

REGULAR EDA MEETING – AGENDA #10

President Hollies Winston, Vice President Nichole Klonowski, Treasurer Boyd Morson,
Commissioners Christian Eriksen, Xp Lee, and Maria Tran,
Executive Director Kim Berggren, Assistant Executive Director Jay Stroebel, and Secretary Seng Moua.

If you need these materials in an alternative format or reasonable accommodations for an EDA meeting, please provide a 72-hours' notice to Seng Moua by calling 763-493-8059 or emailing Seng.Moua@brooklynpark.org. Si usted necesita esta información en español, llame al 763-424-8000 y solicite un intérprete. Yog xav tau kev pab, hu 763-493-8059.

Our Vision: Brooklyn Park, a thriving community inspiring pride where opportunities exist for all.

Our Brooklyn Park 2025 Goals:

• A united and welcoming community, strengthened by our diversity • Beautiful spaces and quality infrastructure make Brooklyn Park a unique destination • A balanced economic environment that empowers businesses and people to thrive • People of all ages have what they need to feel healthy and safe • Partnerships that increase racial and economic equity empower residents and neighborhoods to prosper • Effective and engaging government recognized as a leader

I. ORGANIZATIONAL BUSINESS

- 1. CALL TO ORDER/ROLL CALL**
- 2. APPROVAL OF AGENDA**

II. PUBLIC INVOLVEMENT

3. PUBLIC COMMENT AND RESPONSE

Provides an opportunity for the public to address the EDA on items which are not on the agenda. Public Comment will be limited to 15 minutes (*if no one is in attendance for Public Comment, the regular meeting may begin*), and it may not be used to make personal attacks, to air personality grievances, to make political endorsements or for political campaign purposes. Commissioners will not enter into a dialogue with members of the public. Questions from the EDA will be for clarification only. Public Comment will not be used as a time for problem-solving or reacting to the comments made but, rather, for hearing from members of the public for informational purposes only.

3A. RESPONSE TO PRIOR PUBLIC COMMENT

3B. PUBLIC COMMENT

3C. PUBLIC PRESENTATIONS

3C.1 WorkForce Update and Annual Program Report

III. STATUTORY BUSINESS AND/OR POLICY IMPLEMENTATION

4. CONSENT

4.1 Consider Approving the 2023 EDA Meeting Minutes

A. SEPTEMBER 18, 2023 DRAFT REGULAR MEETING MINUTES

- 4.2** Consider Approving the Amendment to the Management and Leasing Agreement for Wellington Management to Continue Providing Services to Brooklyn Park's Northwind Plaza
 - A.** RESOLUTION
 - B.** CONTRACT AMENDMENT

The following items relate to the EDA's long-range policy-making responsibilities and are handled individually for appropriate debate and deliberation. (Those persons wishing to speak to any of the items listed in this section should fill out a speaker's form and give it to the Secretary. Staff will present each item, following in which audience input is invited. Discussion will then be closed to the public and directed to the EDA table for action.)

5. PUBLIC HEARINGS

6. GENERAL ACTION ITEMS

- 6.1** Consider Approving a Modification to the Development Program for Development District No.1, Establishing Tax Increment Financing District No. 1-29 (A Housing District) Therein, Approving a Tax Increment Financing Plan Therefore and Authorizing the Execution of Certain Development Documents Related Thereto
 - A.** TIF PLAN
 - B.** DEVELOPMENT ASSISTANCE AGREEMENT
 - C.** RESOLUTION
 - D.** LOCATION MAP
- 6.2** Consider Approving a Loan Servicing Consulting Agreement Between the Brooklyn Park Economic Development Authority and the Center for Energy and Environment
 - A.** RESOLUTION
 - B.** CEE BROOKLYN PARK EDA LOAN SERVICING AGREEMENT
 - C.** EXHIBIT A – CEE LOAN SERVICING DUTIES
 - D.** EXHIBIT B – LOAN SERVICING PRICING SCHEDULE
 - E.** CENTER FOR ENERGY AND ENVIRONMENT LOAN SERVICING PROPOSAL
 - F.** CEE MONTHLY INVOICING AND REPORTING SAMPLE

VI. DISCUSSION – These items will be discussion items, but the EDA may act upon them during the meeting.

7. DISCUSSION ITEMS

- 7.1** Status Update
- 7.2** Housing Update
- 7.3** Verbal Commissioner Reports and Announcements

V. ADJOURNMENT

Since we do not have time to discuss every point presented, it may seem that decisions are preconceived. However, background information is provided for the EDA on each agenda item in advance from city staff; and decisions are based on this information and past experiences. Items requiring excessive time may be continued to another meeting.



MEMORANDUM

DATE: October 16, 2023

TO: EDA Commissioners
Kim Berggren, Executive Director

FROM: Catrice O'Neal, Workforce Development Program Director
Breanne Rothstein, Economic Development and Housing Director

SUBJECT: Workforce Development Update

At the October Brooklyn Park Economic Development Authority Meeting (EDA) meeting, the EDA's workforce development staff will provide an update on the current and planned workforce development programs, which serve both Brooklyn Park and Brooklyn Center.

Overview:

The cities of Brooklyn Park and Brooklyn Center entered into a joint powers agreement in 2022 to provide expanded workforce development programs and initiatives in response to the employment needs of residents caused by the pandemic.

The two cities' workforce development division is an enhancement to the existing BrookLynk program and provides workforce development programs to youth and young adults 14-24. Workforce Development staff work in partnership with school districts, community organizations, and local government to connect with individuals across the community. During the 2023 program year, staff successfully delivered the following programs and services:

- Get Ready! work readiness training and summer internships for youth and young adults ages 16-24 that live and/or attend school in Brooklyn Park or Brooklyn Center.
- Youth Entrepreneurship Program (YEP) in partnership with Brooklyn Park's Youth Services team at Zanewood Community Center for youth 16-24.
- Career Pathways that offer training and employment services to adults 18+ Construction & Trades in partnership with MnDOT and Hennepin Technical College.
- Case Management & Job coaching
- Community Partnership Program (CPP), funds awarded to local organization providing workforce development services in the community to Brooklyn Park and Brooklyn Center residents.
- In its sixth year directed by the cities of Brooklyn Park and Brooklyn Center, BrookLynk and the Workforce Development division served over 500 youth and young adults, awarded \$300,000 in funding to community organizations, and provided \$7,500 in microgrants to youth entrepreneurs.

Workforce Development Funding

The focus of workforce development has been on running the BrookLynk program jointly with Brooklyn Center and launching the new ARPA funded career pathways and Youth Entrepreneurship (YEP) programs. The EDA has financially committed to the workforce development programming for many years. The EDA has also been successful at securing grants from the State and Hennepin-Carver Workforce Development Board to fund its workforce development initiatives. More than \$500,000 in grant revenue has been secured for the delivery of programs with an additional \$800,000 from the two cities American Rescue Plan (ARP) allocation. This ARPA partnership was approved in 2023 through a Joint Powers Agreement to administer the joint programming through 2024.

Attachments: N/A

City of Brooklyn Park Request for EDA Action

Agenda Item:	4.1	Meeting Date:	October 16, 2023
Agenda Section:	Consent	Prepared By:	Seng Moua, EDA Secretary
Resolution:	N/A	Presented By:	Kim Berggren, Executive Director
Attachments:	1		
Item:	Consider Approving the 2023 EDA Meeting Minutes		

Executive Director's Proposed Action:

MOTION _____, SECOND _____, TO APPROVE THE SEPTEMBER 18, 2023 EDA MEETING MINUTES.

Overview: N/A

Primary Issues/Alternatives to Consider: N/A

Budgetary/Fiscal Issues: N/A

Attachments:

4.1A SEPTEMBER 18, 2023 DRAFT REGULAR MEETING MINUTES

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK
SEPTEMBER 18, 2023 MEETING MINUTES

I. ORGANIZATIONAL BUSINESS:

1. CALL TO ORDER: President Winston at 6:06 p.m.

ROLL CALL PRESENT: President Hollies Winston, Vice President Nichole Klonowski, Treasurer Boyd Morson and Commissioners Christian Eriksen, Tony McGarvey, and Maria Tran. Staff: Executive Director Kim Berggren, Economic Development and Housing Director Breanne Rothstein, EDA Secretary Seng Moua, EDA Attorney Joseph Sathe, and Development Project Coordinator Sarah Abe.

ABSENT/EXCUSED: Commissioner XP Lee and Commissioner Morson.

1B. APPROVAL OF AGENDA

MOTION KLONOWSKI, SECOND MCGARVEY APPROVING THE AGENDA AS PRESENTED. MOTION PASSED UNANIMOUSLY.

II. WORK SESSION

- 2.1 Discuss History and Status of the Village Creek Redevelopment Area
A. Village Creek Map of EDA-Owned Sites
- 2.2 Discuss Interest in Purchasing Property at 4120 85th Ave N
A. Location Map
B. Letter
- 2.4 Discuss 2024 EDA Strategic Investments
A. Email From Metro Cities Re: Direct Housing Allocation

Meeting recessed at 7:00 p.m.

Meeting reconvened in the Council Chambers at 7:08 p.m.

III. PUBLIC COMMENT AND RESPONSE:

3. Response to Prior Public Comment: Executive Director Kim Berggren commented that the comments made at the last meeting were directed towards agenda items.
3. B Public Comment Received: Collette Guyott Hemple, 9277 Trinity Gardens, thanked staff for their work towards setting up meetings with the Osseo School staff. She noted the upcoming School Board meeting and encouraged the EDA to attend. She stated that she will be providing the School Board with copies of the proficiency testing for the local schools and questioning why the community education booklet does not offer courses at all of the schools for the seniors and group home residents. She commented on the need for equality in learning opportunities.
- 3.C Public Presentations: None.

IV. STATUTORY BUSINESS:

4. CONSENT:

- 4.1 Consider Approving EDA Meeting Minutes.
 - A. August 21, 2023 Draft Regular Meeting Minutes
- 4.2 Approving the Decertification of Tax Increment Financing District (TIF) No. 24
 - A. Resolution

MOTION ERIKSEN, SECOND KLONOWSKI TO APPROVE THE CONSENT AGENDA. MOTION PASSED UNANIMOUSLY.

5. PUBLIC HEARINGS:

- 5.1 None.

