction of Roadway - Richfield Parkway. In conjunction with the construction of the Minimum Improvements, the Developer has agreed to construct an extension of Richfield Parkway between 66th Street and 68th Street. The construction of the extension of Richfield Parkway will be

memorialized in a development agreement between the City and the Developer. The Authority will also provide a right of entry for the Developer to enter upon any Development Property owned by the Authority to complete the construction of the extension of Richfield Parkway.

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

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

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

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

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ARTICLE IV

Construction of Minimum Improvements

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

Section 4.2. Construction Plans.

(a) Before commencement of construction of the Minimum Improvements, the Developer shall submit the Construction Plans to the Authority. The Authority Representative will approve the Construction Plans in writing if: (i) the Construction Plans conform to the terms and conditions of this Agreement; (ii) the Construction Plans conform to the goals and objectives of the Modified Redevelopment Plan; (iii) the Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (iv) the Construction Plans are adequate to provide for construction of the Minimum Improvements; (v) the Construction Plans do not provide for expenditures in excess of the funds available to the Developer from all sources (including Developer's equity) for construction of the Minimum Improvements; (vi) the Construction Plans provide for the construction of Minimum Improvements having an estimated market value of at least \$43,835,000 (the "Minimum Market Value") and (vii) no uncured Event of Default has occurred. Approval may be based upon a review by the City's Building Official of the Construction Plans. No approval by the Authority Representative shall relieve the Developer of the obligation to comply with the terms of this Agreement or of the Redevelopment Plan, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the Authority Representative shall constitute a waiver of an Event of Default. If approval of the Construction Plans is requested by the Developer in writing at the time of submission, such Construction Plans shall be deemed approved unless rejected in writing by the Authority Representative, in whole or in part. Such rejections shall set forth in detail the reasons therefore, and shall be made within 30 days after the date of their receipt by the Authority. If the Authority Representative rejects any Construction Plans in whole or in part, the Developer shall submit new or corrected Construction Plans within 30 days after written notification to the Developer of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the Authority. The Authority Representative's approval shall not be unreasonably withheld, delayed or conditioned. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements constructed in accordance with said plans) comply to the Authority's satisfaction with the provisions of this Agreement relating thereto.

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

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

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

Phase I (Roadway)

Commenced by August 1, 2018, and substantially completed by December 31, 2019, except for the installation of the final lift of asphalt.

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

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

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

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

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

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

Section 4.4. Certificates of Completion. (a) Promptly after completion of each Phase of the Minimum Improvements in accordance with those provisions of the Agreement relating solely to the obligations of the Developer to construct each Phase of the Minimum Improvements (including the dates for beginning and completion thereof), the Authority Representative will furnish the Developer with a Certificate of Completion shown as EXHIBIT D.

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

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

Section 4.5. Rental Housing Affordability Covenants. The Developer agrees that at all times from initial occupancy of the Minimum Improvements constructed within the TIF District through the date that the TIF District is decertified, at least 20% of the units within the Minimum Improvements shall be reserved for occupancy by individuals whose income is 50% or less of the area's median gross income constructed and satisfy the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code. The Developer and the Authority shall execute the Declaration of Restrictive Covenants in substantially the form set forth in EXHIBIT F and record such agreement against the

Development Property. The affordability covenants provided in this Section 4.5 and the Declaration shall be subordinate to the loan provided by HUD in accordance with the terms of the HUD Rider attached to the Declaration of Restrictive Covenants.

Section 4.6. Disqualification of TIF District. If the Authority or the City receives notice from the State Department of Revenue, the State Auditor, any Tax Official or any court of competent jurisdiction that the TIF District does not qualify as a “housing district” due to the failure to satisfy the income restrictions described in Section 4.5, such event shall be deemed an Event of Default under this Agreement; provided, however, that the Authority may not exercise any remedy under this Agreement so long as such determination is being contested and has not been finally adjudicated. If the TIF District is disqualified, the Authority is required by the TIF Act to stop payments of Available Tax Increment to pay principal of and interest on the TIF Note. If such event occurs, the Developer will be responsible for paying the remaining amount of the Developer Surplus Cash Note, with any accrued interest, to the Authority, subject to the HUD requirements and the limitations provided in the Developer Surplus Cash Note. In addition to any remedies available to the Authority and the City under Article IX hereof, the Developer shall indemnify, defend and hold harmless the Authority and the City for any damages or costs resulting therefrom. Such indemnification and hold harmless will include the immediate payment to the Authority for any portion of the value of the Authority Property not already reimbursed from tax increment.

Section 4.7. Affordable Housing Reporting. At least annually, no later than January 31 of each year commencing on the April 1 first following the issuance of the Certificate of Completion, the Developer shall provide a report to the Authority evidencing that the Developer complied with the income affordability covenants set forth in Section 4.5 hereof during the previous calendar year. The income affordability reporting shall be on the form entitled “Tenant Income Certification” from the Minnesota Housing Finance Agency (MHFA HTC Form 14), or if unavailable, any similar form. The Authority may require the Developer to provide additional information reasonably necessary to assess the accuracy of such certification. Unless earlier excused by the Authority, the Developer shall send affordable housing reports to the Authority until TIF District is decertified. If the Developer fails to provide the annual reporting required under this Section, the Authority may withhold payments of Available Tax Increment under the TIF Note.

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ARTICLE V

Insurance

Section 5.1. Insurance.

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

(i) Builder's risk insurance, written on the so-called "Builder's Risk – Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in nonreporting form on the so-called "all risk" form of policy. The interest of the Authority shall be protected in accordance with a clause in form and content satisfactory to the Authority;

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

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

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

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

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

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

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

Authority at least thirty (30) days before the cancellation or modification becomes effective or if not available from the insurance company, from the Developer. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer shall deposit with the Authority a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) The Developer agrees to notify the Authority immediately in the case of damage exceeding \$500,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In such event the Developer will forthwith repair, reconstruct and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Developer will apply the Net Proceeds of any insurance relating to such damage received by the Developer to the payment or reimbursement of the costs thereof.

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

(e) Notwithstanding anything to the contrary contained in this Agreement, in the event of damage to the Minimum Improvements in excess of \$500,000 and the Developer fails to complete any repair, reconstruction or restoration of the Minimum Improvements within twenty-four months from the date of damage, the Authority may, at its option, terminate the TIF Note as provided in Section 9.3(b) hereof. The Authority shall extend the twenty-four month time period for compliance an additional twelve months if the Developer is diligently pursuing the required repair, reconstruction or restoration of the Minimum Improvements. If the Authority terminates the TIF Note, such termination shall constitute the Authority's sole remedy under this Agreement as a result of the Developer's failure to repair, reconstruct or restore the Minimum Improvements. Thereafter, the Authority shall have no further obligations to make any payments under the TIF Note.

(f) The Developer and the Authority agree that all of the insurance provisions set forth in this Article V shall terminate upon the termination of this Agreement.

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

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ARTICLE VI

Tax Increment; Taxes

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

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

The Developer also agrees that it will not, prior to the Maturity Date: (i) seek exemption from property tax for the Development Property; (ii) convey or transfer or allow conveyance or transfer of the Development Property to any entity that is exempt from payment of real property taxes under State law; or (iii) seek or agree to any reduction of the assessor's estimated market value to below the Minimum Market Value described in Section 4.2(a)(vi).

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

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

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

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

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

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

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

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ARTICLE VII

Financing

Section 7.1. Mortgage Financing.

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

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

(c) The Authority hereby approves financing for the construction of the Minimum Improvements through a HUD insured mortgage loan from Dougherty Mortgage LLC, a Delaware limited liability company (“Dougherty”), to be insured by HUD pursuant to Section 221(d)(4) of the National Housing Act, as amended, and in accordance with that certain FHA Commitment for Insurance of Advances, dated May 29, 2018, as amended (the “Dougherty HUD Loan”).

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

Section 7.3. Modification; Subordination. In order to facilitate the Developer obtaining financing for the development of the Minimum Improvements, the Authority agrees to subordinate its rights under this Agreement to the Holder of any Mortgage securing construction or permanent financing or subsequent refinancing, including but not limited to Dougherty, HUD, or any first lien lender of a loan held or insured by HUD and its mortgage lender, under terms and conditions reasonably acceptable to the Authority. An agreement to subordinate this Agreement must be approved by the Board of the Authority.

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

Section 7.5. Subordination to HUD Loan. The Authority hereby subordinates its rights under this Agreement to the rights of HUD and Dougherty under the Dougherty HUD Loan. For the avoidance of doubt, the subordination of the Authority's rights under this Agreement does not prohibit the Authority from exercising its remedies under Sections 9.2 and 9.3 of this Agreement

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ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

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

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

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

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

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

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

way by this Agreement or otherwise with respect to the construction of the Minimum Improvements, from any of its obligations with respect thereto.

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

In the event the foregoing conditions are satisfied, the Developer shall be released from its obligation under this Agreement.

After issuance of the Certificate of Completion for the Minimum Improvements, the Developer may transfer or assign the Development Property or the Developer's interest in this Agreement if it obtains the prior written consent of the Authority (which consent will not be unreasonably withheld) and the transferee or assignee is bound by all the Developer's obligations hereunder. The Developer shall submit to the Authority written evidence of any such transfer or assignment, including the transferee or assignee's express assumption of the Developer's obligations under this Agreement. If the Developer fails to provide such evidence of transfer and assumption, the Developer shall remain bound by all its obligations under this Agreement. The Authority shall take action on the requested transfer or assignment within forty-five days of the request from the Developer. The Authority's approval of such transfer or assignment shall not be unreasonably withheld if evidence is provided that the transferee or assignee is financially capable, experienced, and reputable.

Section 8.3. Release and Indemnification Covenants.

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

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

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

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

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ARTICLE IX

Events of Default

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

- (a) Failure by the Developer or the Authority to observe or perform any covenant, condition, obligation, or agreement on its part to be observed or performed under this Agreement;
- (b) The Developer:
 - (i) files any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law;
 - (ii) makes an assignment for benefit of its creditors;
 - (iii) fails to pay real estate taxes on the Development Property or the Minimum Improvements as they become due;
 - (iv) admits in writing its inability to pay its debts generally as they become due; or
 - (v) is adjudicated as bankrupt or insolvent.

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

- (a) Suspend its performance under the Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under the Agreement.
- (b) Cancel and rescind or terminate the Agreement, subject to the provisions of Section 9.3 hereof.
- (c) Upon a default by the Developer, the Authority may suspend payments under the TIF Note or terminate the TIF Note and the TIF District, subject to the provisions of Section 9.3 hereof; provided, however, that a default by the Developer with respect to the payments to be made under the Developer Surplus Cash Note will not constitute an Event of Default and that the Authority and the Developer agree to exercise the remedies provided in the Developer Surplus Cash Note Guaranty.

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

Section 9.3. Termination or Suspension of TIF Note. After the Authority has issued its Certificate of Completion for the Minimum Improvements, the Authority and the City may exercise its rights under Section 9.2 only for the following Events of Default:

(a) the Developer fails to pay real estate taxes or assessments on the Development Property or any part thereof when due, and such taxes or assessments shall not have been paid, or provision satisfactory to the Authority made for such payment, within thirty (30) days after written demand by the Authority to do so;

(b) the Developer fails to comply with Developer's obligation to operate and maintain, preserve and keep the Minimum Improvements or cause such improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition, pursuant to Sections 4.1 and 5.1; provided that, upon Developer's failure to comply with Developer's obligations under Section 4.1 or Section 5.1, if uncured after thirty days' written notice to the Developer of such failure, the Authority may only suspend payments under the TIF Note until such time as Developer complies with said obligations. If the Developer fails to comply with said obligations for a period of eighteen months, the Authority may terminate the TIF Note and the TIF District; or

(c) if the Developer fails to provide the annual reports required by Section 4.7 regarding compliance with the income restrictions described in Section 4.5, the Authority may suspend payments of Available Tax Increment under the TIF Note.

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

Section 9.5. Resale of Reacquired Property; Disposition of Proceeds. Subject to the terms of Section 9.4 hereof, upon the revesting in the Authority of title to and/or possession of the HRA Property, the Authority shall, pursuant to their responsibilities under law, use their best efforts to sell the HRA Property and in such manner as the Authority to a qualified and responsible party or parties (as determined by the Authority) who will assume the obligation of making or completing the Minimum Improvements or such other improvements in their stead as shall be satisfactory to the Authority in accordance with the uses specified for the HRA Property in this Agreement. During any time while the Authority has title to and/or possession of a parcel of property obtained by reverter, the Authority will not disturb the rights of any tenants under any leases encumbering such parcel. Upon resale of the HRA Property, the proceeds thereof shall be applied:

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

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

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

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

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

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

written demand by the Authority, pay to the Authority the reasonable fees of the attorneys and the other expenses so incurred by the Authority.