6. GENERAL ACTION ITEMS:

- 6.1 Consider Approving a Scope with Paadio Consulting to Complete Work Associated with State Legislation Related to Small Business Opportunities and Direct Executive Director to Execute a Professional Services Agreement
 - A. Resolution
 - B. Scope

Economic Development and Housing Director Breanne Rothstein presented a request to approve a scope with Paadio Consulting to complete work associated with State legislation related to small business opportunities. She provided background information and reviewed the proposed scope of services.

Commissioner McGarvey asked if these funds would be available to all types of businesses, such as contractors, or whether the focus would primarily be on retail.

Economic Development and Housing Director Breanne Rothstein replied that she was unsure. She commented that part of this work would be to identify all of the available programs and match those with eligibility of the programs for Brooklyn Park businesses.

Commissioner McGarvey asked if the business would have to be an established business or a new business.

Economic Development and Housing Director Breanne Rothstein commented that these are State programs and therefore would not be limited to Brooklyn Park. She commented that this step will be important in identifying these opportunities for the local businesses.

Commissioner Tran asked for details on previous work with Paadio.

Economic Development and Housing Director Breanne Rothstein provided details on the previous experience the City has working with Paadio and local small businesses.

Commissioner Tran recognized that small business owners sometimes need help identifying funding opportunities and/or growing their business.

She commented that she would like to see this applied in a widespread manner.

Economic Development and Housing Director Breanne Rothstein commented that this scope of work would be specific to the State funding that has become available and provided additional details on the services the City offers to small business owners.

President Winston commented that he is in full support of this work as there are a lot of resources available from the State. He recognized that if this consulting service is not added to address this, that burden would be placed upon staff. He commented that assisting these businesses in becoming successful not only helps the businesses but also benefits the community. He noted that the City has had good experience working with Paadio in the past.

MOTION ERIKSEN, SECOND TRAN, TO WAIVE THE READING AND ADOPT RESOLUTION #2023-23 APPROVING A SCOPE WITH PAADIO CONSULTING TO COMPLETE WORK ASSOCIATED WITH STATE LEGISLATION RELATED TO SMALL BUSINESS OPPORTUNITIES AND DIRECT EXECUTIVE DIRECTOR TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT. MOTION PASSED UNANIMOUSLY.

President Winston asked that City staff and the Council stay informed of these opportunities as they are identified by Paadio.

V. DISCUSSION:

7. DISCUSSION ITEMS

7.1 2024 EDA Budget Introduction

- A. 2024 EDA Gen Fund Budget Sheet
- B. 2022 Year End Activity Summary

Executive Director Kim Berggren provided an overview of the budget timeline and the work of the EDA. She provided details on the revenue of the EDA, EDA levy trends, EDA cash balance, other development resources, planning for the future, and maintenance/investments in capital assets. She also provided information on the workforce programs, business programs, housing programs, other programming, and development and other planning.

President Winston referenced the funding for Brooklynk and career pathways. He asked if they could reach out to local companies to have a larger ask to receive additional funding for the investment into the future workforce. He commented that he would like to increase participation in the program as a more prepared workforce would provide the City with an advantage.

Commissioner McGarvey asked about the relationship between the EDA and the Parks and Rec Department as it relates to Edenborough.

Executive Director Kim Berggren replied that the strategy of building a golf course was to build an amenity that attracted higher value homes, which was successful. She stated that a private developer built the clubhouse, which was not successful, and the City then took over the clubhouse. She commented that the golf course is owned by the City and the clubhouse is owned by the EDA. She explained that if the clubhouse does not come out revenue positive, the EDA has to provide the

additional funding, noting that they try to keep that to a minimum and make the clubhouse as self sufficient as possible.

Commissioner Eriksen commented that at the last Brooklyn Bridge Alliance for Youth Programing there was talk about the free college tuition program from the State and believed they should continue to work with that organization. He recognized the importance of the technical college for the young workforce as well.

President Winston provided his experience speaking at a meeting which featured Japanese businesses where the importance of education and workforce was a primary topic.

Commissioner Tran commented on the difference between the U.S. and Japan in terms of workforce and education.

President Winston recognized the challenges that Japan is facing with its aging workforce. He commented that he would like to see Brooklyn Park be as competitive as possible so that those jobs could come here.

Executive Director Kim Berggren noted that this item will continue to be discussed throughout the fall.

7.2 Status Update

Executive Director Kim Berggren highlighted information from her report including a new round of funding microloans for small businesses from Brooklyn Park Development Corporation. She noted that the Brooklyn Park Business Council will be meeting the following week.

7.3 Housing Update

Executive Director Kim Berggren highlighted information about a homeowner workshop scheduled for September 28th.

7.4 Verbal Commissioner Reports and Announcements

President Winston commented that he will provide an update on his recent trip to Japan at the next City Council meeting, noting that it was a great opportunity for the City.

Commissioner Klonowski provided an update on the recent meeting of the Charter Commission and its discussion related to the cost and time of special elections and the opportunity to appoint someone to a vacant City Council position.

IV. ADJOURNMENT: Meeting adjourned at 7:55 p.m.

City of Brooklyn Park Request for EDA Action

Agenda Item:	4.2	Meeting Date:	October 16, 2023
Agenda Section:	Consent	Prepared By:	Malcolm Hicks, Business Development Coordinator
Resolution:	X	Presented By:	Malcolm Hicks, Business Development Coordinator
Attachments:	2		
Item:	Resolution Approving the Amendment to the Management and Leasing Agreement for Wellington Management to Continue Providing Services to Brooklyn Park’s Northwind Plaza		

Executive Director's Proposed Action:

MOTION _____, SECOND _____, TO WAIVE THE READING AND ADOPT RESOLUTION #2023-_____ RESOLUTION APPROVING THE AMENDMENT TO MANAGEMENT AND LEASING AGREEMENT FOR WELLINGTON MANAGEMENT TO CONTINUE PROVIDING SERVICES TO BROOKLYN PARK'S NORTHWIND PLAZA

Overview:

At its July 19, 2021, meeting, the Economic Development Authority (EDA) entered into a \$7.3 million purchase agreement with Hargis Northwinds LLC for the purchase of the properties located at 7944-7996 Brooklyn Boulevard N, called Northwind Plaza. Since its acquisition, Wellington Management has effectively managed the property including the collection of rents, marketing of the space, budgeting for the property, and securing contracts for common area maintenance. This action is to consider signing a 12-month extension contract with Wellington Property Management to continue to serve as the property manager for Northwind.

Primary Issues/Alternatives to Consider:

- **Who is Wellington and what services do they provide?**

Wellington has been managing Northwinds Plaza for almost 32 years and is a reputable property management company and development group. When staff originally walked the property to get introduced to tenants, several of the existing businesses mentioned they had good working relationships with Wellington and the current property management for the site. Since Northwind acquisition, Wellington Management staff has worked well with EDA staff to provide guidance towards the EDA's vision during the initial years of ownership. Wellington also has experience working with public entities and non-profits to manage properties with incubator space including assisting with the management for Mercado Central in Minneapolis and the future management of a new mixed-used project in Saint Paul's Frogtown neighborhood being developed by the Neighborhood Development Center (NDC).

Wellington would continue to serve as the property manager for Northwind Plaza. This includes collection of rents, contracting for common area maintenance, marketing and generating leads for new tenants, and working with tenants on lease and grounds questions and concerns. Wellington's management of the property has and would continue to allow the EDA time to determine additional property management needs for the entire strip center and the Small Business Center specifically.

- **What changes are being proposed with this contract amendment?**

The only change is an extension to the date of the contract, until October of 2024.

- **How is Wellington paid?**

Wellington receives a monthly management fee of 5% of revenue collected which is budgeted at \$52,000 per year for 2023, or \$4,333 per month. The actual management fee is based on monthly revenue collected through rents. After review from IAG, the Small Business Center's tenant representative, it was determined 5% for a third-party management contract like the one Wellington currently has on the property is reasonable given the services they provide on the property and to the tenants and the relatively short duration of the agreement.

- **How will the EDA consider any new leases on the property?**

New leases and lease renewals will be discussed as tenants move in and out of the Northwind Plaza or as existing lease terms end. EDA staff works with the property management company to evaluate leases and tenants to determine if leases should be renewed or if a new lease should be signed. Lease consideration will include the tenants' payment and credit history and type of use. Several of the tenants the currently call Northwind Plaza home have been located on site for several years. The EDA will continue to maintain as many tenants as possible in the space into the future. Most lease renewals and any potential new leases will be handled administratively by EDA staff.

Next Steps:

The action tonight will allow the EDA Executive Director to execute the contract amendment.

Budget/Fiscal Issues:

Wellington is paid from a portion of the rents generated on the property. This project will continue to run from its own fund, so this contract will not impact the EDA's general fund budget.

Recommendation:

The Executive Director of the Economic Development Authority recommends approval.

Attachments:

- 4.2A RESOLUTION
- 4.2B CONTRACT AMENDMENT

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK

RESOLUTION #2023 - _____

RESOLUTION APPROVING THE AMENDMENT TO THE MANAGEMENT AND LEASING
AGREEMENT FOR WELLINGTON MANAGEMENT TO CONTINUE PROVIDING SERVICES TO
BROOKLYN PARK'S NORTHWIND PLAZA

WHEREAS, in July 2021, the Economic Development Authority (the "EDA") approved the purchase agreement between Hargis Northwind LLC and the EDA to purchase property located at 7944-7996 Brooklyn Blvd N (the "Property");

WHEREAS, the purchase includes an existing commercial mall and vacant CVS for the purpose of developing a Small Business Center to provide affordable space and services to businesses and entrepreneurs in Brooklyn Park;

WHEREAS, the property has 10 existing tenants currently doing business at the Property;

WHEREAS, Wellington Management is currently under contract with the EDA to provide property management services including but not limited to: rent collection, leasing, vendor procurement, and general maintenance on site at the Property;

WHEREAS, the EDA would like to enter into a twelve (12) month extension agreement with Wellington to continue property management at the Property;

NOW, THEREFORE, BE IT RESOLVED by the Economic Development Authority of the City of Brooklyn Park as follows:

1. The EDA hereby approves the property management extension agreement for the Property with Wellington Management in substantially the form on file with the Executive Director, together with any related documents necessary in connection therewith, including without limitation all documents, consents or certifications referenced in or attached to the management agreement (collectively, the "Management Agreement Documents") and hereby authorizes the Executive Director to execute, on behalf of the EDA, the final Management Agreement Documents to which the EDA is a party and to carry out, on behalf of the EDA, the EDA's obligations thereunder when all conditions precedent thereto have been satisfied; and
2. The approval hereby given to the Management Agreement Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the EDA and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the EDA. The execution of any instrument by the appropriate officers of the EDA herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. This Resolution shall not constitute an offer and the Management Agreement Documents shall not be effective until the date of execution thereof as provided herein. In the event of absence or disability of the authorized officers, any of the documents authorized by this

Resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of legal counsel to the EDA, may act in their behalf; and

3. The EDA hereby authorizes the Executive Director to execute, on behalf of the EDA, leases or lease renewals with new or existing tenants at the Property during the term of the management agreement approved by this resolution.