Section 9.9. Right of Purchase and Right of First Refusal Agreement. Following the conveyance of the HRA Property to the Developer, if the Developer, subject to Unavoidable Delays, fails to commence construction of the Minimum Improvements by the dates specified in Section 4.3 hereof, and such failure to commence is not cured within 90 days after written notice from the Authority to the Developer to do so, then the Authority shall have the right to repurchase the HRA Property for the price the Developer paid for the HRA Property or purchase all of the Development Property from the Developer for the price the Developer paid for the Development Property. In addition, prior to commencement of construction of the Minimum Improvements, if the Developer determines to sell all or any part of the Development Property, the Authority shall have the right to purchase the portion of the Development Property to be sold to a third party by the Developer for the lower of (i) the price the third party has agreed to pay for such property or (ii) the price the Developer paid for such property. For the avoidance of doubt, the purchase price paid for the HRA Property at Closing was \$982,850. To memorialize the Authority's right of purchase and right of first refusal, the Developer and the Authority shall enter into a Right of Purchase and Right of First Refusal Agreement in substantially the form set forth in EXHIBIT G, which shall be recorded against the Development Property acquired by the Developer.

The Authority may not exercise the right of purchase or the right of first refusal provided in this Section 9.9 so long as HUD is the holder or insurer of a loan encumbering the Development Property and the Minimum Improvements.

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ARTICLE X

Additional Provisions

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

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

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

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

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

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

(a) in the case of the Developer, is addressed to or delivered personally to the Developer c/o Kraus Anderson Inc., 501 South 8th Street, Minneapolis, MN 55404, Attn: Bruce Engelsma, with a copy c/o Inland Development Partners, 20505 Lakeview Ave., Deephaven, MN 55331, Attn: Kent Carlson;

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

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

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

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

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

Section 10.10. Authority. In all instances where the Authority's consent is required under this Agreement, such consent shall not be unreasonably withheld.

Section 10.11. Original Agreement. Following the execution in full of this Agreement, the Contract for Private Development, dated October 24, 2017, between the Authority and the Developer, shall no longer be in effect.

Section 10.12. Indemnity Provisions. With respect to the Developer's obligations to indemnify the Authority pursuant to Sections 3.4(b), 4.6, and 8.3 hereof, while the Development Property and the Minimum Improvements are subject to a loan held or insured by HUD, such obligations shall be payable solely from 75% of Surplus Cash (as that term is defined in the Regulatory Agreement for Multifamily Projects between Developer and HUD with respect to the Minimum Improvements, as the same may be supplemented, amended or modified from time to time).

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

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

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

By _____
Its Chair

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

CHAMBERLAIN APARTMENTS, LLC

By: Kraus-Anderson, Incorporated
Its: Managing Member

By: _____
Bruce W. Engelsma
Its: Chief Executive Officer

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

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

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

**EXHIBIT A
DEVELOPMENT PROPERTY**

HRA Property

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

HRA Remnant Parcels Created Following Construction of Roadway

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

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

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

Additional Property purchased by Developer

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

Additional Property to be purchased by Developer

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

[TO INSERT PLATTED PROPERTY DESCRIPTIONS PRIOR TO RECORDING CONTRACT]

**EXHIBIT B
AUTHORIZING RESOLUTION**

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

RESOLUTION NO. _____

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

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

Section 1. Authorization; Award of Sale.

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

Pursuant to Minnesota Statutes, Section 469.178, the Authority is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Redevelopment District. Such bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The Authority hereby finds and determines that it is in the best interests of the Authority that it issue and sell its Tax Increment Limited Revenue Note, Series _____ (the “TIF Note”), in the aggregate principal amount of up to \$ _____ for the purpose of financing certain public redevelopment costs of the Tax Increment Plan for the TIF District.

1.02. Issuance, Sale and Terms of the TIF Note. The Authority entered into an Amended and Restated Contract for Private Development, dated _____, 2018 (the “Agreement”), between the Authority and the Owner. Pursuant to the Agreement, the TIF Note shall be sold to Chamberlain Apartments, LLC (the “Owner”). The TIF Note shall be dated as of the date of delivery and shall bear interest at the rate of __% per annum [lesser of 4.6% or actual financing rate] to the earlier of maturity or prepayment. In exchange for the Authority’s issuance of the TIF Note to the Owner, the Owner shall pay certain public redevelopment costs related to the Minimum Improvements (as defined in the Agreement) pursuant to Section 3.3 of the Agreement. The TIF Note will be delivered in the principal amount of up to \$8,492,000 for reimbursement of public redevelopment costs in accordance with the terms of Section 3.4(a) of the Agreement.

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

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The TIF Note shall be issued as a single typewritten note numbered R-1.

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

3.02. Dates; Interest Payment Dates. Subject to the provisions of the Agreement, principal of and interest on the TIF Note shall be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date, whether or not such day is a business day.

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

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

(b) Transfer of TIF Note. Upon surrender for transfer of the TIF Note, including any assignment or exchange thereof, duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, and the payment by the Owner of any tax, fee, or governmental charge required to be paid by or to the Authority with respect to such transfer or exchange, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates. Notwithstanding the foregoing, the TIF Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the Authority has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the Authority, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

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

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

receipt of an investment letter in substantially the form of EXHIBIT C of the Agreement or other investment letter reasonably acceptable to the Authority from such assignees.

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

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

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

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

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

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

Section 4. Security Provisions.

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

4.02. Bond Fund. Until the date the TIF Note is no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the Authority

shall maintain a separate and special "Bond Fund" to be used for no purpose other than the payment of the principal of and interest on the TIF Note. The Authority irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment. Any Available Tax Increment remaining in the Bond Fund shall be transferred to the Authority's account for TIF District upon the payment of all principal and interest to be paid with respect to the TIF Note.

Section 5. Certification of Proceedings.

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

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

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

Chair

Executive Director

Schedule A to Exhibit B

FORM OF TIF NOTE

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

No. R-1

\$8,492,000

TAX INCREMENT LIMITED REVENUE NOTE
SERIES _____

Rate _____ Date of Original Issue _____
[lesser of 4.6% or actual financing rate]

The Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority"), for value received, certifies that it is indebted and hereby promises to pay to Chamberlain Apartments, LLC, or registered assigns (the "Owner"), the principal sum of \$8,492,000 and to pay interest thereon at the rate of six and three quarters percent per annum, as and to the extent set forth herein.

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

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

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

3. Available Tax Increment. Payments on this Note are payable on each Payment Date in the amount of and solely payable from "Available Tax Increment," which will mean, on each Payment Date, ninety percent (90%) of the Tax Increment (as defined in the Agreement) attributable to the Development Property (as defined in the Agreement) and paid to the Authority by Hennepin County in the six months preceding the Payment Date, all as the terms are defined in the Amended and Restated Contract for Private Development, dated _____, 2018 (the "Agreement"), between the Authority and Owner. The principal of and interest on this Note shall be payable each Payment Date solely from Available Tax Increment. Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under the Agreement.

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

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

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

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

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

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

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

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

Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

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

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

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

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

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

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

Executive Director

Chair

REGISTRATION PROVISIONS

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

Date of Registration

Registered Owner

Signature of Executive Director

CHAMBERLAIN
APARTMENTS, LLC
Federal ID # _____

EXHIBIT C
INVESTMENT LETTER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Remainder of this page intentionally left blank)

[OWNER]

By _____

Its _____

Dated: _____, 20__

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

The undersigned hereby certifies that Chamberlain Apartments, LLC, a Delaware limited liability company (the "Developer"), has fully complied with its obligations under Articles III and IV of that document titled "Amended and Restated Contract for Private Development," dated _____, 2018, between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota and the Developer ("Agreement"), a memorandum of which was recorded on _____, as document no. _____, with respect to construction of Phase ___ of the Minimum Improvements in accordance with Article IV of the Agreement, and that the Developer is released and forever discharged from its obligations with respect to construction of Phase ___ of the Minimum Improvements under Articles III and IV of the Agreement.

Dated: _____, 20__.

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

By _____
Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

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

Notary Public

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

FOR VALUE RECEIVED, CHAMBERLAIN APARTMENTS, LLC, a Delaware limited liability company (“**Maker**”) promises to pay to HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (“**Payee**”) the sum of Six Hundred Eighty-Two Thousand Eight Hundred Fifty Dollars (\$682,850), that was advanced pursuant to that certain Amended and Restated Contract for Private Development, dated _____, 2018 (the “**Development Contract**”), between the Maker and the Payee, 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 August 1, 2060 (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 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 75% of 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 _____, 2018.

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 (excluding the sale, transfer or conveyance of any part of the Developer to an affiliate of the Developer or a tax credit partner); 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 Multifamily Mortgage, Assignment of Leases and Rents, and Security Agreement (Minnesota), dated _____ in the principal amount of \$ _____ made by Maker to Dougherty Mortgage LLC, a Delaware limited liability company (“**FHA Lender**”), in connection with a loan to Developer made by the FHA Lender in the amount of \$ _____ (the “**Loan**”) and insured by HUD for 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 75% of 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) or 223(f) 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 75% of 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 Assets.

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 Assets.

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

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

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

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

14. This Developer Surplus Cash Note is not forgivable.

15. The HUD Secondary Financing Rider (the "HUD Rider") attached to this Developer Surplus Cash Note is hereby made a part of this Developer Surplus Cash Note. In the event of a conflict between the provisions of the HUD Rider and the provisions of this Developer Surplus Cash Note, the provisions of the HUD Rider shall control.

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 Assets 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

HUD SECONDARY FINANCING RIDER

This Rider (“Rider”) is attached to and made a part of that certain Developer Surplus Cash Note (herein, the “Junior Note”) dated _____, 2018, from Chamberlain Apartments, LLC, a Delaware limited liability company (the “Borrower”), in favor of 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 (herein, the “Junior Lender”), in the principal amount of \$682,850 evidencing a loan (herein, the “Junior Loan”) from Junior Lender to Borrower. The Junior Note and any and all other documents now or hereafter executed and/or delivered in connection with the Junior Loan are hereafter collectively referred to as the “Junior Loan Documents.” The terms and conditions of this Rider supersede all other terms of the Junior Loan Documents, and should there be any conflict or inconsistency between this Rider and any other provisions of the Junior Loan Documents, the terms and conditions of this Rider shall prevail.

As used herein, “Senior Loan Documents” shall mean (i) that certain Note (herein, the “Senior Note”), dated _____, 2018 from the Borrower in favor of Dougherty Mortgage LLC (herein, the “Senior Lender”) in the principal amount of \$ _____ evidencing a loan (herein, the “Senior Loan”) from Senior Lender to Borrower; (ii) that certain Multifamily Mortgage, Assignment of Leases and Rents, and security Agreement (Minnesota) (herein, the “Senior Mortgage”), dated _____, 2018, from Borrower in favor of Senior Lender, granting a mortgage on the project known as _____, FHA Project No. _____ (herein, the “Project”); (iii) that certain Regulatory Agreement for Multifamily Projects (herein, the “Regulatory Agreement”), dated _____, 2018, by and between the Borrower and the Secretary of Housing and Urban Development (herein, “HUD”); and (iv) any and all other documents required by Senior Lender and/or HUD in connection with, evidencing and/or securing the Senior Loan.

The Junior Lender and the Borrower agree to the following provisions:

1. The Junior Loan Documents and all amounts now and/or hereafter advanced thereunder and/or secured thereby are specifically subordinate to the Senior Loan Documents and all amounts now and/or hereafter advanced thereunder and/or secured thereby.
2. The Junior Note may not mature, and may not bear a maturity date, prior to the date on which the Senior Note matures. The term of the Junior Loan may be extended if the Junior Note matures, there are no surplus cash funds available for repayment and the Senior Loan has not been retired in full or HUD grants a deferment of amortization or forbearance that results in an extended maturity of the Senior Loan.
3. The Junior Loan may be assumed when a sale or transfer of the physical assets occurs under the following conditions:
 - a. Not more than the excess, if any, of (i) 75 percent of the net proceeds of the sale or transfer is applied to the reduction of the Junior Loan over (ii) the amount paid on account of any other loans with respect to the Project which are junior to the Senior Loan but senior to the Junior Loan; provided, however, that if there are other loans which have the same priority as the Junior Loan, the foregoing amount shall be allocated pari passu among such loans based upon the total outstanding indebtedness of each.
 - b. As used herein, net proceeds are the funds available to the Borrower after:
 - i. Correcting any monetary or covenant default under any of the Senior Loan Documents, and
 - ii. Making required contributions to any reserve funds and needed improvements to the Project as evidenced by HUD’s annual inspection reports.