SECOND EXTENSION OF MANAGEMENT AND LEASING AGREEMENT

This Second Extension of Management and Leasing Agreement (the "Agreement Extension") is made and entered into this 16th day of October, 2023, between the Brooklyn Park Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota, (the "Owner"), and Wellington Management, Inc., a Minnesota Corporation ("Manager"), and amends the Management and Leasing Agreement, dated October 8, 2021 (the "Agreement"), between the Owner and the Manager.

RECITALS

- A. Owner is the owner of the land and improvements commonly known as Northwind Plaza, located at 7944-7996 Brooklyn Boulevard in the City of Brooklyn Park, State of Minnesota, containing 64,200 square feet (the "Property").
- B. Manager represents that it is in the business of managing properties similar to the Property and possesses the skills and experience necessary for the efficient, professional management and leasing of the Property.
- C. Owner has engaged the services of Manager in connection with managing and leasing, and the Parties have entered into a Management and Leasing Agreement on October 8, 2021.
- D. The Owner and the Manager have agreed to extend the term of the Management and Leasing Agreement for one additional year and this Agreement Extension memorializes that extension.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which each party hereby acknowledges, the parties agree as follows:

Section 1. Pursuant Section 1.2 of the Agreement, the Parties, by this writing, agree to extend the Term for one year until October 16, 2024.

Section 1. The remaining terms in the Agreement remain in full force and effect.

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City of Brooklyn Park Request for EDA Action

Agenda Item:	6.1	Meeting Date:	October 16, 2023
Agenda Section:	General Action Items	Prepared By:	Sarah Abe, Development Project Coordinator
Resolution:	X		Sarah Abe, Development Project Coordinator
Attachments:	4		
Item:	RESOLUTION APPROVING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 1, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 1-29 (A HOUSING DISTRICT) THEREIN, APPROVING A TAX INCREMENT FINANCING PLAN THEREFOR AND AUTHORIZING THE EXECUTION OF CERTAIN DEVELOPMENT DOCUMENTS RELATED THERETO		

Executive Director's Proposed Action:

MOTION _____, SECOND _____, TO WAIVE THE READING AND ADOPT RESOLUTION #2023-_____ APPROVING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 1, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 1-29 (A HOUSING DISTRICT) THEREIN, APPROVING A TAX INCREMENT FINANCING PLAN THEREFOR AND AUTHORIZING THE EXECUTION OF CERTAIN DEVELOPMENT DOCUMENTS RELATED THERETO

Overview:

The action tonight is to consider a full Tax Increment Financing (TIF) Development Agreement with Real Estate Equities (REE). The total subsidy being considered is a \$2 million loan from the Economic Development Authority's (EDA) Housing Set Aside fund and \$800,000 in TIF for a total of \$2.8 million for Phase I of the project. This proposal is increased from the total \$2.45 million approved by the EDA in the term sheet earlier this year, which was \$1.45 million in TIF and a \$1 million loan each for Phase I and Phase II. The continued rise of interest rates has led to an increased gap in this project and REE is aiming to resolve this gap through several other strategies including this increased request from the EDA for Phase I.

Since late 2021 the Brooklyn Park City Council and Economic Development Authority (EDA) have supported through various actions a two-phased multifamily housing proposal from Real Estate Equities (REE), a Twin Cities based developer. Actions previously taken by the City Council and EDA include supporting two resolutions to apply for tax-exempt bonds through Minnesota Housing in June and December 2022 and two term sheet approvals in February and November 2022. REE has modified its proposal several times, including adding 9 units to each building at rents affordable to households no more than 30% of the area median income (AMI) based on direction from the EDA in 2022. Most recently REE received unanimous approval at the Planning Commission for its 350-unit proposal and its land use approvals at the City Council meeting on April 10, 2023, and the EDA approved two term sheets at its meeting on April 17, 2023.

Background:

Real Estate Equities was founded in 1972 in Saint Paul, Minnesota. Most of the properties REE owns are in the Twin Cities. It also owns properties in other areas of Minnesota, Wisconsin, Indiana, and soon to be Arizona. In the past few years, REE has developed four housing projects in the Twin Cities using this type of financing, totaling 1,048 units. Real Estate Equities has a primary focus on multifamily housing and its portfolio today includes over 4,000 units of luxury, traditional, affordable, artist lofts and senior apartments. Recent 4% Low Income Housing Tax Credit (LIHTC) developments include The Quill in Hastings, Sonder Pointe/Sonder House in Brooklyn Center, Spring House in Coon Rapids, and others in Saint Paul, West St. Paul, Eagan, and Rochester.

Primary Issues/Alternatives to Consider:

- What is the proposed development?**

Real Estate Equities is proposing a multifamily housing development with two “phases” totaling approximately 350 units consisting of 1-bedroom, 2-bedroom, and 3-bedroom apartment homes, located at 9500 Decatur Drive. This project will use income averaging and have an average affordability to families making 60% of the area median income.

The preliminary site plan for this project proposes two nearly identical 4-story buildings with an approximate unit mix of 80 1-bedroom, 180 2-bedrooms, and 90 3-bedrooms and 659 parking spaces, or approximately 1.9 spaces per unit. The proposed unit and affordability mix for the total project is included in the table below (Table 1).

Table 1: Proposed unit mix – Phase I

Bedrooms	70% AMI units	70% AMI rent	60% AMI units	60% AMI rent	30% AMI units	30% AMI rent	Total units
1	-	-	30	\$1,398	-	-	30
2	15	\$1,956	80	\$1,677	5	\$838	100
3	12	\$2,261	29	\$1,938	4	\$969	45
Total	27		139		9		175

**This table uses 2023 income and rent limits for the Twin Cities from the U.S. Department of Housing and Urban Development (HUD)*

Each building will include interior and exterior common area amenities, management offices, and structured and surface parking. The development will also include amenities such as clubrooms, playgrounds, dog parks, and fitness centers. All units will be equipped with granite countertops, high quality cabinetry, laundry equipment, and luxury vinyl plank flooring. The two phases are intended to be operated jointly but could also be run independently.

- How will this project contribute to tax base?**

This project will develop a currently vacant piece of privately owned land located in the north part of the city. The estimated market value will be based on income generation of the project. According to the City assessor and financial consultant, Ehlers, the Estimated Market Value (EMV) for Phase I of this project is anticipated to be \$36,750,000, or approximately \$210,000 per unit. Sonder House, another workforce housing development in neighboring Brooklyn Center developed by REE, has an EMV of \$200,000 per unit (\$25M for 127 units).

With the proposed TIF financing for this project, 95 percent of annually available tax increment will go toward supporting the project cost for no more than 15 years. This project will be eligible for 4d(1) tax classification (commonly referred to as the affordable housing tax classification), which will reduce the amount of taxes owed as long as the project maintains affordability. After the note is fully paid, the City Council could de-certify the district, or keep it open through 26 years and collect increment to fund future affordable housing.

- How would this development be financed?**

REE is beginning the steps needed to secure funding for this project. REE is proposing to finance the development with TIF, a repayable loan from the EDA’s Housing Set Aside Fund, an allocation of tax-exempt bonds from MMB, an allocation of 4% federal Low Income Housing Tax Credits from Minnesota Housing, and funding from Hennepin County, as shown in Table 2. In June of this year, the developer received its tax-exempt bond allocation from MMB for Phase I.

Rising interest rates have put financial pressure on this project and increased the size of the gap. To address this, the developer has taken the following steps:

- Applied to the Livable Communities Demonstration Account (LCDA) Development Grant program through the Metropolitan Council for \$1 million (awards anticipated in December 2023)
- Increased the deferred portion of its developer fee from 60% to 90%
- Concentrated the 30% AMI units on 2 and 3-bedroom apartment sizes
- Working with a non-profit to secure a surplus cashflow note in the amount of \$1.5 million

The financing proposal for this development includes \$800,000 in TIF and a \$2 million loan for Phase I. The requested assistance is approximately 5% of the total development cost and \$16,000 per unit. This is comparable to Duffy's Tessman Ridge project (\$18,095 per affordable unit) and lower than the George Group North's Village Creek Apartments project (\$25,786 per affordable unit).

Table 2: Proposed sources and uses (total project)

Sources		Uses	
Tax-Exempt First Mortgage	29,600,000	Acquisition Costs	1,437,000
TIF Note	800,000	Construction Costs	39,259,099
Brooklyn Park Housing Set Aside	2,000,000	Professional Services	1,561,082
Tax Credits	15,732,000	Financing Costs	7,591,377
Deferred Developer Fee (89% of Total Fee)	4,547,972	Developer Fee	5,101,999
Other Public Sources	1,000,000	Cash Accounts/Escrows/Reserves	1,171,447
Surplus Cashflow Note	1,500,000		
Private Sources	942,032		
TOTAL SOURCES	56,122,004	TOTAL USES	56,122,004

- **What are the reasons to consider EDA financing for this project?**

This future use for this site is envisioned as mixed use and is an area of the city where there are fewer rental multifamily properties. This development would hold rents below market rate for a minimum of 30 years in an area of the city where workforce housing does not currently exist and supports the integration of attainable units across Brooklyn Park.

According to the Metropolitan Council's affordable housing assessment, only 35% of the housing units in Brooklyn Park are affordable and attainable to households making less than 60% of the area median income. This development could bring new, well-constructed development to northern Brooklyn Park, which is needed and in-demand both in Brooklyn Park and in the larger Hennepin County area.