4. If HUD approves a sale of the project pursuant to HUD guidelines for transfers of physical assets, then Junior Lender will agree to such transfer of ownership of the project.
5. The Junior Note and all other Junior Loan Documents automatically terminate if HUD acquires title to the project by foreclosure or a deed in lieu of foreclosure.
6. All work performed with the proceeds of the Junior Loan must be cost certified and conformed to Davis-Bacon requirements, if applicable in accordance with Program Obligations.
8. Proceeds of the Junior Loan may only be used to cover allowable project costs or any anticipated operating shortfall.
9. As long as HUD or its successors or assigns is the insurer or holder of the Senior Mortgage, any payments due under the Junior Loan Documents shall be payable only from 75 percent of available "surplus cash" as that term is defined in the Regulatory Agreement (or "residual receipts," if applicable, and as evidenced by a "Rider to Regulatory Agreement for Residual Receipts Requirements") and subject to the availability of such surplus cash (or residual receipts) in accordance with the provision of said Regulatory Agreement. The restriction on payment imposed by this paragraph shall not excuse any default caused by failure of the Borrower to pay the indebtedness evidenced by the Junior Note.
10. Borrower has obtained the prior written consent of the Senior Lender to the existence of the Junior Loan.
11. To the extent that the Junior Note provides for payments of principal and interest, such principal and interest shall be due and payable on or after the maturity date of the Senior Loan, provided that if the Senior Loan is prepaid in full, to the extent otherwise provided in the Junior Loan Documents, the holder of the Junior Note, at its option upon 30 days' notice, may declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. Interest due pursuant to the terms of the Junior Note that is not paid in accordance therewith shall not create any default in the terms of the Junior Note, but shall accrue and be payable in full at or after the date of maturity of the Senior Loan.
12. The Junior Note is non-negotiable and may not be sold, transferred, assigned, or pledged by the Junior Lender except with the prior written approval of HUD.
13. The Junior Lender certifies that the Junior Loan Documents represent a bona fide transaction and that it fully understands all of HUD's requirements for such secondary financing.
14. In the event of any conflict between (i) any of the Junior Loan Documents, and (ii) any of the Senior Loan Documents, the Section of the National Housing Act under which HUD insures the Senior Mortgage, and/or any applicable HUD rule, regulation or requirement (collectively, the "HUD Documents and Requirements"), the HUD Documents and Requirements shall be controlling in all respects.

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

By _____
Its Chair

By _____
Its Executive Director

CHAMBERLAIN APARTMENTS, LLC

By: Kraus-Anderson, Incorporated
Its: Managing Member

By: _____
Bruce W. Engelsma
Its: Chief Executive Officer

EXHIBIT F
DECLARATION OF RESTRICTIVE COVENANTS

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

RECITALS

WHEREAS, the Authority entered into that certain Amended and Restated Contract for Private Development, dated _____, 2018, filed _____, 20____ in the Office of the Recorder for Hennepin County as Document No. _____ (the “Contract”), between the Authority and the Developer; and

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

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

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

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

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

1. Term of Restrictions.

(a) Occupancy and Rental Restrictions. The term of the Occupancy Restrictions set forth in Section 3 of this Declaration will commence on the date a certificate of occupancy is received from the City of Richfield, Minnesota (the “City”) for all rental units on the Property. The period from commencement to termination is the “Qualified Project Period.”

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

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

2. Project Restrictions.

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

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

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

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

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

3. Occupancy Restrictions.

(a) Tenant Income Provisions. The Developer represents, warrants, and covenants that:

(i) Qualifying Tenants. From the commencement of the Qualified Project Period, at least 64 Rental Housing Units will be occupied (or treated as occupied as provided herein) or held vacant and available for occupancy by Qualifying Tenants. Qualifying Tenants means those persons and families who are determined from time to time by the Developer to have combined adjusted income that does not exceed fifty percent (50%) of the Minneapolis-St. Paul metropolitan statistical area (the "Metro Area") median income for the applicable calendar year. For purposes of this definition, the occupants of a residential unit will not be deemed to be Qualifying Tenants if all the occupants of such residential unit at any time are "students," as defined in Section 151(c)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), not entitled to an exemption under the Code. The determination of whether an individual or family is of low or moderate income will be made at the time the tenancy commences and on an ongoing basis thereafter, determined at least annually. If during their tenancy a Qualifying Tenant's income exceeds 140 percent of the maximum income qualifying as low or moderate income for a family of its size, the next available unit (determined in accordance with the Code and applicable regulations) (the "Next Available Unit Rule") must be leased to a Qualifying Tenant or held vacant and available for occupancy by a Qualifying Tenant. If the Next Available Unit Rule is violated, the Unit will not continue to be treated as a Qualifying Unit.

(ii) Certification of Tenant Eligibility. As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant will be required annually to sign and deliver to the Developer a Certification of Tenant Eligibility substantially in the form attached as EXHIBIT B hereto, or in any other form as may be approved by the Authority (the "Eligibility Certification"), in which the prospective Qualifying Tenant certifies as to qualifying as low or moderate income. In addition, the person will be required to provide whatever other information, documents, or certifications are deemed necessary by the Authority to substantiate the Eligibility Certification, on an ongoing annual basis, and to verify that the tenant continues to be a Qualifying

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

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

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

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

(b) Section 8 Housing. During the term of this Declaration, the Borrower shall not adopt any policies specifically excluding rental to tenants holding Section 8 certificate/voucher holders.

4. Transfer Restrictions. The Developer covenants and agrees that the Developer will cause or require as a condition precedent to any conveyance, transfer, assignment, or any other disposition of the Project prior to the termination of the Rental Restrictions and Occupancy Restrictions provided herein (the "Transfer") that the transferee of the Project pursuant to the Transfer assume in writing, in a form acceptable to the Authority, all duties and obligations of the Developer under this Declaration, including this Section 4, in the event of a subsequent Transfer by the transferee prior to expiration of the Rental Restrictions and Occupancy Restrictions provided herein (the "Assumption Agreement"). The Developer will deliver the Assumption Agreement to the Authority prior to the Transfer.

5. Notice of Sale. In consideration of the financial assistance provided to the Developer pursuant to Article III of the Contract, the Developer agrees to provide the Authority with at least ninety (90) days' notice of any sale of the Project.

6. Enforcement.

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

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

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

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

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

8. Agent of the Authority. The Authority will have the right to appoint an agent to carry out any of its duties and obligations hereunder, and will inform the Developer of any agency appointment by written notice.

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

10. Notices. All notices to be given pursuant to this Declaration must be in writing and will be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to any other place as a party may from time to time designate in writing. The Developer and the Authority may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications are sent. The initial addresses for notices and other communications are as follows:

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

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

With a copy to: Inland Development Partners
20505 Lakeview Ave.
Deephaven, MN 55331
Attn: Kent Carlson

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

12. Attorneys' Fees. In case any action at law or in equity, including an action for declaratory relief, is brought against the Developer to enforce the provisions of this Declaration, the Developer agrees to pay the reasonable attorneys' fees and other reasonable expenses paid or incurred by the Authority in connection with the action.

13. Declaration Binding. This Declaration and the covenants contained herein will run with the real property comprising the Project and will bind the Developer and its successors and assigns and all subsequent owners of the Project or any interest therein, and the benefits will inure to the Authority and its successors and assigns for the term of this Declaration as provided in Section 1(b).

14. HUD Rider. The HUD Rider to Restrictive Covenants (the "HUD Rider") attached to this Declaration is hereby made a part of this Declaration. In the event of a conflict between the provisions of the HUD Rider and the provisions of this Declaration, the provisions of the HUD Rider shall control.

This Declaration is acknowledged and consented to by:

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

By _____
Its Chair

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____, 2018, by _____ and _____, the Chair and Executive Director, respectively, of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

EXHIBIT A

Legal Description

[TO INSERT PLATTED PROPERTY DESCRIPTIONS PRIOR TO RECORDING]

EXHIBIT B

Certification of Tenant Eligibility

(INCOME COMPUTATION AND CERTIFICATION)

Project: [Address]

Owner:

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

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

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

Income Computation

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

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

(b) excluding casual, sporadic or irregular gifts; amounts which are specifically for or in reimbursement of medical expenses; lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for these types of purposes; special pay to a serviceman head of a

family who is away from home and exposed to hostile fire; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged for the allotments; and payments received pursuant to participation in ACTION volunteer programs, is as follows: \$_____.

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

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

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

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

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

Yes _____

No _____

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

Yes _____

No _____

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

Head of Household

Spouse

FOR COMPLETION BY OWNER
(OR ITS MANAGER) ONLY

1. Calculation of Eligible Tenant Income:

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

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

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

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

3. Number of apartment unit assigned: _____.

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

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

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

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

By _____
Its _____

EXHIBIT C

Certificate of
Continuing Program Compliance

Date: _____

The following information with respect to the Project located at _____, Richfield, Minnesota (the "Project"), is being provided by Chamberlain Apartments, LLC (the "Owner") to the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority"), pursuant to that certain Declaration of Restrictive Covenants dated as of _____, 2018 (the "Declaration"), with respect to the Project:

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

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

1 BR Units:

1 BR + Den Units:

2 BR Units:

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

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

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

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

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

(F) In renting the residential units in the Project, the Owner has not given preference to any particular group or class of persons (except for persons who qualify as Qualifying Tenants); and

none of the units listed in (D) above have been rented for occupancy entirely by students, no one of which is entitled to file a joint return for federal income tax purposes. All of the residential units in the Project have been rented pursuant to a written lease, and the term of each lease is at least twelve (12) months.

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

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

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

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

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

CHAMBERLAIN APARTMENTS, LLC,
a Delaware limited liability company

By _____

Its _____

HUD RIDER TO RESTRICTIVE COVENANTS

This RIDER TO RESTRICTIVE COVENANTS is made as of _____, 2018, by 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”).

WHEREAS, Developer has obtained financing from the Authority in the amount of \$682,850 (the “Loan”) to construct a multifamily housing development with approximately 283 apartment units, substantially rehabilitate three 11-unit apartment buildings, and construct underground parking (“Project”);

WHEREAS, the Loan is evidenced by a Developer Surplus Cash Note provided by the Developer, which is secured by a Developer Surplus Cash Note Guaranty provided by Kraus Anderson, Incorporated (“Security Instrument”) dated as of _____, 2018; and

WHEREAS, in consideration of the Loan and other financial assistance provided by the Authority, the Authority has required that the Developer record against the Project a Declaration of Restrictive Covenants, between the Developer and the Authority (the “Restrictive Covenants”) requiring certain affordability covenants; and

WHEREAS, in addition, the Developer has obtained financing from Dougherty Mortgage LLC, a Delaware limited liability company (the “FHA Lender”), for the benefit of the Project, which loan will be secured by a Multifamily Mortgage, Assignment of Leases and Rents, and Security Agreement (Minnesota), dated _____, 2018 (the “FHA Mortgage”), filed in the office of the Abstract and Torrens records of Hennepin County, Minnesota (the “Records”) simultaneously herewith and is insured by the United States Department of Housing and Urban Development (“HUD”); and

WHEREAS, HUD requires as a condition of its insuring the FHA Lender’s financing to the Project, that the lien and covenants of the Restrictive Covenants to which this Rider is attached be subordinated to the lien, covenants, and enforcement of the FHA Mortgage; and

WHEREAS, the Authority has agreed to subordinate the Restrictive Covenants to the lien of the FHA Insured Mortgage Loan in accordance with the terms of this Rider.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

(a) In the event of any conflict between any provision contained elsewhere in the Restrictive Covenants and any provision contained in this Rider, the provision contained in this [Rider] [Amendment] shall govern and be controlling in all respects as set forth more fully herein.

(b) The following terms shall have the following definitions:

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

“Code” means the Internal Revenue Code of 1986, as amended.

“FHA Insured Mortgage Loan” means the mortgage loan made by the FHA Lender to the Developer pursuant to the FHA Documents with respect to the Project.

“FHA Lender” means Dougherty Mortgage LLC, a Delaware limited liability company, its successors and assigns.

“FHA Loan Documents” means the FHA Mortgage, the HUD Regulatory Agreement, and all other documents required by HUD or FHA Lender in connection with the FHA Insured Mortgage Loan.

“FHA Mortgage” means the mortgage or deed of trust from Developer in favor of FHA Lender, as the same may be supplemented, amended or modified.

“HUD” means the United States Department of Housing and Urban Development.

“HUD Regulatory Agreement” means the Regulatory Agreement for Multifamily Projects between Developer and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

“HUD Requirements” has the meaning set forth in paragraph (c) below.

“National Housing Act” means the National Housing Act of 1934, as amended.

“Program Obligations” has the meaning set forth in the FHA Mortgage.

“Residual Receipts” has the meaning specified in the Program Obligations.

“Surplus Cash” has the meaning specified in the HUD Regulatory Agreement.

(c) Notwithstanding anything in the Restrictive Covenants to the contrary, the provisions hereof are expressly subordinate to (i) the FHA Loan Documents, including without limitation, the FHA Mortgage, and (ii) Program Obligations (the FHA Loan Documents and Program Obligations are collectively referred to herein as the “HUD Requirements”). The Developer covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the provisions of the Restrictive Covenants and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limits the Authority’s ability to enforce the terms of the Restrictive Covenants, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Developer represents and warrants that to the best of Developer’s knowledge the Restrictive Covenants impose no terms or requirements that conflict with the National Housing Act and related regulations.

(d) In the event of foreclosure (or deed in lieu of foreclosure) of the FHA Insured Mortgage Loan, the Restrictive Covenants (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate.

(e) The Developer and the Authority acknowledge that the Developer’s failure to comply with the covenants provided in the Restrictive Covenants does not and shall not serve as a basis for default under the HUD Requirements, unless a default also arises under the HUD Requirements.

(f) Except for the Authority’s reporting requirement, in enforcing the Restrictive Covenants the Authority will not file any claim against the Project, the FHA Insured Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the FHA Mortgage or HUD Regulatory Agreement, or the rents or other income from the property other than a claim against:

(i) Available Surplus Cash, if the Developer is a for-profit entity;

- (ii) Available distributions of Surplus Cash and Residual Receipts authorized for release by HUD, if the Developer is a limited distribution entity; or
- (iii) Available Residual Receipts authorized by HUD, if the Developer is a non-profit entity.

(g) For so long as the FHA Insured Mortgage Loan is outstanding, the Developer and the Authority shall not further amend the Restrictive Covenants, with the exception of clerical errors or administrative correction of non-substantive matters, without HUD's prior written consent.

(h) Subject to the HUD Regulatory Agreement, the Authority may require the Developer to indemnify and hold the Authority harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against Authority relating to the subordination and covenants set forth in the Restrictive Covenants, provided, however, that Developer's obligation to indemnify and hold the Authority harmless shall be limited to available Surplus cash and/or Residual Receipts of the Developer.

(i) Notwithstanding anything to the contrary contained herein, it is not the intent of any of the parties hereto to cause a recapture of the Low Income Housing Tax Credits or any portion thereof related to any potential conflicts between the HUD Requirements and the Restrictive Covenants. The Developer represents and warrants that to the best of the Developer's knowledge the HUD Requirements impose no requirements which may be inconsistent with full compliance with the Restrictive Covenants. The acknowledged purpose of the HUD Requirements is to articulate requirements imposed by HUD, consistent with its governing statutes, and the acknowledged purpose of the Restrictive Covenants is to articulate requirements imposed by Section 42 of the Code. In the event an apparent conflict between the HUD Requirements and the Restrictive Covenant arises, the parties and HUD will work in good faith to determine which federally imposed requirement is controlling. It is the primary responsibility of the Developer, with advice of counsel, to determine that it will be able to comply with the HUD Requirements and its obligations under the Restrictive Covenants.

**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

CHAMBERLAIN APARTMENTS, LLC

By: Kraus-Anderson, Incorporated
Its: Managing Member

By: _____
Bruce W. Engelsma
Its: Chief Executive Officer

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

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 G
RIGHT OF PURCHASE AND RIGHT OF FIRST REFUSAL AGREEMENT

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

1. Contract for Private Development. The Developer and the Authority have entered into a Contract for Private Development, dated _____ (the “Contract”), pursuant to which the Authority has conveyed certain real property to the Developer as legally described in SCHEDULE A (the “HRA Property”) and the Developer has obtained certain parcels adjacent to the HRA Property as legally described in SCHEDULE B (the “Developer Property”). Pursuant to the Contract, the Developer has agreed to construct a multifamily housing development consisting of three buildings with approximately 283 apartment units, substantially rehabilitate three 11-unit apartment buildings, construct underground parking, and construct a roadway on the HRA Property and the Developer Property. All terms capitalized herein and not defined herein shall have the meaning given such term in the Contract.
2. Grant. For valuable consideration, and subject to the conditions set forth below, the Developer hereby grants to the Authority the right to purchase and the right of first refusal pursuant to the provisions of this Agreement.
3. Right to Purchase. Following the conveyance of the HRA Property to the Developer, if the Developer, subject to Unavoidable Delays, fails to commence construction of Phase III or Phase IV of the Minimum Improvements by the dates specified in Section 4.3 of the Contract, and such failure to commence is not cured within 90 days after written notice from the Authority to the Developer to do so, then the Authority shall have the right to repurchase the HRA Property for the price the Developer paid for the HRA Property or purchase all of the HRA Property and the Developer Property from the Developer for the price the Developer paid for such property. If one Phase is commenced by the dates specified in Section 4.3 of the Contract and another Phase is not commenced by the dates specified in Section 4.3 of the Contract, the Authority shall have the right (after the cure period) to purchase the portion of the HRA Property and the Developer Property proposed to be used for such Phase from the Developer for the price the Developer paid for such property. The Authority shall have 60 days following the 90-day cure period set forth in this Section to notify the Developer of its intent to repurchase the HRA Property or purchase all of the HRA Property and the Developer Property. The Authority shall have 120 days to complete the purchase of the HRA Property and/or the Developer Property.
4. Right of First Refusal. Prior to commencement of construction of each Phase of the Minimum Improvements, if the Developer determines to sell all or any part of the HRA Property and the Developer Property, the Authority shall have the right to purchase the portion of the Development Property to be sold to a third party by the Developer for the lower of (i) the price the third party has agreed to pay for such property or (ii) the price the Developer paid for such property.
5. Notice of Acceptable Offer. If at any time or times during the term of this Agreement, the Developer receives an offer acceptable to the Developer for the purchase of all or any part of the HRA Property or the Developer Property, then the Developer shall forthwith forward a copy of such offer (the “Acceptable Offer”) to the Authority.

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

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

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

9. Term. This Agreement shall commence on the date the HRA Property is conveyed to the Authority and shall terminate for the portion of the HRA Property and Developer Property proposed to be used for each Phase on the earlier of: (i) the date the Developer obtains a Certificate of Completion for such Phase of the Minimum Improvements; and (ii) upon sale of all of the HRA Property and the Developer Property pursuant to the terms of an Acceptable Offer for which the Authority has been provided notice and has not exercised its right to purchase such property in accordance with the provisions of this Agreement. Notwithstanding the foregoing, for any portion of the HRA Property or the Developer Property that is sold pursuant to an Acceptable Offer, this Agreement shall terminate with respect to such portion of HRA Property or the Developer Property at the end of the 30 day period described in Section 4 if the Authority does not notify the Developer of its election to purchase such portion of the Property. For any portion of the HRA Property or the Developer Property for which the Developer has received a Certificate of Completion for the Minimum Improvements to be constructed thereon this Agreement shall terminate with respect to such portion of HRA Property or the Developer Property on the date of receipt of the Certificate of Completion. This Agreement shall also terminate as provided in Section 13 hereof.

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

If to Developer: Chamberlain Apartments, LLC
c/o Kraus Anderson Inc.
501 South 8th Street
Minneapolis, MN 55404
Attn: Bruce Engelsma

With a copy to: Inland Development Partners
20505 Lakeview Ave.
Deephaven, MN 55331
Attn: Kent Carlson

If to Authority: Housing and Redevelopment Authority in and for the City of Richfield
6700 Portland Ave. South
Richfield, MN 55423
Attn: Community Development Director

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

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

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

13. HUD Financing. So long as HUD is the holder or insurer of a loan encumbering the Minimum Improvements, the Authority may not enforce its rights pursuant to Sections 3 and 4 hereof. In addition, if HUD or the mortgage lender acquires title by foreclosure or deed in lieu of foreclosure with respect to the Minimum Improvements, this Agreement shall automatically terminate.

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

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

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

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

By _____
Its Chair

(SEAL)

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____, 2018, by _____ and _____, the Chair and Executive Director, respectively, of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

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

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

CHAMBERLAIN APARTMENTS, LLC

By _____
Its _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____, 2018, by _____, the _____, on behalf of the company.

Notary Public

SCHEDULE A

HRA PROPERTY DESCRIPTION

HRA Property

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

HRA Remnant Parcels Created Following Construction of Roadway

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

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

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

[TO INSERT PLATTED PROPERTY DESCRIPTIONS PRIOR TO RECORDING]

SCHEDULE B

DEVELOPER PROPERTY DESCRIPTION

Developer Property to be acquired by Developer

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

[TO INSERT PLATTED PROPERTY DESCRIPTIONS PRIOR TO RECORDING]

EXHIBIT H
IMPROVEMENTS BY DEVELOPER TO BE REIMBURSED WITH GRANT PROCEEDS

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

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

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

1. The purchase of property located at 6701 17th Ave. S., Richfield, which will only be acquired by Developer if the Hennepin County grant is obtained.
2. The construction of the trail, which the developer will build even if the Hennepin County grant is not obtained.

EXHIBIT I
SUBSTANTIAL REHABILITATION

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

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

EXHIBIT J
MINIMUM ASSESSMENT AGREEMENT

THIS MINIMUM ASSESSMENT AGREEMENT, made on or as of the ___ day of October, 2017 (the "Minimum Assessment Agreement"), is by and between the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the "Authority"), and CHAMBERLAIN APARTMENTS, LLC, a Delaware limited liability company (the "Developer").

WITNESSETH,

WHEREAS, the Authority and the Developer have entered into that certain Amended and Restated Contract for Private Development, dated _____, 2018 (the "Contract"), regarding the acquisition of property, the construction of a multifamily housing development with approximately 283 apartment units, the substantial rehabilitation of three 11-unit apartment buildings, and the construction of underground parking (the "Minimum Improvements") to be constructed on property legally described in Exhibit A (the "Development Property"); and

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

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

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

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

2. The minimum market value which shall be assessed for ad valorem tax purposes for the Development Property, together with the Minimum Improvements constructed thereon, shall be \$15,433,000 as of January 2, 2019, notwithstanding the progress of construction by such date, until January 2, 2020.

3. The minimum market value which shall be assessed for ad valorem tax purposes for the Development Property, together with the Minimum Improvements constructed thereon, shall be \$38,401,000 as of January 2, 2020, notwithstanding the progress of construction by such date, and as of each January 2 thereafter until January 1, 2021.

4. The minimum market value which shall be assessed for ad valorem tax purposes for the Development Property, together with the Minimum Improvements constructed thereon, shall be \$43,835,000 as of January 2, 2021, notwithstanding the progress of construction by such date, and as of each January 2 thereafter until termination of this Minimum Assessment Agreement under Section 4 hereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

By _____
Its Chairperson

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

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

CHAMBERLAIN APARTMENTS, LLC

By _____
Its _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____, 2018, by _____, the _____, on behalf of the company.

Notary Public

CERTIFICATION BY CITY ASSESSOR

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

ASSESSOR FOR HENNEPIN COUNTY

By _____

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ___ day of _____, 2018, by _____, the County Assessor of Hennepin County.

Notary Public

EXHIBIT A

LEGAL DESCRIPTION

[TO INSERT PLATTED PROPERTY DESCRIPTIONS PRIOR TO RECORDING]

EXHIBIT K
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 Guaranty, (2) the net worth of the Transferee is at least 100% of that of the Guarantor immediately prior to such consolidation or merger, (3) the Guarantor certifies in writing to the Lender that such action will not result in a default under any note, loan agreement, or other instrument by which such Guarantor is bound; and (4) the Lender approves the Transferee taking on the obligations of this Guaranty. In the event of such sale, transfer, consolidation or merger as permitted under this Section 1.1(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 75% of 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 _____

**EXHIBIT L
FORM OF QUIT CLAIM DEED**

**[INSERT FORM OF QUIT CLAIM DEED FROM MAC AND APPROVED BY
DEVELOPER]**

ARTICLE III

Property Acquisition; Financing

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

Section 3.2. Conveyance of HRA Property.

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

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

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

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

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

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

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

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

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

(vii) the Developer and the Authority's approval of the form of Avigation Easement required by MAC to be recorded against the Development Property.

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

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

(c) Without limitation, the Developer is responsible for satisfying itself as to matters such as contamination, soils conditions and soil stability, and survey. Except as provided in Section 3.2(b), the Authority shall have no obligation to cure any defect or other matter regarding contamination, soils conditions and soil stability, and survey, but agrees to cooperate, at no cost or expense to it, in any efforts by Developer to achieve such a cure.

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

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

(e) The Developer acknowledges that the Authority will be conveying the Platted Property to the Developer for a purchase price of \$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:

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

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.