- **What are the next steps?**

If the EDA approves the TIF agreement for this project, REE would continue to work toward a closing on the land and financing on or before December 31, 2023. There are many additional steps for the highly competitive state tax credits that are needed for this project to move forward, including additional applications for other competitive funding sources such as additional grants. The following are next steps applicable to the proposed development:

- October 16 (tonight): Request to approve TIF agreement for Phase I, approve TIF Plan, and establish TIF district (, EDA)
- October 23: Hold Public Hearing on the establishment of a TIF district (Public Hearing, City Council)
- ~Nov 13: Request for approval for State bond issuance (Public Hearing, City Council)
- Late 2023/early 2024: Construction begins for Phase I
- TBD: Future meetings and TIF agreement will be needed for Phase II

- **What is the status of Phase II of the project?**

Given the challenges of financing Phase I of the project, it is anticipated Phase II will encounter similar financial challenges. Phase II is another 175 units and the developer anticipates re-applying for its tax-exempt bonds in December 2023. If awarded, it would go through a similar approval process as outlined above in order to begin construction in spring 2024. Phase II will also include a request for EDA funds which will be likely be considered

as a new term sheet later this year. The proposed action tonight does not commit any new funds to Phase II of the project, but previous actions by the EDA indicate a commitment of funds for Phase II.

- **How does this project fulfill BP 2025 goals?**

This development is consistent with several of the Brooklyn Park stated community goals including access to healthy and safe housing, contributing to a thriving economy, and quality housing for all incomes integrated throughout the community.

Budgetary/Fiscal Issues:

The up to \$800,000 in TIF assistance for Phase I is proposed to be financed from PAYGO TIF, which is an annual cash payment generated from the development's own annual tax payments as they are paid. This proposal would create a new TIF district and increased tax revenue from this project would be paid to the developer for up to 15 years.

The \$2 million loan from the Housing Set Aside Fund would be an up-front payment repayable upon the sooner of sale, re-syndication, or 25 years. The EDA has used this fund for the past several years to provide large loans to workforce housing projects. After the REE project, very limited funds will remain in this account.

Additionally, per TIF laws the city could capture remaining TIF proceeds for up to 26 years and use the excess funds (estimated amount ranges from \$2.2-3.6 million) for future affordable housing projects.

Recommendation:

The Executive Director of the EDA recommends approval.

Attachments:

- 6.1A TIF PLAN
- 6.1B DEVELOPMENT ASSISTANCE AGREEMENT
- 6.1C RESOLUTION
- 6.1D LOCATION MAP

Adoption Date: October 23, 2023

Brooklyn Park Economic Development Authority

**City of Brooklyn Park, Hennepin County,
Minnesota**

MODIFICATION TO THE DEVELOPMENT PROGRAM

Development District No. 1

&

Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing District No. 1-29
(a housing district)



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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Modification to the Development Program for Development District No. 1

FOREWORD

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 1-29.

For further information, a review of the Development Program for Development District No. 1, is recommended. It is available from the Economic Development and Housing Director at the City of Brooklyn Park. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Development District No. 1.

Tax Increment Financing Plan for Tax Increment Financing District No. 1-29

FOREWORD

The Brooklyn Park Economic Development Authority (the "EDA"), the City of Brooklyn Park (the "City"), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 1-29 (the "District"), a housing tax increment financing district, located in Development District No. 1.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the EDA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.090 - 469.1082*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 1.

STATEMENT OF OBJECTIVES

The District currently consists of one parcel of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the construction of two (2) low-income housing tax credit residential apartment buildings totaling 350 units in the City to be constructed in two phases (the "Development"). The EDA has not entered into an agreement at the time of preparation of this TIF Plan, but the EDA intends to enter into one or more agreements related to the Development with Real Estate Equities or affiliated entities. Phase one of the Development is anticipated to begin in early 2024 and be completed in late 2025. Phase two of the Development is anticipated to begin in mid-2024 and be completed in early 2026. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 1.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 1 and the District.

DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, the EDA or the City are authorized to undertake the following activities in the District:

1. Property to be Acquired - Selected property located within the District may be acquired by the EDA or City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, will be available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the EDA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The EDA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
07-119-21-32-0006	9500 Decatur Dr. N.	Re-Load Inv. LLC

The aforementioned parcel is anticipated to be subdivided after the duly scheduled public hearing. Please also see the map in Appendix A for further information on the location of the District.

The EDA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the EDA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan.

The EDA or City may acquire property by gift, dedication, or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. The EDA and the City will not exercise eminent domain powers in the District with respect to the property of the Development.

Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

The EDA or City does not own the parcel of the property to be included in the District.

DISTRICT CLASSIFICATION

The EDA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, find that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761*.

- The District consists of one parcel
- The Development will consist of approximately 350 units of multi-family affordable rental housing
- 40% of the units will be occupied by person with incomes that do not exceed 60% of area median income
- No more that 20% of the square footage of the building that is receiving assistance from tax increment consists of commercial, retail or other non-residential uses.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the EDA or City (a total of 26 years of tax increment). The EDA or City elects to receive the first tax increment in 2026, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2051, or when the TIF Plan is satisfied. The EDA or City reserves the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Pursuant to *M.S., Section 469.174, Subd. 7* and *M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2023 for taxes payable 2024.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2026) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the District;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the EDA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2024, assuming the request for certification is made before June 30, 2024. The rates for 2024 were not available at the time the District was established, thus 2023 rates were used. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4* and *M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The EDA and City request 100% of the available increase in tax capacity be used for repayment of the obligations of the EDA or City and current expenditures, beginning in the tax year payable 2026.

The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Project estimated Tax Capacity upon completion	362,647	
Original estimated Net Tax Capacity	3,737	
Estimated Captured Tax Capacity	358,909	
Original Local Tax Rate	104.4050%	Pay 2023
Estimated Annual Tax Increment	\$374,719	
Percent Retained by the City	100%	

Note: Tax capacity includes a 3% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$59,719.

Pursuant to *M.S., Section 469.177, Subd. 4*, the EDA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District to determine if any building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City. No building permits were issued.

SOURCES OF REVENUE/BONDS TO BE ISSUED

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	\$ 6,689,927
Interest	668,993
TOTAL	\$ 7,358,920

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA and City reserve the right to issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans.

Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan. This provision does not obligate the EDA or City to incur debt. The EDA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The EDA or City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$7,358,920. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate the construction of two (2) low income housing tax credit residential apartment buildings totaling 350 units in the City. The EDA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

The EDA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	\$ 1,500,000
Site Improvements/Preparation	500,000
Affordable Housing	2,500,000
Utilities	50,000
Other Qualifying Improvements	565,755
Administrative Costs (up to 10%)	668,993
PROJECT COSTS TOTAL	\$ 5,784,748
Interest	1,574,172
PROJECT AND INTEREST COSTS TOTAL	\$ 7,358,920

The total project cost, including financing costs (interest noted above in the amount of \$1,574,172) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to the TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The EDA may expend funds for qualified housing activities outside of the District boundaries.

FISCAL DISPARITIES ELECTION

Pursuant to *M.S., Section 469.177, Subd. 3*, the EDA or City may elect one of two methods to calculate fiscal disparities.

The EDA will choose to calculate fiscal disparities by clause b (inside).

ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the EDA or City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2022/Pay 2023 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Hennepin County	2,478,633,845	358,909	0.0145%
City of Brooklyn Park	110,553,228	358,909	0.3246%
ISD 279 (Osseo Area Schools)	259,808,191	358,909	0.1381%

Impact on Tax Rates				
Entity	Pay 2023 Extension Rate	Percent of Total	CTC	Potential Taxes
Hennepin County	34.5420%	33.08%	358,909	\$ 123,974
City of Brooklyn Park	43.1480%	41.33%	358,909	154,862
ISD 279 (Osseo Area Schools)	19.6400%	18.81%	358,909	70,490
Other	7.0750%	6.78%	358,909	25,393
	104.4050%	100.00%		\$ 374,719

The estimates listed above display the captured tax capacity when all construction of the Development is completed. The tax rate used for calculations is the Pay 2023 rate. The total net capacity for the entities listed above are based on Pay 2023 figures. The District will be certified under the Pay 2024 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S., Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$6,689,927;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. The police department anticipates a 10% increase in related calls for incidents. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed Development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Currently, the fire department anticipates an increased call volume of 10 – 45 calls. Typically new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed Development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The Development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development.

Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$1,258,466;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$2,213,337;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

SUPPORTING DOCUMENTATION

Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7* this TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S., Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the Developer to such effects, (2) review of the Developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the District and Appendix C.
- (ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

DISTRICT ADMINISTRATION

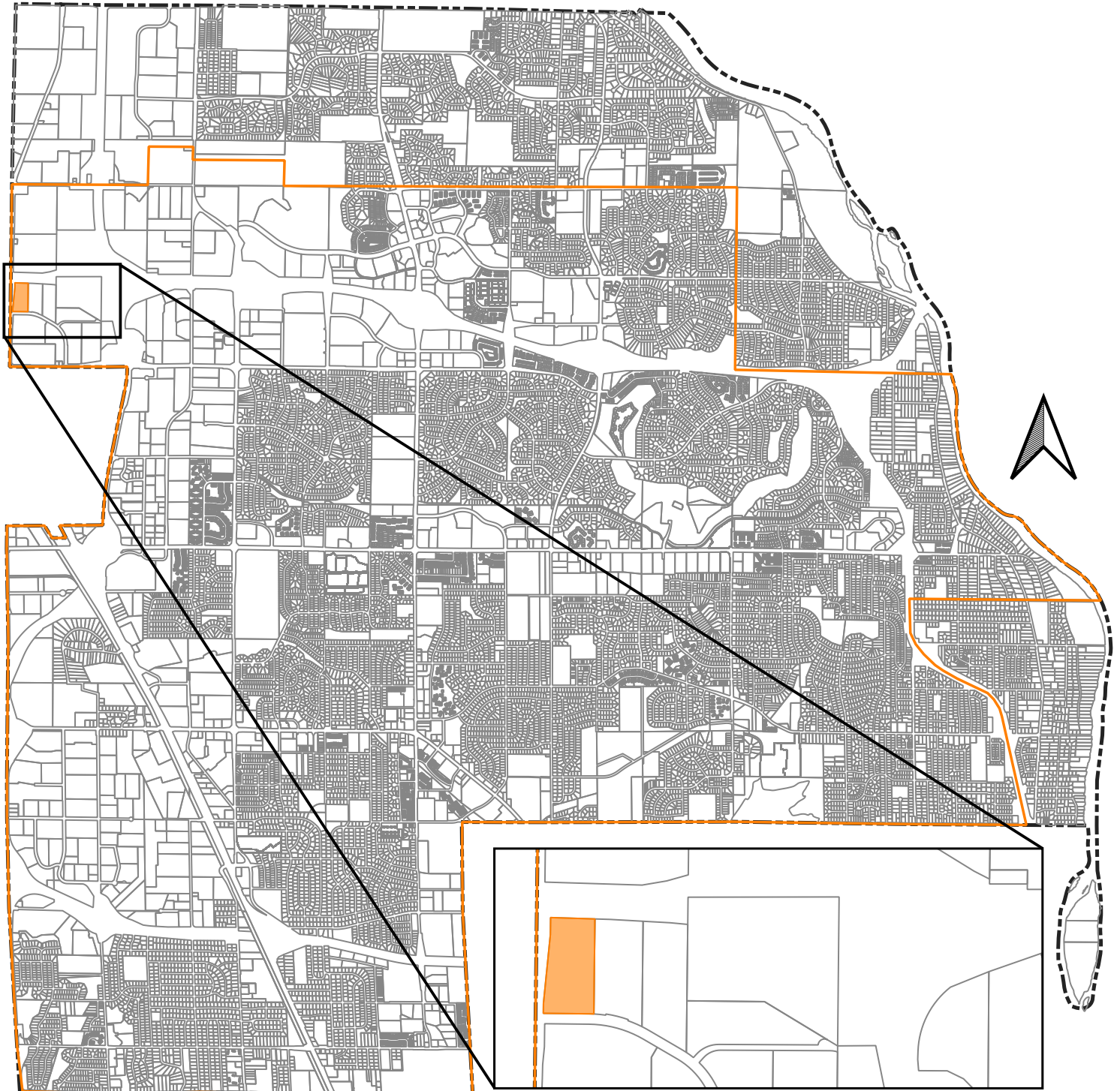
Administration of the District will be handled by the Economic Development and Housing Director.