(f) The Closing will not take place until the Developer has, and the Developer's obligations hereunder are contingent upon, (i) the Developer having obtained all necessary land use approvals from the City, including without limitation, obtaining all necessary approvals for the creation of the TIF District (including rezoning and a comprehensive plan amendment); (ii) the Developer having acquired the remaining Additional Property, as described in Section 3.3 hereof; (iii) the Developer having executed and delivered to the Authority the Declaration of Restrictive Covenants set forth in EXHIBIT F, the Right of Purchase and Right of First Refusal Agreement set forth in EXHIBIT G, the Developer Surplus Cash Note in EXHIBIT E, and the Minimum Assessment Agreement set forth in EXHIBIT J; (iv) the Developer having delivered the Developer Surplus Cash Note Guaranty set forth in EXHIBIT K; (v) the contingencies in Section 3.2(c) are satisfied; (vi) the Developer having obtained a commitment for financing the Minimum Improvements and all conditions for closing have been met to the such lender's satisfaction; and (vii) the Developer having completed its due diligence regarding the Development Property and found it to be acceptable.

~~(g) The Developer and the Authority agree that the Closing has not taken place by August 1, 2018, and unless extended by mutual agreement of the parties, this Agreement will terminate and be of no further force and effect, and the parties will be relieved of any further~~

~~obligations hereunder 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.

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

(i) The Developer and the Executive Director of the Authority will work cooperatively to negotiate with MAC the final form of DEED conveying the HRA Property to the Developer.

(j) The Developer and the Executive Director of the Authority will work cooperatively to negotiate with MAC the final form of Avigation Easement required by MAC to be recorded against the Development Property.

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

Section 3.4. Relocation. (a) For each parcel of the Additional Property yet to be acquired by the Developer (as described in EXHIBIT A), the Developer is responsible for complying with Minn. Stat. Sections 117.50 to 117.56 (the "Minnesota Uniform Relocation Act") and providing evidence of such compliance to the Authority. The Parties acknowledge that no tenants will be relocated from the three buildings located on the Additional Property to be purchased by ~~Kraus-Anderson~~ the Managing Member (to be contributed to Developer). All rehabilitation of the three buildings will be done with tenants remaining in their units.

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

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

Section 3.5. Issuance of Pay-As-You-Go TIF Note. (a) To reimburse the Developer for certain Public Redevelopment Costs, the Authority shall issue and deliver the TIF Note to the Developer in the

principal amount of \$8,492,000 in substantially the form set forth in Schedule A of the Authorizing Resolution attached as EXHIBIT B. The Authority and the Developer agree that the consideration from the Developer for the purchase of the TIF Note shall consist of the Developer's payment of the Public Redevelopment Costs in at least the principal amount of the TIF Note.

The Authority shall consider an Authorizing Resolution in the form attached hereto as EXHIBIT B and deliver the TIF Note upon delivery by the Developer of an investment letter in substantially the form attached to this Agreement as EXHIBIT C, together with evidence reasonably satisfactory to the Authority that the Developer has paid the Public Redevelopment Costs in at least the principal amount of the TIF Note. The principal of and interest on the TIF Note shall be payable each Payment Date solely with Available Tax Increment subject to the provisions of Section 3.6 hereof.

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

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

Section 3.6. Reimbursement of Authority for HRA Property Purchase Price. The amount of the HRA Property Purchase Price due and owing to the Authority at Closing is \$982,850. The Developer shall pay a portion of the HRA Property Purchase Price in the amount \$300,000 to the Authority on the date of Closing. The remainder of the HRA Property Purchase Price (\$682,850) will be repaid through principal and interest payment under the Developer Surplus Cash Note, payment of which shall commence August 1, 2025 with interest at a rate of two percent (2.0%) per annum and shall continue until all principal of and interest on the Developer Surplus Cash Note is paid in full. The form of the Developer Surplus Cash Note is set forth in EXHIBIT E. The Developer Surplus Cash Note shall be secured by the Developer Surplus Cash Note Guaranty in the form set forth in EXHIBIT K. In the event that the required payments cannot be made from 75% of Surplus Cash (as defined in the Developer Surplus Cash Note) of the Developer, such payments will be made by ~~Kraus Anderson, Incorporated, a Minnesota corporation~~ the Managing Member, under the Developer Cash Note Guaranty. The entire amount due and owing under the Developer Surplus Note shall be due and payable in full on the occurrence of any of the following events: (a) the voluntary or involuntary sale, transfer, or conveyance of any part of the Development Property or the Minimum Improvements (which shall not include liens securing the financing required for the acquisition and construction of the Development Property and the Minimum Improvements); (b) the voluntary or involuntary sale, transfer or conveyance of any part of the Developer; or (c) the refinancing of the debt incurred to acquire the Development Property and construct the Minimum Improvements.

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

Section 3.7. Termination of TIF District. At any time following the reimbursement of the Authority for the HRA Property Purchase Price and the payment in full of the principal of and interest on TIF Note, the

Authority may use the remaining Tax Increment for any other authorized uses set forth in the TIF Plan or may terminate the TIF District.

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

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

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

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

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

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

Section 3.14. Metropolitan Council Grant. The Authority has applied for and been awarded a Livable Communities grant from the Metropolitan Council in the amount of \$1,360,000 (the “Met Council

Grant”). The proceeds of the Met Council Grant may be used to acquire one single family home and demolish and construct a portion of the Richfield Parkway. The Authority ~~will purchase~~ has purchased the property located at 6715 18th Avenue South from an affiliate of Developer (Richfield Apartments LLC) for a purchase price of \$220,385 from the proceeds of the Met Council Grant. After purchase by the Authority, 6715 18th Avenue South will become part of the Platted Property to be conveyed to the Developer.

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

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

Phase I (Roadway)

Commenced by August 1, 2018, and substantially completed by December 31, ~~2018~~2019, except for the installation of the final lift of asphalt.

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

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

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

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

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

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

Section 4.4. Certificates of Completion. (a) Promptly after completion of each Phase of the Minimum Improvements in accordance with those provisions of the Agreement relating solely to the obligations of the Developer to construct each Phase of the Minimum Improvements (including the dates for beginning and completion thereof), the Authority Representative will furnish the Developer with a Certificate of Completion shown as EXHIBIT D.

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

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

Section 4.5. Rental Housing Affordability Covenants. The Developer agrees that at all times from initial occupancy of the Minimum Improvements constructed within the TIF District through the date that the TIF District is decertified, at least 20% of the units within the Minimum Improvements shall be reserved for occupancy by individuals whose income is 50% or less of the area's median gross income constructed and satisfy the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code. The Developer and the Authority shall execute the Declaration of Restrictive Covenants in substantially the form set forth in EXHIBIT F and record such agreement against the Development Property. The affordability covenants provided in this Section 4.5 and the Declaration shall be subordinate to the loan provided by HUD in accordance with the terms of the HUD Rider attached to the Declaration of Restrictive Covenants.

Section 4.6. Disqualification of TIF District. If the Authority or the City receives notice from the State Department of Revenue, the State Auditor, any Tax Official or any court of competent jurisdiction that the TIF District does not qualify as a “housing district” due to the failure to satisfy the income restrictions described in Section 4.5, such event shall be deemed an Event of Default under this Agreement; provided, however, that the Authority may not exercise any remedy under this Agreement so long as such determination is being contested and has not been finally adjudicated. If the TIF District is disqualified, the Authority is required by the TIF Act to stop payments of Available Tax Increment to pay principal of and interest on the TIF Note ~~and the HRA Property Purchase Price~~. If such event occurs, the Developer will be responsible for paying the remaining amount of the ~~HRA Property Purchase Price~~ Developer Surplus Cash Note, with any accrued interest, to the ~~HRA~~ Authority, subject to the HUD requirements and the limitations provided in the Developer Surplus Cash Note. In addition to any remedies available to the Authority and the City under Article IX hereof, the Developer shall indemnify, defend and hold harmless the Authority and the City for any damages or costs resulting therefrom. Such indemnification and hold harmless will include the immediate payment to the Authority for any portion of the value of the Authority Property not already reimbursed from tax increment.

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Section 4.7. Affordable Housing Reporting. At least annually, no later than January 31 of each year commencing on the April 1 first following the issuance of the Certificate of Completion, the Developer shall provide a report to the Authority evidencing that the Developer complied with the income affordability covenants set forth in Section 4.5 hereof during the previous calendar year. The income affordability reporting shall be on the form entitled “Tenant Income Certification” from the Minnesota Housing Finance Agency (MHFA HTC Form 14), or if unavailable, any similar form. The Authority may require the Developer to provide additional information reasonably necessary to assess the accuracy of such certification. Unless earlier excused by the Authority, the Developer shall send affordable housing reports to the Authority until TIF District is decertified. If the Developer fails to provide the annual reporting required under this Section, the Authority may withhold payments of Available Tax Increment under the TIF Note.

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ARTICLE VII

Financing

Section 7.1. Mortgage Financing. (a) Before commencement of construction of the Minimum Improvements, the Developer shall submit to the Authority evidence of one or more commitments for financing which, together with equity for such construction, is sufficient for payment of the Minimum Improvements. Such commitments may be submitted as short term financing, long term mortgage financing, a bridge loan with a long term take-out financing commitment, or any combination of the foregoing.

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

(c) The Authority hereby approves financing for the construction of the Minimum Improvements through a HUD insured mortgage loan from Dougherty Mortgage LLC, a Delaware limited liability company ("Dougherty"), to be insured by HUD pursuant to Section 221(d)(4) of the National Housing Act, as amended, and in accordance with that certain FHA Commitment for Insurance of Advances, dated May 29, 2018, as amended (the "Dougherty HUD Loan").

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

Section 7.3. Modification; Subordination. In order to facilitate the Developer obtaining financing for the development of the Minimum Improvements, the Authority agrees to subordinate its rights under this Agreement to the Holder of any Mortgage securing construction or permanent financing or subsequent refinancing, including but not limited to Dougherty, HUD, or any first lien lender of a loan held or insured by HUD and its mortgage lender, under terms and conditions reasonably acceptable to the Authority. An agreement to subordinate this Agreement must be approved by the Board of the Authority.

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

Section 7.5. Subordination to HUD Loan. The Authority hereby subordinates its rights under this Agreement to the rights of HUD and Dougherty under the Dougherty HUD Loan. For the avoidance of doubt, the subordination of the Authority's rights under this Agreement does not prohibit the Authority from exercising its remedies under Sections 9.2 and 9.3 of this Agreement

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ARTICLE IX

Events of Default

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

- (a) Failure by the Developer or the Authority to observe or perform any covenant, condition, obligation, or agreement on its part to be observed or performed under this Agreement;
- (b) The Developer:
 - (i) files any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law;
 - (ii) makes an assignment for benefit of its creditors;
 - (iii) fails to pay real estate taxes on the Development Property or the Minimum Improvements as they become due;
 - (iv) admits in writing its inability to pay its debts generally as they become due; or
 - (v) is adjudicated as bankrupt or insolvent.

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

- (a) Suspend its performance under the Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under the Agreement.
- (b) Cancel and rescind or terminate the Agreement, subject to the provisions of Section 9.3 hereof.
- (c) Upon a default by the Developer, ~~including a failure of the Guarantor to make payments in full under the Developer Surplus Cash Note~~, the Authority may suspend payments under the TIF Note or terminate the TIF Note and the TIF District, subject to the provisions of Section 9.3 hereof; provided, however, that a default by the Developer with respect to the payments to be made under the Developer Surplus Cash Note will not constitute an Event of Default and that the Authority and the Developer agree to exercise the remedies provided in the Developer Surplus Cash Note Guaranty.

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

Section 9.3. Termination or Suspension of TIF Note. After the Authority has issued its Certificate of Completion for the Minimum Improvements, the Authority and the City may exercise its rights under Section 9.2 only for the following Events of Default:

(a) the Developer fails to pay real estate taxes or assessments on the Development Property or any part thereof when due, and such taxes or assessments shall not have been paid, or provision satisfactory to the Authority made for such payment, within thirty (30) days after written demand by the Authority to do so;

(b) the Developer fails to comply with Developer's obligation to operate and maintain, preserve and keep the Minimum Improvements or cause such improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition, pursuant to Sections 4.1 and 5.1; provided that, upon Developer's failure to comply with Developer's obligations under Sections 4.1 or Section 5.1, if uncured after thirty days' written notice to the Developer of such failure, the Authority may only suspend payments under the TIF Note until such time as Developer complies with said obligations. If the Developer fails to comply with said obligations for a period of eighteen months, the Authority may terminate the TIF Note and the TIF District; or

(c) if the Developer fails to provide the annual reports required by Section 4.7 regarding compliance with the income restrictions described in Section 4.5, the Authority may suspend payments of Available Tax Increment under the TIF Note.