Appendix A: Map of Development District No. 1 and the TIF District

Tax Increment Financing District No. 1-29

Development District No. 1

City of Brooklyn Park
Hennepin County, Minnesota



Legend

-  TIF District No. 1-29
-  Development District No. 1
-  Parcels
-  Municipal Boundary

Appendix B: Estimated Cash Flow for the District

Tax Increment Financing District No. 1-29 - 3.00% Inflation

City of Brooklyn Park, MN

350 LIHTC Apartment Units



ASSUMPTIONS AND RATES

DistrictType:	Housing
District Name/Number:	
County District #:	
First Year Construction or Inflation on Value	2024
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	3.00%
Interest Rate:	2.00%
Present Value Date:	1-Aug-25
First Period Ending	1-Feb-26
Tax Year District was Certified:	Pay 2024
Cashflow Assumes First Tax Increment For Development:	2026
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2051
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)
Incremental or Total Fiscal Disparities	Incremental
Fiscal Disparities Contribution Ratio	30.6386% Pay 2023
Fiscal Disparities Metro-Wide Tax Rate	133.6670% Pay 2023
Maximum/Frozen Local Tax Rate:	104.405% Pay 2023
Current Local Tax Rate: (Use lesser of Current or Max.)	104.405% Pay 2023
State-wide Tax Rate (Comm./Ind. only used for total taxes)	33.0030% Pay 2023
Market Value Tax Rate (Used for total taxes)	0.26768% Pay 2023

Tax Rates		
Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First \$150,000		1.50%
Over \$150,000		2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First \$100,000		0.25%
Over \$100,000		0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First \$500,000		1.00%
Over \$500,000		1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	07-119-21-32-0006	Re-Load Inv. LLC	9500 Decatur Dr. N.	1,494,900	0	1,494,900	50%	747,450	Pay 2024	Ag Non-Homestead	7,475	Aff. Rental	1,869	1
				1,494,900	0	1,494,900	50%	747,450	Pay 2024	Ag Non-Homestead	7,475	Aff. Rental	1,869	2
				2,989,800	0	2,989,800		1,494,900			14,949		3,737	

Note:

1. Base values are for pay 2024 based upon review of County website on 7-13-23.
2. Located in SD #279 and WS #9

Tax Increment Financing District No. 1-29 - 3.00% Inflation

City of Brooklyn Park, MN
350 LIHTC Apartment Units



PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2024	Percentage Completed 2025	Percentage Completed 2026	Percentage Completed 2027	First Year Full Taxes Payable
1	South Apartment	210,000	210,000	175	36,750,000	Aff. Rental	91,875	525	40%	85%	100%	100%	2028
2	North Apartment	210,000	210,000	175	36,750,000	Aff. Rental	91,875	525	25%	70%	100%	100%	2028
TOTAL					73,500,000		183,750						
Subtotal Residential				350	73,500,000		183,750						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon estimates received from the City Assessor on 7-27-23.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
South Apartment	91,875	0	91,875	95,922	0	0	24,593	120,515	688.66
North Apartment	91,875	0	91,875	95,922	0	0	24,593	120,515	688.66
TOTAL	183,750	0	183,750	191,844	0	0	49,186	241,030	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	241,030
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(49,186)
less Base Value Taxes	(3,902)
Annual Gross TIF	187,942



Tax Increment Financing District No. 1-29 - 3.00% Inflation

City of Brooklyn Park, MN

350 LIHTC Apartment Units

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	59,719	(3,737)	-	55,982	104.405%	58,447	29,224	(105)	(2,912)	26,207	25,690	0.5	2026	02/01/26
100%	142,406	(3,737)	-	138,669	104.405%	144,777	29,224	(105)	(2,912)	26,207	51,126	1	2026	02/01/27
100%	183,750	(3,737)	-	180,013	104.405%	187,942	72,389	(261)	(7,213)	64,915	113,509	1.5	2027	08/01/27
100%	189,263	(3,737)	-	185,525	104.405%	193,698	72,389	(261)	(7,213)	64,915	175,273	2	2027	02/01/28
100%	194,940	(3,737)	-	191,203	104.405%	199,626	93,971	(338)	(9,363)	84,270	254,659	2.5	2028	08/01/28
100%	200,789	(3,737)	-	197,051	104.405%	205,731	93,971	(338)	(9,363)	84,270	333,259	3	2028	02/01/29
100%	206,812	(3,737)	-	203,075	104.405%	212,020	96,849	(349)	(9,650)	86,850	413,463	3.5	2029	08/01/29
100%	213,017	(3,737)	-	209,279	104.405%	218,498	96,849	(349)	(9,650)	86,850	492,874	4	2029	02/01/30
100%	219,407	(3,737)	-	215,670	104.405%	225,170	99,813	(359)	(9,945)	89,508	573,904	4.5	2030	08/01/30
100%	225,989	(3,737)	-	222,252	104.405%	232,042	99,813	(359)	(9,945)	89,508	654,133	5	2030	02/01/31
100%	232,769	(3,737)	-	229,032	104.405%	239,121	102,866	(370)	(10,250)	92,246	735,996	5.5	2031	08/01/31
100%	239,752	(3,737)	-	236,015	104.405%	246,411	102,866	(370)	(10,250)	92,246	817,049	6	2031	02/01/32
100%	246,945	(3,737)	-	243,207	104.405%	253,921	106,010	(382)	(10,563)	95,066	899,753	6.5	2032	08/01/32
100%	254,353	(3,737)	-	250,616	104.405%	261,655	106,010	(382)	(10,563)	95,066	981,638	7	2032	02/01/33
100%	261,984	(3,737)	-	258,246	104.405%	269,622	109,249	(393)	(10,886)	97,970	1,065,189	7.5	2033	08/01/33
100%	269,843	(3,737)	-	266,106	104.405%	277,828	109,249	(393)	(10,886)	97,970	1,147,913	8	2033	02/01/34
100%	277,938	(3,737)	-	274,201	104.405%	286,280	112,585	(405)	(11,218)	100,962	1,232,318	8.5	2034	08/01/34
100%	286,277	(3,737)	-	282,539	104.405%	294,985	112,585	(405)	(11,218)	100,962	1,315,888	9	2034	02/01/35
100%	294,865	(3,737)	-	291,128	104.405%	303,952	116,021	(418)	(11,560)	104,043	1,401,156	9.5	2035	08/01/35
100%	303,711	(3,737)	-	299,974	104.405%	313,187	116,021	(418)	(11,560)	104,043	1,485,580	10	2035	02/01/36
100%	312,822	(3,737)	-	309,085	104.405%	322,700	119,560	(430)	(11,913)	107,217	1,571,718	10.5	2036	08/01/36
100%	322,207	(3,737)	-	318,469	104.405%	332,498	119,560	(430)	(11,913)	107,217	1,657,003	11	2036	02/01/37
100%	331,873	(3,737)	-	328,136	104.405%	342,590	123,206	(444)	(12,276)	110,486	1,744,018	11.5	2037	08/01/37
100%	341,829	(3,737)	-	338,092	104.405%	352,985	123,206	(444)	(12,276)	110,486	1,830,171	12	2037	02/01/38
100%	352,084	(3,737)	-	348,347	104.405%	363,691	126,960	(457)	(12,650)	113,853	1,918,071	12.5	2038	08/01/38
100%	362,647	(3,737)	-	358,909	104.405%	374,719	126,960	(457)	(12,650)	113,853	2,005,101	13	2038	02/01/39
							130,828	(471)	(13,036)	117,321	2,093,893	13.5	2039	08/01/39
							130,828	(471)	(13,036)	117,321	2,181,807	14	2039	02/01/40
							134,811	(485)	(13,433)	120,893	2,271,500	14.5	2040	08/01/40
							134,811	(485)	(13,433)	120,893	2,360,306	15	2040	02/01/41
							138,914	(500)	(13,841)	124,572	2,450,908	15.5	2041	08/01/41
							138,914	(500)	(13,841)	124,572	2,540,613	16	2041	02/01/42
							143,140	(515)	(14,262)	128,362	2,632,131	16.5	2042	08/01/42
							143,140	(515)	(14,262)	128,362	2,722,744	17	2042	02/01/43
							147,493	(531)	(14,696)	132,265	2,815,188	17.5	2043	08/01/43
							147,493	(531)	(14,696)	132,265	2,906,716	18	2043	02/01/44
							151,976	(547)	(15,143)	136,286	3,000,093	18.5	2044	08/01/44
							151,976	(547)	(15,143)	136,286	3,092,545	19	2044	02/01/45
							156,594	(564)	(15,603)	140,427	3,186,863	19.5	2045	08/01/45
							156,594	(564)	(15,603)	140,427	3,280,247	20	2045	02/01/46
							161,350	(581)	(16,077)	144,692	3,375,515	20.5	2046	08/01/46
							161,350	(581)	(16,077)	144,692	3,469,840	21	2046	02/01/47
							166,249	(598)	(16,565)	149,085	3,566,067	21.5	2047	08/01/47
							166,249	(598)	(16,565)	149,085	3,661,341	22	2047	02/01/48
							171,295	(617)	(17,068)	153,611	3,758,534	22.5	2048	08/01/48
							171,295	(617)	(17,068)	153,611	3,854,766	23	2048	02/01/49
							176,492	(635)	(17,586)	158,271	3,952,935	23.5	2049	08/01/49
							176,492	(635)	(17,586)	158,271	4,050,133	24	2049	02/01/50
							181,846	(655)	(18,119)	163,072	4,149,287	24.5	2050	08/01/50
							181,846	(655)	(18,119)	163,072	4,247,459	25	2050	02/01/51
							187,360	(674)	(18,669)	168,017	4,347,607	25.5	2051	08/01/51
							187,360	(674)	(18,669)	168,017	4,446,763	26	2051	02/01/52
Total							6,714,098	(24,171)	(668,993)	6,020,935				
Present Value From 08/01/2025							4,958,699	(17,851)	(494,085)	4,446,763				