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

Section 9.5. Resale of Reacquired Property; Disposition of Proceeds. Upon Subject to the terms of Section 9.4 hereof, upon the revesting in the Authority of title to and/or possession of the HRA Property, the Authority shall, pursuant to their responsibilities under law, use their best efforts to sell the HRA Property and in such manner as the Authority to a qualified and responsible party or parties (as determined by the Authority) who will assume the obligation of making or completing the Minimum Improvements or such other improvements in their stead as shall be satisfactory to the Authority in accordance with the uses specified for the HRA Property in this Agreement. During any time while the Authority has title to and/or possession of a parcel of property obtained by reverter, the Authority will not disturb the rights of any tenants under any leases encumbering such parcel. Upon resale of the HRA Property, the proceeds thereof shall be applied:

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

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

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

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

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

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

written demand by the Authority, pay to the Authority the reasonable fees of the attorneys and the other expenses so incurred by the Authority.

Section 9.9. Right of Purchase and Right of First Refusal Agreement. Following the conveyance of the HRA Property to the Developer, if the Developer, subject to Unavoidable Delays, fails to commence construction of the Minimum Improvements by the dates specified in Section 4.3 hereof, and such failure to commence is not cured within 90 days after written notice from the Authority to the Developer to do so, then the Authority shall have the right to repurchase the HRA Property for the price the Developer paid for the HRA Property or purchase all of the Development Property from the Developer for the price the Developer paid for the Development Property. In addition, prior to commencement of construction of the Minimum Improvements, if the Developer determines to sell all or any part of the Development Property, the Authority shall have the right to purchase the portion of the Development Property to be sold to a third party by the Developer for the lower of (i) the price the third party has agreed to pay for such property or (ii) the price the Developer paid for such property. For the avoidance of doubt, the purchase price paid for the HRA Property at Closing was \$982,850. To memorialize the Authority's right of purchase and right of first refusal, the Developer and the Authority shall enter into a Right of Purchase and Right of First Refusal Agreement in substantially the form set forth in EXHIBIT G, which shall be recorded against the Development Property acquired by the Developer.

The Authority may not exercise the right of purchase or the right of first refusal provided in this Section 9.9 so long as HUD is the holder or insurer of a loan encumbering the Development Property and the Minimum Improvements.

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

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

Section 10.10. Authority. In all instances where the Authority's consent is required under this Agreement, such consent shall not be unreasonably withheld.

Section 10.11. Original Agreement. Following the execution in full of this Agreement, the Contract for Private Development, dated October 24, 2017, between the Authority and the Developer, shall no longer be in effect.

Section 10.12. Indemnity Provisions. With respect to the Developer's obligations to indemnify the Authority pursuant to Sections 3.4(b), 4.6, and 8.3 hereof, while the Development Property and the Minimum Improvements are subject to a loan held or insured by HUD, such obligations shall be payable solely from 75% of Surplus Cash (as that term is defined in the Regulatory Agreement for Multifamily Projects between Developer and HUD with respect to the Minimum Improvements, as the same may be supplemented, amended or modified from time to time).

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**EXHIBIT B
AUTHORIZING RESOLUTION**

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

RESOLUTION NO. _____

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

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

Section 1. Authorization; Award of Sale.

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

Pursuant to Minnesota Statutes, Section 469.178, the Authority is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Redevelopment District. Such bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The Authority hereby finds and determines that it is in the best interests of the Authority that it issue and sell its Tax Increment Limited Revenue Note, Series _____ (the “TIF Note”), in the aggregate principal amount of up to \$_____ for the purpose of financing certain public redevelopment costs of the Tax Increment Plan for the TIF District.

1.02. Issuance, Sale and Terms of the TIF Note. The Authority entered into aan Amended and Restated Contract for Private Development, dated _____, 2017,2018 (the “Agreement”), between the Authority and the Owner ~~(the “Agreement”)~~. Pursuant to the Agreement, the TIF Note shall be sold to Chamberlain Apartments, LLC (the “Owner”). The TIF Note shall be dated as of the date of delivery and shall bear interest at the rate of __% per annum [lesser of 4.6% or actual financing rate] to the earlier of maturity or prepayment. In exchange for the Authority’s issuance of the TIF Note to the Owner, the Owner shall pay certain public redevelopment costs related to the Minimum Improvements (as defined in the Agreement) pursuant to Section 3.3 of the Agreement. The TIF Note will be delivered in the principal amount of up to \$8,492,000 for reimbursement of public redevelopment costs in accordance with the terms of Section 3.4(a) of the Agreement.

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

Schedule A to Exhibit B

FORM OF TIF NOTE

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

No. R-1

\$8,492,000

TAX INCREMENT LIMITED REVENUE NOTE
SERIES _____

Rate

Date
of Original Issue

[lesser of 4.6% or actual financing rate] _____

The Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority"), for value received, certifies that it is indebted and hereby promises to pay to Chamberlain Apartments, LLC, or registered assigns (the "Owner"), the principal sum of \$8,492,000 and to pay interest thereon at the rate of six and three quarters percent per annum, as and to the extent set forth herein.

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

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

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

3. Available Tax Increment. Payments on this Note are payable on each Payment Date in the amount of and solely payable from "Available Tax Increment," which will mean, on each Payment Date, ninety percent (90%) of the Tax Increment (as defined in the Agreement) attributable to the Development Property (as defined in the Agreement) and paid to the Authority by Hennepin County in the six months preceding the Payment Date, all as the terms are defined in the Amended and Restated Contract for Private Development, dated _____, 2018 (the "Agreement"), between the Authority and Owner ~~dated as of October __, 2017 (the "Agreement?").~~ The principal of and interest on this Note shall be payable each Payment Date solely from Available Tax Increment. Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under the Agreement.

EXHIBIT C
INVESTMENT LETTER

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

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

The undersigned, as Owner of \$___ in principal amount of the above captioned Note (the "Note") pursuant to a resolution of the Authority adopted on _____, ~~20~~2018 (the "Resolution"), hereby represents to you and to Kennedy & Graven, Chartered, Minneapolis, Minnesota, development counsel, as follows:

1. We understand and acknowledge that the TIF Note is delivered to the Owner as of this date pursuant to the Resolution and the Amended and Restated Contract for Private Development, dated _____, 2018 (the "Contract"), between the Authority and the Owner, ~~dated as of _____, 2017 (the "Contract")~~.
2. We understand that the TIF Note is payable as to principal and interest solely from Available Tax Increment (as defined in the TIF Note).
3. We further understand that any estimates of Tax Increment (as defined in the Contract) prepared by the Authority or its financial advisors in connection with the TIF District (as defined in the Contract), the Contract or the TIF Note are for the benefit of the Authority, and are not intended as representations on which the Owner may rely.
4. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the above stated principal amount of the TIF Note.
5. We acknowledge that no offering statement, prospectus, offering circular or other comprehensive offering statement containing material information with respect to the Authority and the TIF Note has been issued or prepared by the Authority, and that, in due diligence, we have made our own inquiry and analysis with respect to the Authority, the TIF Note and the security therefor, and other material factors affecting the security and payment of the TIF Note.
6. We acknowledge that we have either been supplied with or have access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, the TIF Note and the security therefor, and that as a reasonable investor we have been able to make our decision to purchase the above stated principal amount of the TIF Note.
7. We have been informed that the TIF Note (i) is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, or under federal securities laws or regulations, (ii) will not be listed on any stock or other securities exchange, and (iii) will carry no rating from any rating service.

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

The undersigned hereby certifies that Chamberlain Apartments, LLC, a Delaware limited liability company (the "Developer"), has fully complied with its obligations under Articles III and IV of that document titled "Amended and Restated Contract for Private Development," dated _____, ~~2017~~, 2018, between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota and the Developer ("Agreement"), a memorandum of which was recorded on _____, as document no. _____, with respect to construction of Phase ___ of the Minimum Improvements in accordance with Article IV of the Agreement, and that the Developer is released and forever discharged from its obligations with respect to construction of Phase ___ of the Minimum Improvements under Articles III and IV of the Agreement.

Dated: _____, 20__.

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

By _____
Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

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

Notary Public

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

FOR VALUE RECEIVED, CHAMBERLAIN APARTMENTS, LLC, a Delaware limited liability company (“**Maker**”) promises to pay to HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (“**Payee**”) the sum of Six Hundred Eighty-Two Thousand Eight Hundred Fifty Dollars (\$682,850), that was advanced pursuant to that certain Amended and Restated Contract for Private Development, dated October 24, 2017, as amended by the First Amendment to Contract for Private Development, dated _____, 2018, _____, 2018 (the “**Development Contract**”), 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~~August 1, ~~2046~~2060 (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 75% of 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~~2018.

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 (excluding the sale, transfer or conveyance of any part of the Developer to an affiliate of the Developer or a tax credit partner); 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]~~Multifamily

Mortgage, Assignment of Leases, ~~and Rents and Revenue~~, and Security Agreement (Minnesota), dated _____ in the principal amount of \$ _____ made by Maker to ~~_____ (“Dougherty Mortgage LLC, a Delaware limited liability company (“FHA Lender”)~~, in connection with a loan to Developer made by the FHA Lender in the amount of \$ _____ (the “Loan”) and insured by HUD for 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 75% of 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) or 223(f) 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 75% of 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~~ Assets.

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~~ Assets.

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

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

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

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

14. This Developer Surplus Cash Note is not forgivable.

12.15. The HUD Secondary Financing Rider (the “HUD Rider”) attached to this Developer Surplus Cash Note is hereby made a part of this Developer Surplus Cash Note. In the event of a conflict between the provisions of the HUD Rider and the provisions of this Developer Surplus Cash Note, the provisions of the HUD Rider shall control.

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~~ Assets 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

HUD SECONDARY FINANCING RIDER

This Rider ("Rider") is attached to and made a part of that certain Developer Surplus Cash Note (herein, the "Junior Note") dated _____, 2018, from Chamberlain Apartments, LLC, a Delaware limited liability company (the "Borrower"), in favor of 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 (herein, the "Junior Lender"), in the principal amount of \$682,850 evidencing a loan (herein, the "Junior Loan") from Junior Lender to Borrower. The Junior Note and any and all other documents now or hereafter executed and/or delivered in connection with the Junior Loan are hereafter collectively referred to as the "Junior Loan Documents." The terms and conditions of this Rider supersede all other terms of the Junior Loan Documents, and should there be any conflict or inconsistency between this Rider and any other provisions of the Junior Loan Documents, the terms and conditions of this Rider shall prevail.

As used herein, "Senior Loan Documents" shall mean (i) that certain Note (herein, the "Senior Note"), dated _____, 2018 from the Borrower in favor of Dougherty Mortgage LLC (herein, the "Senior Lender") in the principal amount of \$ _____ evidencing a loan (herein, the "Senior Loan") from Senior Lender to Borrower; (ii) that certain Multifamily Mortgage, Assignment of Leases and Rents, and security Agreement (Minnesota) (herein, the "Senior Mortgage"), dated _____, 2018, from Borrower in favor of Senior Lender, granting a mortgage on the project known as _____, FHA Project No. _____ (herein, the "Project"); (iii) that certain Regulatory Agreement for Multifamily Projects (herein, the "Regulatory Agreement"), dated _____, 2018, by and between the Borrower and the Secretary of Housing and Urban Development (herein, "HUD"); and (iv) any and all other documents required by Senior Lender and/or HUD in connection with, evidencing and/or securing the Senior Loan.

The Junior Lender and the Borrower agree to the following provisions:

1. The Junior Loan Documents and all amounts now and/or hereafter advanced thereunder and/or secured thereby are specifically subordinate to the Senior Loan Documents and all amounts now and/or hereafter advanced thereunder and/or secured thereby.
2. The Junior Note may not mature, and may not bear a maturity date, prior to the date on which the Senior Note matures. The term of the Junior Loan may be extended if the Junior Note matures, there are no surplus cash funds available for repayment and the Senior Loan has not been retired in full or HUD grants a deferment of amortization or forbearance that results in an extended maturity of the Senior Loan.
3. The Junior Loan may be assumed when a sale or transfer of the physical assets occurs under the following conditions:
 - a. Not more than the excess, if any, of (i) 75 percent of the net proceeds of the sale or transfer is applied to the reduction of the Junior Loan over (ii) the amount paid on account of any other loans with respect to the Project which are junior to the Senior Loan but senior to the Junior Loan; provided, however, that if there are other loans which have the same priority as the Junior Loan, the foregoing amount shall be allocated pari passu among such loans based upon the total outstanding indebtedness of each.
 - b. As used herein, net proceeds are the funds available to the Borrower after:
 - i. Correcting any monetary or covenant default under any of the Senior Loan Documents, and
 - ii. Making required contributions to any reserve funds and needed improvements to the Project as evidenced by HUD's annual inspection reports.

4. If HUD approves a sale of the project pursuant to HUD guidelines for transfers of physical assets, then Junior Lender will agree to such transfer of ownership of the project.
5. The Junior Note and all other Junior Loan Documents automatically terminate if HUD acquires title to the project by foreclosure or a deed in lieu of foreclosure.
6. All work performed with the proceeds of the Junior Loan must be cost certified and conformed to Davis-Bacon requirements, if applicable in accordance with Program Obligations.
8. Proceeds of the Junior Loan may only be used to cover allowable project costs or any anticipated operating shortfall.
9. As long as HUD or its successors or assigns is the insurer or holder of the Senior Mortgage, any payments due under the Junior Loan Documents shall be payable only from 75 percent of available "surplus cash" as that term is defined in the Regulatory Agreement (or "residual receipts," if applicable, and as evidenced by a "Rider to Regulatory Agreement for Residual Receipts Requirements") and subject to the availability of such surplus cash (or residual receipts) in accordance with the provision of said Regulatory Agreement. The restriction on payment imposed by this paragraph shall not excuse any default caused by failure of the Borrower to pay the indebtedness evidenced by the Junior Note.
10. Borrower has obtained the prior written consent of the Senior Lender to the existence of the Junior Loan.
11. To the extent that the Junior Note provides for payments of principal and interest, such principal and interest shall be due and payable on or after the maturity date of the Senior Loan, provided that if the Senior Loan is prepaid in full, to the extent otherwise provided in the Junior Loan Documents, the holder of the Junior Note, at its option upon 30 days' notice, may declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. Interest due pursuant to the terms of the Junior Note that is not paid in accordance therewith shall not create any default in the terms of the Junior Note, but shall accrue and be payable in full at or after the date of maturity of the Senior Loan.
12. The Junior Note is non-negotiable and may not be sold, transferred, assigned, or pledged by the Junior Lender except with the prior written approval of HUD.
13. The Junior Lender certifies that the Junior Loan Documents represent a bona fide transaction and that it fully understands all of HUD's requirements for such secondary financing.
14. In the event of any conflict between (i) any of the Junior Loan Documents, and (ii) any of the Senior Loan Documents, the Section of the National Housing Act under which HUD insures the Senior Mortgage, and/or any applicable HUD rule, regulation or requirement (collectively, the "HUD Documents and Requirements"), the HUD Documents and Requirements shall be controlling in all respects.

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

By _____
Its Chair

By _____
Its Executive Director

CHAMBERLAIN APARTMENTS, LLC

By: Kraus-Anderson, Incorporated
Its: Managing Member

By: _____
Bruce W. Engelsma
Its: Chief Executive Officer

**EXHIBIT F
DECLARATION OF RESTRICTIVE COVENANTS**

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

RECITALS

WHEREAS, the Authority entered into that certain Amended and Restated Contract for Private Development, dated _____, 2018, filed _____, 20____ in the Office of the Recorder for Hennepin County as Document No. _____ (the "Contract"), between the Authority and the Developer; and

WHEREAS, pursuant to the Contract, the Developer is obligated to cause construction of _____ housing units of rental housing (the "Project") on the property described in EXHIBIT A hereto (the "Property"), and to cause compliance with certain affordability covenants described in Section 4.5 of the Contract; and

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

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

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

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

1. Term of Restrictions.

(a) Occupancy and Rental Restrictions. The term of the Occupancy Restrictions set forth in Section 3 of this Declaration will commence on the date a certificate of occupancy is received from the City of Richfield, Minnesota (the "City") for all rental units on the Property. The period from commencement to termination is the "Qualified Project Period."

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

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

Attn: Bruce Engelsma

With a copy to: Inland Development Partners
20505 Lakeview Ave.
Deephaven, MN 55331
Attn: Kent Carlson

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

12. Attorneys' Fees. In case any action at law or in equity, including an action for declaratory relief, is brought against the Developer to enforce the provisions of this Declaration, the Developer agrees to pay the reasonable attorneys' fees and other reasonable expenses paid or incurred by the Authority in connection with the action.

13. Declaration Binding. This Declaration and the covenants contained herein will run with the real property comprising the Project and will bind the Developer and its successors and assigns and all subsequent owners of the Project or any interest therein, and the benefits will inure to the Authority and its successors and assigns for the term of this Declaration as provided in Section 11(b).

14. HUD Rider. The HUD Rider to Restrictive Covenants (the "HUD Rider") attached to this Declaration is hereby made a part of this Declaration. In the event of a conflict between the provisions of the HUD Rider and the provisions of this Declaration, the provisions of the HUD Rider shall control.

HUD RIDER TO RESTRICTIVE COVENANTS

This RIDER TO RESTRICTIVE COVENANTS is made as of _____, 2018, by 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").

WHEREAS, Developer has obtained financing from the Authority in the amount of \$682,850 (the "Loan") to construct a multifamily housing development with approximately 283 apartment units, substantially rehabilitate three 11-unit apartment buildings, and construct underground parking ("Project");

WHEREAS, the Loan is evidenced by a Developer Surplus Cash Note provided by the Developer, which is secured by a Developer Surplus Cash Note Guaranty provided by Kraus Anderson, Incorporated ("Security Instrument") dated as of _____, 2018; and

WHEREAS, in consideration of the Loan and other financial assistance provided by the Authority, the Authority has required that the Developer record against the Project a Declaration of Restrictive Covenants, between the Developer and the Authority (the "Restrictive Covenants") requiring certain affordability covenants; and

WHEREAS, in addition, the Developer has obtained financing from Dougherty Mortgage LLC, a Delaware limited liability company (the "FHA Lender"), for the benefit of the Project, which loan will be secured by a Multifamily Mortgage, Assignment of Leases and Rents, and Security Agreement (Minnesota), dated _____, 2018 (the "FHA Mortgage"), filed in the office of the Abstract and Torrens records of Hennepin County, Minnesota (the "Records") simultaneously herewith and is insured by the United States Department of Housing and Urban Development ("HUD"); and

WHEREAS, HUD requires as a condition of its insuring the FHA Lender's financing to the Project, that the lien and covenants of the Restrictive Covenants to which this Rider is attached be subordinated to the lien, covenants, and enforcement of the FHA Mortgage; and

WHEREAS, the Authority has agreed to subordinate the Restrictive Covenants to the lien of the FHA Insured Mortgage Loan in accordance with the terms of this Rider.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

(a) In the event of any conflict between any provision contained elsewhere in the Restrictive Covenants and any provision contained in this Rider, the provision contained in this [Rider] [Amendment] shall govern and be controlling in all respects as set forth more fully herein.

(b) The following terms shall have the following definitions:

"Authority" means the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, its successors and assigns.

"Code" means the Internal Revenue Code of 1986, as amended.

"FHA Insured Mortgage Loan" means the mortgage loan made by the FHA Lender to the Developer pursuant to the FHA Documents with respect to the Project.

“FHA Lender” means Dougherty Mortgage LLC, a Delaware limited liability company, its successors and assigns.

“FHA Loan Documents” means the FHA Mortgage, the HUD Regulatory Agreement, and all other documents required by HUD or FHA Lender in connection with the FHA Insured Mortgage Loan.

“FHA Mortgage” means the mortgage or deed of trust from Developer in favor of FHA Lender, as the same may be supplemented, amended or modified.

“HUD” means the United States Department of Housing and Urban Development.

“HUD Regulatory Agreement” means the Regulatory Agreement for Multifamily Projects between Developer and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

“HUD Requirements” has the meaning set forth in paragraph (c) below.

“National Housing Act” means the National Housing Act of 1934, as amended.

“Program Obligations” has the meaning set forth in the FHA Mortgage.

“Residual Receipts” has the meaning specified in the Program Obligations.

“Surplus Cash” has the meaning specified in the HUD Regulatory Agreement.

(c) Notwithstanding anything in the Restrictive Covenants to the contrary, the provisions hereof are expressly subordinate to (i) the FHA Loan Documents, including without limitation, the FHA Mortgage, and (ii) Program Obligations (the FHA Loan Documents and Program Obligations are collectively referred to herein as the “HUD Requirements”). The Developer covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the provisions of the Restrictive Covenants and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limits the Authority’s ability to enforce the terms of the Restrictive Covenants, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Developer represents and warrants that to the best of Developer’s knowledge the Restrictive Covenants impose no terms or requirements that conflict with the National Housing Act and related regulations.

(d) In the event of foreclosure (or deed in lieu of foreclosure) of the FHA Insured Mortgage Loan, the Restrictive Covenants (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate.

(e) The Developer and the Authority acknowledge that the Developer’s failure to comply with the covenants provided in the Restrictive Covenants does not and shall not serve as a basis for default under the HUD Requirements, unless a default also arises under the HUD Requirements.

(f) Except for the Authority’s reporting requirement, in enforcing the Restrictive Covenants the Authority will not file any claim against the Project, the FHA Insured Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the FHA Mortgage or HUD Regulatory Agreement, or the rents or other income from the property other than a claim against:

(i) Available Surplus Cash, if the Developer is a for-profit entity;

(ii) Available distributions of Surplus Cash and Residual Receipts authorized for release by HUD, if the Developer is a limited distribution entity; or

(iii) Available Residual Receipts authorized by HUD, if the Developer is a non-profit entity.

(g) For so long as the FHA Insured Mortgage Loan is outstanding, the Developer and the Authority shall not further amend the Restrictive Covenants, with the exception of clerical errors or administrative correction of non-substantive matters, without HUD's prior written consent.

(h) Subject to the HUD Regulatory Agreement, the Authority may require the Developer to indemnify and hold the Authority harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against Authority relating to the subordination and covenants set forth in the Restrictive Covenants, provided, however, that Developer's obligation to indemnify and hold the Authority harmless shall be limited to available Surplus cash and/or Residual Receipts of the Developer.

(i) Notwithstanding anything to the contrary contained herein, it is not the intent of any of the parties hereto to cause a recapture of the Low Income Housing Tax Credits or any portion thereof related to any potential conflicts between the HUD Requirements and the Restrictive Covenants. The Developer represents and warrants that to the best of the Developer's knowledge the HUD Requirements impose no requirements which may be inconsistent with full compliance with the Restrictive Covenants. The acknowledged purpose of the HUD Requirements is to articulate requirements imposed by HUD, consistent with its governing statutes, and the acknowledged purpose of the Restrictive Covenants is to articulate requirements imposed by Section 42 of the Code. In the event an apparent conflict between the HUD Requirements and the Restrictive Covenant arises, the parties and HUD will work in good faith to determine which federally imposed requirement is controlling. It is the primary responsibility of the Developer, with advice of counsel, to determine that it will be able to comply with the HUD Requirements and its obligations under the Restrictive Covenants.

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

CHAMBERLAIN APARTMENTS, LLC

By: Kraus-Anderson, Incorporated
Its: Managing Member

By: _____
Bruce W. Engelsma
Its: Chief Executive Officer

STATE OF MINNESOTA _____)
_____) SS.
COUNTY OF _____)

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

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

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

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

9. Term. This Agreement shall commence on the date the HRA Property is conveyed to the Authority and shall terminate for the portion of the HRA Property and Developer Property proposed to be used for each Phase on the earlier of: (i) the date the Developer obtains a Certificate of Completion for such Phase of the Minimum Improvements; and (ii) upon sale of all of the HRA Property and the Developer Property pursuant to the terms of an Acceptable Offer for which the Authority has been provided notice and has not exercised its right to purchase such property in accordance with the provisions of this Agreement. Notwithstanding the foregoing, for any portion of the HRA Property or the Developer Property that is sold pursuant to an Acceptable Offer, this Agreement shall terminate with respect to such portion of HRA Property or the Developer Property at the end of the 30 day period described in Section 4 if the Authority does not notify the Developer of its election to purchase such portion of the Property. For any portion of the HRA Property or the Developer Property for which the Developer has received a Certificate of Completion for the Minimum Improvements to be constructed thereon this Agreement shall terminate with respect to such portion of HRA Property or the Developer Property on the date of receipt of the Certificate of Completion. [This Agreement shall also terminate as provided in Section 13 hereof.](#)

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

If to Developer: Chamberlain Apartments, LLC
c/o Kraus Anderson Inc.
523 501 South 8th Street
Minneapolis, MN 55404
Attn: Bruce Engelsma

With a copy to: Inland Development Partners
20505 Lakeview Ave.
Deephaven, MN 55331
Attn: Kent Carlson

If to Authority: Housing and Redevelopment Authority in and for the City of Richfield
6700 Portland Ave. South
Richfield, MN 55423
Attn: Community Development Director

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

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

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

13. HUD Financing. So long as HUD is the holder or insurer of a loan encumbering the Minimum Improvements, the Authority may not enforce its rights pursuant to Sections 3 and 4 hereof. In addition, if HUD or the mortgage lender acquires title by foreclosure or deed in lieu of foreclosure with respect to the Minimum Improvements, this Agreement shall automatically terminate.