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 1-29, as required pursuant to *Minnesota Statutes, (M.S.) Section 469.175, Subdivision 3* are as follows:

1. *Finding that Tax Increment Financing District No. 1-29 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

Tax Increment Financing District No. 1-29 consists of one parcel. The development will consist of two (2) low-income housing tax credit residential apartment buildings totaling 350 units in the City, all or a portion of which will receive tax increment assistance and will meet income restrictions described in *M.S. Section 469.1761*. At least 40% of the units receiving assistance will be occupied by individuals and families whose incomes are at or below 60% of area median income.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in the TIF Plan is a housing district that meets the City's objectives for development and redevelopment. The cost of land acquisition, site and public improvements and utilities makes this housing development infeasible without City assistance. Due to decreased rental income from affordable units, there is insufficient cash flow to provide a sufficient rate of return, pay operating expenses, and service the debt. This leaves a gap in the funding for the project and makes this housing development feasible only through assistance, in part, from tax increment financing. The Developer was asked for and provided a letter and a proforma as justification that the Developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan: This finding is justified on the grounds that

the cost of land acquisition, site and public improvements, utilities and construction of affordable housing add to the total development cost. Historically, the costs of site and public improvements as well as reduced rents required for affordable workforce housing in the City have made development infeasible without tax increment assistance. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 1-29 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 1-29 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 1 by private enterprise.*

Through the implementation of the TIF Plan, the City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City. The TIF Plan also helps the EDA or the City meet their goal of providing more affordable housing options in the City.

DEVELOPMENT ASSISTANCE AGREEMENT

BETWEEN

BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY

AND

BROOKLYN PARK AHI, LLLP

This document drafted by:
KENNEDY & GRAVEN, CHARTERED (JSB)
700 Fifth Street Towers
150 South Fifth Street
Minneapolis, Minnesota 55402
(P) 612-337-9300
(F) 612-337-9310

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DEVELOPMENT ASSISTANCE AGREEMENT

THIS DEVELOPMENT ASSISTANCE AGREEMENT (the “Agreement”) is made as of the ____ day of _____, 2023, by and between the BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY (the “EDA”), a public body corporate and politic under the laws of the State of Minnesota, and BROOKLYN PARK AH I, LLLP, a Minnesota limited liability limited partnership (the “Developer”).

WITNESSETH:

WHEREAS, the EDA was created pursuant to Minnesota Statutes, Sections 469.090 to 469.1081, as amended (the “EDA Act”), and was authorized to transact business and exercise its powers by a resolution (the “Enabling Resolution”) of the City Council of the City of Brooklyn Park, Minnesota (the “City”); and

WHEREAS, under the EDA Act and the Enabling Resolution, the EDA has all the powers of a housing and redevelopment authority under Minnesota Statutes, Sections 469.001 to 469.047, as amended (the “HRA Act”); and

WHEREAS, pursuant to Minnesota Statutes, Sections 469.124 to 469.133 (the “Municipal Development Act”), the EDA and the City of Brooklyn Park, Minnesota (the “City”) have undertaken a program to promote economic development, promote the development and redevelopment of land which is underutilized within the City, and in this connection created a development district known as Development District No. 1 (the “Development District”) in the City, which is administered by the EDA; and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended, (the “TIF Act”), the City and the EDA have established, within the Development District, Tax Increment Financing District No. 1-29 (a housing district), qualified as a housing tax increment financing district (the “TIF District”), the legal description of which is attached hereto as **Exhibit A**, and has adopted a tax increment financing plan therefor (the “TIF Plan”), approved by the City Council of the City on October 23, 2023 and approved by the Board of Commissioners of the EDA (the “Board”) on October 16, 2023, which provides for the use of tax increment financing in connection with certain development within the Development District and TIF District; and

WHEREAS, the City and the EDA have established, within the Development District, Tax Increment Financing District No. 15 (“TIF District 15”), pursuant to the TIF Act and Minnesota Laws of 1994, Chapter 587, Article 9, Section 20 (the “1994 Special Law”), as amended by Minnesota Laws of 2005, Chapter 152, Article 3, Section 29 (the “2005 Special Law”), and as further amended by Minnesota Laws of 2006, Chapter 259, Article 10, Section 16 (the “2006 Special Law” and, together with the 2005 Special Law and the 1994 Special Law, the “TIF 15 Special Laws”); and

WHEREAS, the TIF 15 Special Laws authorize and require the EDA to spend up to 15% of the tax increment from TIF District 15 for the rehabilitation, acquisition, demolition, and

financing of new or existing single family or multifamily housing located anywhere in the City, if the occupants meet certain income qualifications (the “TIF 15 Housing Set Aside”); and

WHEREAS, the City and the EDA have established, within the Development District, Tax Increment Financing District No. 17 (“TIF District 17”) pursuant to the TIF Act and Minnesota Laws of 1996, Chapter 471, Article 7, Sections 28 through 31 (the “TIF 17 Special Law” and, together with the TIF 15 Special Laws, the “Special Laws”); and

WHEREAS, the TIF 17 Special Law authorizes and requires the EDA to deposit all of the tax increment from TIF District 17 in excess of the amount needed to pay the costs of relocation of tenants residing in a distressed rental property (as defined in the TIF 17 Special Law) into the TIF 15 Housing Set Aside account (the “TIF 17 Housing Set Aside TIF” and, together with the TIF 15 Housing Set Aside, the “Housing Set Aside TIF”); and

WHEREAS, the Developer has proposed the acquisition, construction and equipping of an approximately 175-unit multifamily rental housing facility with related amenities and improvements including a fitness center, community room, tot lot, dog run and an outdoor grilling/patio area (collectively, the “Project”) on certain property described in **Exhibit B** hereto, which property is located within the TIF District (the “Development Property”); and

WHEREAS, the Developer has requested that the EDA use tax increment financing to assist the Developer with certain costs thereof in order to fill the gap between the Total Development Costs (as hereinafter defined) and the funds available to pay such costs; and

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

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Administrative Costs has the meaning set forth in Section 3.5;

Affiliate means a corporation, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or a state thereof which is directly controlled by or under common control with the Developer or any other Affiliate. For purposes of this definition, control means the power to direct management and policies through the ownership of at least a majority of its voting securities, or the right to designate or elect at least a majority of the members of its governing body by contract or otherwise;

Agreement means this Development Assistance Agreement, as the same may be from time to time modified, amended or supplemented;

Architect means Kaas Wilson Architects, LLC;

Assessment Agreement means the minimum assessment agreement, between the Developer and the EDA, in substantially the form of the agreement attached as **Exhibit G** hereto and made a part of this Agreement;

Board means the Board of Commissioners of the EDA;

Bridge Loan means the equity bridge loan from Huntington Bank to the Developer in the principal amount of approximately of \$11,037,662;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

Certificate of Completion means a Certificate of Completion with respect to the Project executed by the EDA pursuant to Section 3.10, in substantially the form set forth in **Exhibit F** attached hereto;

City means the City of Brooklyn Park, Minnesota;

Code means the Internal Revenue Code of 1986, as amended;

Completion Date means the date on which the Certificate of Completion with respect to the Project is executed by the EDA pursuant to Section 3.10;

Construction Documents means the following documents, all of which shall be in form and substance acceptable to the EDA: (a) evidence satisfactory to the EDA showing that the Project conforms to applicable zoning, subdivision and building code laws and ordinances, including a copy of the building permit for the Project; (b) a copy of the executed standard form of agreement

between owner and architect for architectural services for the Project, if any; and (c) a copy of the executed General Contractor's contract for the Project, if any;

Construction Plans means the plans, specifications, drawings and related documents for the construction of the Project which shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the building inspector of the EDA;

Construction Loan means any loan or loans to be made to provide financing for the construction of the Project;

County means Hennepin County, Minnesota;

Declaration means the Declaration of Restrictive Covenants in substantially the form set forth in **Exhibit H** attached hereto;

Design Drawings means the floor plans, renderings, elevations and material specifications for the Project prepared by the Architect;

Developer means Brooklyn Park AH I, LLLP, a Minnesota limited liability limited partnership, and its authorized successors and assigns;

Development Contract means the Contract for Development of Properties Requiring a Plat, Conditional Use Permit, and Site Plan, between the City and the Developer in connection with the construction of the Project, platting and related public infrastructure;

Development Property means the real property legally described in **Exhibit B** attached hereto;

EDA means the Brooklyn Park Economic Development Authority;

Event of Default means any of the events (and the passing of any applicable cure periods) described in Section 4.1 hereof;

Final Payment Date means the earliest of (i) the date on which the entire principal and accrued interest on the TIF Note has been paid in full; or (ii) February 1, 2041; or (iii) any earlier date this Agreement or the TIF Note is terminated or cancelled in accordance with the terms hereof or deemed paid in full; or (iv) the February 1 following the date the TIF District is terminated in accordance with the TIF Act; or (v) the date the EDA cancels the TIF Note upon a written request for termination from the Developer and a determination in the EDA's sole discretion that such termination will not limit or interfere with the EDA's ability to pool Tax Increments generated by the TIF District for affordable housing in accordance with the TIF Act (provided that there shall be no payment of any Tax Increments on such date unless it is a regular Payment Date);

General Contractor means Big-D Construction Midwest;

LCDA Loan means that certain loan from the EDA in the amount of proceeds of a Livable Communities Demonstration Account grant from the Metropolitan Council which the Developer has applied for in the amount of \$1,000,000;

LCDA Loan Documents mean those certain documents to be executed by the Developer and the EDA related to the LCDA Loan;

Payment Date means August 1, 2026 and each February 1 and August 1 thereafter to and including the Final Payment Date; provided, that if any such Payment Date should not be a Business Day, the Payment Date shall be the next succeeding Business Day;

Permitted Encumbrances means those encumbrances set forth in **Exhibit J** attached hereto;

Pledged Tax Increments means for any six-month period, 95% of the Tax Increments received by the EDA since the previous Payment Date;

Pooled TIF means the Housing Set Aside TIF, as defined in the recitals, which has been received by the EDA and which the EDA is authorized to retain in accordance with the provisions of Section 469.177 of the TIF Act and the Special Laws from TIF District 15 and TIF District 17 (as those terms are defined in the recitals), and not otherwise pledged to other obligations of the EDA;

Pooled TIF Loan means the loan from the EDA to the Developer from Pooled TIF funds issued pursuant to Section 3.3 hereof in an amount of up to \$[2,000,000];

Pooled TIF Promissory Note means the Pooled TIF Promissory Note to be executed by the Developer in connection with the Pooled TIF Loan in substantially the form set forth in Exhibit K;

Project means the acquisition, construction and equipping of an approximately 175-unit multifamily rental housing facility with related amenities and improvements including a fitness center, community room, tot lot, dog run and an outdoor grilling/patio area on the Development Property;

Public Development Costs means the public redevelopment costs of the Project identified on **Exhibit C** attached hereto and any other cost incurred by the Developer, or its assigns, that the EDA determines is eligible for reimbursement with Pledged Tax Increments or Pooled TIF;

Reimbursement Amount means the lesser of (i) \$[2,800,000] (comprised of up to \$[2,000,000] from Pooled TIF and up to \$[800,000] from the TIF Note) or (ii) the Public Development Costs actually incurred and paid by the Developer, or (iii) the amount determined pursuant to Section 3.2(9);

Revenue Bonds means the tax-exempt Multifamily Housing Revenue Bonds (Decatur Landing Apartments Project), Series 2023A, issued by the City for the Project;

Site Plan means the site plan prepared for the Development Property approved by the City;

State means the State of Minnesota;

Stormwater Declaration means that certain Declaration for Maintenance of Stormwater Facilities, by the Developer related to the Development Property;

Subcontractor Addendum means the Subcontractor Addendum, in substantially the form set forth in **Exhibit I** attached hereto;

Sworn Construction Cost Statement has the meaning set forth in Section 3.8(1) hereof;

Tax Credit Investor means, collectively, [Stratford Brooklyn Park Investors Limited Partnership, a Massachusetts limited partnership] and [Stratford SLP, Inc., a Delaware corporation];

Tax Increments means the tax increments derived from the Development Property and the improvements thereon which have been received and are permitted to be retained by the EDA in accordance with the TIF Act including, without limitation, Section 469.177; Section 469.176, subdivision 4h; and Section 469.175, subdivision 1a, as the same may be amended from time to time; for purposes of this definition, “derived from the Development Property and the improvements thereon” means the portion of Tax Increments actually received by the City from the TIF District determined by the City, in its sole determination, to have been derived from the Development Property;

Termination Date means, except as otherwise defined in and with respect to the Declaration and unless this Agreement is terminated earlier in accordance with its terms, the later of the Final Payment Date or the date the principal of and any other amount due with respect to the Pooled TIF Promissory Note is paid in full;

TIF Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

TIF District means the Tax Increment Financing District No. 1-29 (a housing district), within the Development District in the City, consisting of the property legally described in **Exhibit A** attached hereto, which was established as a housing district under the TIF Act;

TIF Note means the Taxable Tax Increment Revenue Note (Decatur Landing Apartments Project) to be executed by the EDA and delivered to the Developer pursuant to Article III hereof, a form of which is set forth in **Exhibit E** attached hereto;

TIF Plan means the tax increment financing plan approved for the TIF District;

Total Development Costs means the costs of the Project to be incurred by the Developer as set forth in **Exhibit D** attached hereto; and

Trustee means U.S. Bank Trust Company, a national banking association, its successor and assigns;

Trustee Collateral Assignment means the Assignment of Tax Increment Financing Documents by and between the Developer and the Trustee as consented to by the EDA;

Unavoidable Delays means delays, outside the control of the party claiming their occurrence, which are the direct result of pandemics, epidemics (or other health related disruptions), strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, acts of war or terrorism, civil strife, including protests, fire or other casualty to the Project,

litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City or the EDA in properly exercising its rights under this Agreement) which directly result in delays, acts of the public enemy or acts of terrorism and discovery of unknown hazardous materials or other concealed site conditions or delays of contractors due to such discovery.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the EDA. The EDA makes the following representations and warranties:

(1) The EDA is a public body corporate and politic organized and existing under the Constitution and laws of the State and has the power to enter into this Agreement and carry out its obligations hereunder.

(2) The EDA has taken the actions necessary to establish the TIF District as a “housing district” within the meaning of Section 469.174, subdivision 11 of the TIF Act.

(3) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program and the TIF Plan.

(4) The EDA makes no representation or warranty, either express or implied, as to the Development Property or its condition, or that the Development Property shall be suitable for the Developer’s purposes or needs.

Section 2.2. Representations and Warranties of the Developer. The Developer makes the following representations and warranties:

(1) The Developer is a Minnesota limited liability limited partnership duly and validly organized and existing in good standing under the laws of the State and has power and authority to enter into this Agreement and to perform its obligations hereunder and is not in violation of any provision of the laws of the State.

(2) The construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

(3) 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 provision of any contractual restriction, evidence 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.

(4) The Developer understands that the EDA or the City may subsidize or encourage the development of other developments in the City, including properties that compete with the Development Property and the Project, and that such subsidies may be more favorable than the terms of this Agreement, and that the EDA and the City have informed the Developer that development of the Development Property will not be favored over the development of other properties.

(5) To the Developer's actual knowledge, no member of the City Council of the City, the Board of Commissioners of the EDA, or other officer of the City or the EDA has either a direct or indirect financial interest in this Agreement, nor will any member of City Council, the Board of Commissioners, or other officer of the City or the EDA, benefit financially from this Agreement within the meaning of Minnesota Statutes, Sections 412.311 and 471.87.

ARTICLE III

UNDERTAKINGS BY DEVELOPER AND EDA

Section 3.1. Total Development Costs and Public Costs.

(1) The Developer's estimate of the Total Development Costs of the Project and sources of revenue to pay such costs are set forth in **Exhibit D** attached hereto.

(2) Based on the Developer's representation that the Total Development Costs for the Project are approximately \$[57,365,293], that the sources of revenue available to pay such costs, excluding both the tax increment assistance contemplated herein [and the LCDA Loan], is \$ [REDACTED], and that the Developer is unable to obtain additional private financing for the estimated Total Development Costs, the EDA has agreed to provide tax increment financing subject to the terms and conditions as hereinafter set forth. The Developer shall provide the EDA copies of all executed financing documents related to financing the Total Development Costs of the Project.

(3) The parties agree that the Public Development Costs to be incurred by the Developer are essential to the successful completion of the Project. The Developer anticipates that the Public Development Costs for the Project which are identified in **Exhibit C** attached hereto will be at least \$[2,800,000].

(4) As of January 2, 2027, the estimated market value of the Development Property, as improved, is expected to be at least \$36,750,000.

(5) The Developer will acquire the Development Property and cause the Project to be constructed in accordance with the terms of this Agreement, the Development Program, and all local, state, and federal laws and regulations including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations.

(6) The Developer shall, in a timely manner, comply with all requirements necessary to obtain, or cause to be obtained, 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 for the construction and operation of the Project.

(7) The Total Development Costs shall be paid by the Developer, and the EDA shall reimburse the Developer for the Public Development Costs solely in the Reimbursement Amount through the issuance of the TIF Note and Pooled TIF Loan as provided herein.

Section 3.2. TIF Note.

(1) The TIF Note will be originally issued to the Developer, as provided in Section 3.2(2), in a principal amount not to exceed the lesser of (i) up to \$[800,000] of the Reimbursement Amount not reimbursed with the Pooled TIF Loan or (ii) the amount determined pursuant to Section 3.2(9) and shall be dated as of its date of issuance. The principal of the TIF Note and interest thereon shall be payable on a pay-as-you-go basis solely from the Pledged Tax Increments as provided below.

(2) The TIF Note shall be issued, in substantially the form attached hereto as **Exhibit E** and interest will commence to accrue on the TIF Note only when: (A) the Developer shall have submitted paid invoices or other written proof and documentation as may be reasonably satisfactory to the EDA of the exact nature and amount of the Public Development Costs incurred by the Developer, together with such other information or documentation as may be reasonably necessary and satisfactory to the EDA to enable the EDA to substantiate the Developer's tax increment expenditures for Public Development Costs in accordance with **Exhibit C** attached hereto and/or to comply with its tax increment reporting obligations to the Commissioner of Revenue, the Office of the State Auditor or other applicable official; (B) the EDA shall have received evidence that the Declaration and the Assessment Agreement have been recorded against the Development Property; (C) the Developer shall have obtained a certificate of occupancy from the City for all residential units in the Project and a Certificate of Completion as provided in this Agreement; (D) the Developer shall have paid all of the EDA's Administrative Costs required to have been paid as of such date in accordance with Section 3.5 hereof; (E) the Developer is in material compliance with each term or provision of this Agreement, the Development Contract, the Stormwater Declaration and the LCDA Loan Documents, if executed, required to have been satisfied as of such date; and (F) the Developer has submitted the final sources and uses for the Project in accordance with Section 3.2(9) and the EDA shall have determined any adjustment to the Reimbursement Amount pursuant to Section 3.2(9). The documentation provided in accordance with Section 3.2(2)(A) shall include specific invoices for the particular work from the contractor or other provider and shall include paid invoices, copies of remittances and/or other suitable documentary proofs of the Developer's payment thereof.