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

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

EXHIBIT J
MINIMUM ASSESSMENT AGREEMENT

THIS MINIMUM ASSESSMENT AGREEMENT, made on or as of the ___ day of October, 2017 (the "Minimum Assessment Agreement"), is by and between the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the "Authority"), and CHAMBERLAIN APARTMENTS, LLC, a Delaware limited liability company (the "Developer").

WITNESSETH,

WHEREAS, the Authority and the Developer have entered into that certain Amended and Restated Contract for Private Development, dated ~~October~~, 2017/2018 (the "Contract"), regarding the acquisition of property, the construction of a multifamily housing development with approximately 283 apartment units, the substantial rehabilitation of three 11-unit apartment buildings, and the construction of underground parking (the "Minimum Improvements") to be constructed on property legally described in Exhibit A (the "Development Property"); and

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

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

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

1. All capitalized terms used herein and not otherwise defined have the definition given such terms in the Contract.
2. The minimum market value which shall be assessed for ad valorem tax purposes for the Development Property, together with the Minimum Improvements constructed thereon, shall be \$15,433,000 as of January 2, ~~2018, 2019~~, notwithstanding the progress of construction by such date, until January 2, ~~2019, 2020~~.
3. The minimum market value which shall be assessed for ad valorem tax purposes for the Development Property, together with the Minimum Improvements constructed thereon, shall be \$38,401,000 as of January 2, ~~2019, 2020~~, notwithstanding the progress of construction by such date, and as of each January 2 thereafter until January 1, ~~2020, 2021~~.
4. The minimum market value which shall be assessed for ad valorem tax purposes for the Development Property, together with the Minimum Improvements constructed thereon, shall be \$43,835,000 as of January 2, ~~2020, 2021~~, notwithstanding the progress of construction by such date, and as of each January 2 thereafter until termination of this Minimum Assessment Agreement under Section 4 hereof.
5. The minimum market value herein established shall be of no further force and effect and this Minimum Assessment Agreement shall terminate on the Maturity Date. The Authority shall execute a certificate or affidavit upon the occurrence of a termination event referred to in this Section 5 indicating that

**EXHIBIT K
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 Guaranty, (2) the net worth of the Transferee is at least 100% of that of the Guarantor immediately prior to such consolidation or merger, (3) the Guarantor certifies in writing to the Lender that such action will not result in a default under any note, loan agreement, or other instrument by which such Guarantor is bound; and (4) the Lender approves the Transferee taking on the obligations of this Guaranty. In the event of such sale, transfer, consolidation or merger as permitted under this Section 1.1(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 75% of 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:

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (the “Agreement”) is entered into as of _____, 2018, between the CITY OF RICHFIELD, MINNESOTA, a Minnesota public corporation (the “City”), and the METROPOLITAN AIRPORTS COMMISSION, a Minnesota public corporation (“MAC”).

RECITALS

A. The City and MAC previously entered into an Agreement, dated March 20, 2002 (the “Grant Agreement”), pursuant to which MAC provided the City with the proceeds of certain federal funding in the amount of \$10,000,000 identified as AIP 3-27-0059-64-01 (the “Grant”). The City used the proceeds of the Grant to assist in the financing of the acquisition of certain property identified in the Grant Agreement (the “Property”). Under the Grant Agreement, the MAC also provided funds that could be used for non-AIP eligible projects to the City to purchase 6700 Cedar Avenue South.

B. Section 4 of the Grant Agreement required the City to combine the Property with other land and make its best efforts to resell the Property for redevelopment. To satisfy this requirement, the City has conveyed certain parcels of the Property to the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”). The Authority intends to sell such property to a private developer for redevelopment purposes.

C. The Grant Agreement sets forth certain provisions regarding the resale of the Property, the use of the sale proceeds of such Property, and use of additional funds provided by MAC.

D. The City and MAC intend to enter into this Agreement to set forth their understandings as to the use of proceeds derived from the resale of the Property, the use of proceeds derived from the resale of 6700 Cedar Avenue South, and the required use restrictions on the Property.

NOW, THEREFORE, in consideration of the mutual obligations hereunder, the parties agree as follows:

1. The City and MAC understand and agree that, in accordance with Section 4 of the Grant Agreement, parcels of the Property may not be sold by the City or Authority unless the deeds of conveyance for such parcels require that the parcels be developed in conformity with the City’s Comprehensive Plan and that the parcels will adhere to any MAC, FAA, or Mn/DOT limitations relating to height, noise, us compatibility, light, or electronic interference. Attached hereto as EXHIBIT A is a form of quit claim deed (the “Deed”) from the Authority to Chamberlain Apartments, LLC, a Delaware limited liability company or its assignee (the “Developer”), relating to the sale of a portion of Property (the “Redevelopment Property”). Attached hereto as EXHIBIT B is a form of Avigation and Clearance Easements Agreement (the “Avigation Easement”) between the Authority and MAC. The City and MAC agree that collectively the Deed and the Avigation Easement, upon execution and recording by the Authority, will satisfy the requirements of the use restrictions described in Section 4 of the Grant Agreement. The Authority agrees to record the Avigation Easement prior to conveyance of the Property.

2. Section 5 of the Grant Agreement includes restrictions on the use of proceeds derived from the sale of the Property. The City and MAC agree that the fair market value of the Redevelopment Property and 6700 Cedar Avenue is \$982,850, based on the following calculations:

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

3. The City and MAC agree that the value of the Redevelopment Property and 6700 Cedar Avenue is allocated as follows:

Redevelopment Property	\$788,625
6700 Cedar Avenue	\$122,325
Property purchased with City Funds	\$71,900
Total	<u>\$982,850</u>

4. The City and MAC understand that Section 5 of the Grant Agreement restricts the use of the proceeds of the sale of the Redevelopment Property to activities that are either AIP eligible or satisfy federal restrictions on use of airport revenue as set out in the FAA's 2/16/99 Policy and Procedure on Use of Airport Revenue. The Developer will pay \$300,000 of the purchase price at closing and the remaining \$682,850 will be paid by the Developer to the Authority in annual installments from 2025 to 2060. Proceeds of the sale of the Redevelopment Property in the approximate amount of \$788,625 will be used by the City to finance the construction of improvements to the 77th Street underpass at TH77. MAC agrees that such use is permitted under Section 5 of the Grant Agreement.

5. Pursuant to Section 7 of the Grant Agreement, the City received funds from MAC that could be used for non-AIP eligible projects. Section 11 of the Grant Agreement restricts the sale of remnant parcels acquired with proceeds of the Grant. The City acquired the property located at 6700 Cedar Avenue in the City with non-AIP revenues and conveyed it to the Authority, and the Authority will sell it to the Developer as part of the Redevelopment Property. MAC agrees that this is permitted under the terms of the Grant Agreement and that the City shall not be required to return funds in the amount of the fair market value of such property (\$122,325) to MAC. The remaining portion of the purchase price of the Redevelopment Property (\$71,900) relates to the property located at 6627 17th Avenue in the City, which the City had previously purchased with other funds and is therefore not subject to the terms of the Grant Agreement.

6. MAC consents to the sale of the Redevelopment Property and a portion of 6700 Cedar Avenue to a private developer.

7. MAC agrees that the proposed redevelopment project consisting of the construction in three distinct Phases of a multifamily housing development consisting of three buildings with approximately 283 apartment units, substantial rehabilitation of three 11-unit apartment buildings, and construction of underground parking on the Redevelopment Property satisfies the use restrictions set forth in Section 4 of the Grant Agreement.

8. The City and MAC understand and agree that the City will provide MAC with a report regarding the use of proceeds derived from the sale of the Redevelopment Property within thirty (30) days of receipt of such sale proceeds. Since \$488,625 of the proceeds derived from the sale of the Redevelopment Property will be paid back to the City in installments over many years, the City will use its own funds to finance the \$488,625 to be used for the construction of improvements to the 77th Street

underpass at TH77 and the City will provide a report regarding expenditures of its own funds in the amount of \$488,625 for such improvements. For the avoidance of doubt, once the City has expended the \$788,625 for the construction of improvements to the 77th Street underpass at TH77 and the MAC has accepted the reports submitted by the City evidencing such expenditures, the MAC shall have no further right to and there shall be no further restrictions on the funds paid to the HRA by the Developer as described in Section 4.

9. By entering into this Agreement, the City and MAC have not waived any of their rights or remedies set forth in the Grant Agreement.

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

IN WITNESS WHEREOF, the City and MAC have caused this Memorandum of Understanding to be duly executed by their duly authorized representative as of the date first above written.

CITY OF RICHFIELD, MINNESOTA

By _____
Its Mayor

By _____
Its City Manager

Execution page of MAC to the Memorandum of Understanding, dated as of the date and year first written above.

METROPOLITAN AIRPORTS COMMISSION

By _____

Its _____

EXHIBIT A

FORM OF DEED

QUIT CLAIM DEED

eCRV number: _____

Deed Tax Due: \$ _____

Date: _____, 2018

FOR VALUABLE CONSIDERATION, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of the State of Minnesota (the “Grantor”), hereby conveys and quitclaims to Chamberlain Apartments, LLC, a Delaware limited liability company, or its assignee (the “Grantee”), the land described as follows (hereinafter referred to as the “Property”):

See attached Exhibit A.

[Note to Drafter: The following parcels will be included in this deed and be subject to the MAC grant restrictions:]

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

[Note to Drafter: The following HRA Remnant Parcels will be included in this deed and be subject to the MAC grant restrictions:]

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

[TO INSERT PLATTED PROPERTY DESCRIPTIONS PRIOR TO RECORDING]

Part or all of the land is Registered (Torrens)

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

It is understood and agreed that this Quit Claim Deed is given pursuant to that certain Amended and Restated Contract for Private Development, dated June 18, 2018 (the “Agreement”), between the Grantor and Grantee, and is subject to the following conditions, easements, covenants, restrictions and provisions. The capitalized terms not defined herein shall have the meanings given them in the Agreement.

Section 1. Reverter. In addition to the provisions of Section 2 below, the Grantee’s rights and interest in the Property are subject to the terms and conditions of Section 9.4 of the Agreement relating to the Grantor’s right to re-enter and revest in the Grantor title to the Property; provided, however, that such rights to re-enter and revest title shall terminate upon the issuance of a certificate of occupation by the City of Richfield. Grantor acknowledges and agrees that if title revests in Grantor pursuant to Section 9.4 of the Agreement and this Section 1, Grantor shall be contractually obligated to MAC to (and shall) subject the Property to the Avigation and Clearance Easements (as defined below) prior to or in connection with any subsequent re-conveyance of the Property to a third party.

Section 2. Avigation and Clearance Easements. Grantee’s rights and interest in the Property are subject to the easements, the terms of which are set forth in the Avigation and Clearance Easements, dated _____, between the Grantor and the Metropolitan Airports Commission, a Minnesota public corporation and recorded against the Property. The Avigation and Clearance Easements are intended to run with title to the Property and to be binding on Grantee and Grantee’s successors in title to all or any part of the Property. Nothing contained in this deed shall impose any obligations on Grantor with respect to the Avigation and Clearance Easements except as specifically provided in Section 1 above.

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

EXHIBIT B
AVIGATION EASEMENT

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 REDEVELOPEMENT 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 Amended and Restated Contract for Private Development, dated _____, 2018 (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 and sidewalks and landscaping along the same portion of Richfield Parkway (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 the Improvements, all as further 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 reasonable 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. Notwithstanding the foregoing, for so long as the US Department of Housing and Urban Development ("HUD") is the insurer or holder of a loan encumbering the Development Property, the Developer's liability hereunder will be limited to available liability insurance proceeds and/or Surplus Cash, as such term is defined in the Regulatory Agreement for the Multifamily Projects by and between the Borrower and HUD. Additionally, HUD shall not be liable for any liability under this Section should HUD become a successor in interest to the Developer. However, such requirements may be imposed on a subsequent purchaser from HUD.

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. Notwithstanding the foregoing, for so long as the US Department of Housing and Urban Development ("HUD") is the insurer or holder of a loan encumbering the Development Property, the Developer's liability hereunder will be limited to available liability insurance proceeds and/or Surplus Cash, as such term is defined in the Regulatory Agreement for the Multifamily Projects by and between the Borrower and HUD. Additionally, HUD shall not be liable for any liability under this Section should HUD become a successor in interest to the Developer. However, such requirements may be imposed on a subsequent purchaser from HUD.

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.
 501 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: Kraus-Anderson, Incorporated
Its: Managing Member

By: _____
Bruce W. Engelsma
Its: Chief Executive Officer

EXHIBIT A

LEGAL DESCRIPTION OF THE AUTHORITY PROPERTY

[Insert property description of HRA's remaining property near develop for which Developer will need right of entry]