(3) Subject to the provisions thereof, the TIF Note shall bear simple, non-compounding interest at the rate equal to the lesser of 5.744% per annum or the true interest cost of the Revenue Bonds. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Principal and interest on the TIF Note will be payable on each Payment Date; however, the sole source of funds required to be used for payment of the EDA's obligations under this Section and correspondingly under the TIF Note shall be the Pledged Tax Increments received in the 6-month period preceding each Payment Date. On each Payment Date the Pledged Tax Increment shall be credited against the accrued interest then due on the TIF Note and then applied to reduce the principal. In the event the Pledged Tax Increments are not sufficient to pay the accrued interest, the unpaid accrued interest shall be carried forward without interest. All Tax Increments in excess of the Pledged Tax Increments necessary to pay the principal and accrued interest on the TIF Note are not subject to this Agreement, and the EDA retains full discretion as to any authorized application thereof. To the extent that the Pledged Tax Increments are insufficient through the Final Payment Date, to pay all amounts otherwise due on the TIF Note, said unpaid amounts shall then cease to be any debt or obligation of the City or the EDA whatsoever. The Developer acknowledges that estimates of Tax Increment prepared by the City or its municipal advisors in connection with the TIF District or this Agreement are for the benefit of the City and are not intended as representations on which the Developer may rely. No interest will accrue during any period in which payments have been suspended pursuant to Section 4.2.

(4) Any interest accruing on Pledged Tax Increments held by the EDA pending payment to the Developer on the TIF Note shall accrue to the account of the TIF District.

(5) The TIF Note shall be a special and limited obligation of the EDA and not a general obligation of the City or the EDA, and only Pledged Tax Increments shall be used to pay the principal of and interest on the TIF Note.

(6) The EDA's obligation to make payments on the TIF Note on any Payment Date is subject to adjustment as set forth in Section 3.15 and shall be conditioned upon the requirement that (A) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement that has not been cured during the applicable cure period, (B) this Agreement shall not have been terminated pursuant to Section 4.2, (C) all conditions set forth in Section 3.2(2) have been satisfied as of such date, and (D) the Developer shall have paid all of the City's annual issuer's fee required to have been paid as of such date in accordance with Section 2.3(d) of the Loan Agreement between the City and the Developer in connection with the issuance of the Revenue Bonds.

(7) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as actually executed, in substantially the form set forth in **Exhibit E** attached hereto. In the event of any conflict between the terms of the TIF Note and the terms of this Section 3.2, the terms of the TIF Note shall govern. The issuance of the TIF Note is pursuant and subject to the terms of this Agreement.

(8) The Developer must execute and deliver the Assessment Agreement all as further provided in Section 3.6 and must file such Assessment Agreement with the Hennepin County Recorder and Registrar of Titles at the Developer's sole cost.

(9) The financial assistance to the Developer under this Agreement is based on certain assumptions regarding likely costs and expenses associated with constructing the Project. The EDA and Developer agree that the Developer's representations of the Total Development Costs will be reviewed at the time of completion of construction of the Project. Upon submitting the request for the Certificate of Completion under Section 3.10, the Developer shall submit the final sources and uses for the Project in the form set forth in **Exhibit D** based on actual Total Development Costs as incurred and documented. If the actual Total Development Costs at completion have decreased by more than \$100,000 below the amount shown in **Exhibit D**, then the Reimbursement Amount will be reduced by 50% of the amount of the decrease in the Total Development Costs which exceeds \$100,000, and such reduction will be reflected in a reduced principal amount of the TIF Note.

Section 3.3. Pooled TIF Loan.

(1) In addition to the TIF Note, the EDA will use existing Pooled TIF to provide a loan to reimburse the Developer for up to \$[2,000,000] of the Reimbursement Amount (the "Pooled TIF Loan"). The Pooled TIF Loan shall be repaid in accordance with the terms of Pooled TIF Promissory Note in substantially the form attached hereto as **Exhibit K** which shall be executed and delivered by the Developer to the EDA simultaneously with the execution and delivery of this Agreement.

(2) The proceeds of the Pooled TIF Loan shall be disbursed to the Developer only when:

(a) The Developer shall have been awarded the LCDA Loan and all conditions for the full disbursement of the Revenue Bonds have been satisfied or waived;

(b) The Developer shall have provided evidence satisfactory to the EDA that construction on the Project building foundation has begun;

(c) The Developer shall have satisfied the all the conditions set forth in Section 3.2(2) hereof, except for conditions (C) and (F);

(d) The Developer shall have incurred Public Development Costs in an amount greater than or equal to \$[2,000,000], and provided invoices evidencing such Public Development Costs in accordance with Section 3.2(2)(A);

(e) The Developer shall have delivered to the EDA copies of the (I) organizational documents and the operating agreement of the Developer, (II) certificate of good standing for the Developer issued by the Minnesota Secretary of State; and (III) certified resolutions or written actions of the Developer authorizing the execution and delivery of this Agreement and the Pooled TIF Promissory Note, and all other documents to be executed by the Developer pursuant to this Agreement; and

(f) The Developer shall not then be in default of its obligations under this Agreement, the Development Contract, the Stormwater Declaration or the LCDA Loan Documents, if executed.

Section 3.4. Income and Rent Restrictions. The Developer hereby represents, covenants and agrees as follows:

(1) The Project is intended for occupancy by persons or families of low and moderate income, as defined in Chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state or municipal legislation, or the regulations promulgated under any of those acts.

(2) No more than 20% of the square footage of any building of the Project financed with the proceeds of the TIF Note will consist of commercial, retail or other non-residential uses.

(3) In accordance with the Declaration, commencing on the Completion Date and continuing until the end of the Qualified Project Period (as defined in the Declaration), (i) at least 80% (i.e. 140 units) of the residential units in the Project shall be occupied or available for occupancy by persons or families whose income does not exceed 60% of the area-wide median family income for the standard metropolitan statistical area which includes the City, as that figure is determined and announced from time to time by HUD, as adjusted for family size ("Median Income"), and rents (including utilities paid by tenant) for such units shall not exceed 30% of Median Income; (ii) at least 5% (i.e. 9 units) of the residential units in the Project shall be occupied or available for occupancy by persons or families whose income does not exceed 30% of Median Income and rents (including utilities paid by tenant) for such units shall not exceed 30% of 30% of Median Income (the "30% Units"); and (iii) the average income of the residents of 100%

of the units shall not exceed 60% of Median Income (as calculated in accordance with Section 42(g)(1)(C) of the Internal Revenue Code of 1986, as amended).

(4) The Developer will provide the EDA an annual certification in the form attached as Exhibit C to the Declaration (the “Compliance Certificate”) evidencing compliance with the requirements of paragraph (3) above, and, if requested by the EDA, the income verifications from tenants used to meet such requirements. The annual certification shall also include the vacancy rate for the preceding calendar year and the rents for all residential units broken down by unit type, size and monthly rent. The annual certification shall be provided on or before July 1 of each year commencing July 1, 2026 and shall cover the preceding calendar year.

(5) The Developer shall not concentrate Qualifying Tenants (as defined in the Declaration) in any floor or in any area of any building in the Project. The units occupied by Qualifying Tenants shall be located throughout the Project and shall reflect the unit mix of the whole Project. The 30% Units shall include at least 3 two-bedroom units and 3 three-bedroom units.

(6) The Developer shall accept tenants who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq., or its successor. During the term of the Declaration, the Developer shall not adopt any policies specifically excluding rental to tenants holding Section 8 certificate/voucher holders.

(7) Developer and its agents must adhere to Equal Opportunity, Affirmative Marketing, and Fair Housing practices in all marketing efforts, eligibility determinations and other transactions. The Equal Housing Opportunity logo or statement (“We do business in accordance with the Federal Fair Housing Law. It is illegal to discriminate against any person because of race, color, religion, sex, handicap, familial status, or national origin.”) must be used in all advertising of vacant units.

(8) The provisions of this Section 3.4 shall be incorporated into the Declaration in substantially the form attached hereto as **Exhibit H** which shall be executed and delivered by the Developer to the EDA simultaneously with the execution and delivery of this Agreement and shall be recorded against the Development Property, and recording the Declaration shall be a condition to the issuance of the TIF Note and the disbursement of the Pooled TIF Loan.

(9) A household that is a Qualifying Tenant at initial occupancy may be treated as qualifying for additional rental periods so long as the income of the household does not exceed 140% of the applicable Median Income; however, thereafter, the first available residential unit must be rented to a Qualifying Tenant meeting the applicable income requirements.

Section 3.5. Developer to Pay EDA’s Fees and Expenses. The Developer will pay all of the reasonable Administrative Costs (as defined below) of the City and the EDA and must pay such costs to the EDA within 30 days after receipt of a written invoice from the City or the EDA describing the amount and nature of the costs to be reimbursed. For the purposes of this Agreement, the term “Administrative Costs” means out of pocket costs incurred by the City or the EDA, including without limitation legal, financial advisor, and other consultant costs of the EDA

or the City, all attributable to or incurred in connection with the establishment of the TIF District and adoption of TIF Plan and the review, negotiation and preparation of this Agreement (together with any other agreements entered into between the parties hereto contemporaneously therewith) and the review and approvals of other documents and agreements in connection with the Project or in connection with any amendments to any of the foregoing. In addition, certain engineering, environmental advisor, legal, land use, zoning, subdivision and other costs related to the development of the Development Property are required to be paid, or additional funds deposited in escrow, as provided in accordance with the City's planning, zoning, and building fee schedules. The Developer shall deposit \$30,000 not later than upon the execution of this Agreement. The parties acknowledge that the Developer has deposited \$10,000 with the EDA toward payment of the Administrative Costs. If such costs exceed such amount, then at any time, but not more often than monthly, the EDA will deliver written notice to the Developer setting forth any additional fees and expenses, and the Developer agrees to pay all fees and expenses within 30 days of the EDA's written request. Any unused amount of such deposit shall be returned to the Developer within 90 days after the later of the (i) issuance of the TIF Note or (ii) receipt of the Certificate of Completion from the EDA.

Section 3.6. Execution of Assessment Agreement.

(1) The Developer and the EDA agree to execute an Assessment Agreement relating to the Development pursuant to the provisions of Section 469.177, Subdivision 8 of the TIF Act, specifying the minimum market value for the Development Property for calculation of real property taxes. Specifically, the Developer shall agree to a market value for the Development Property of \$36,750,000, commencing as of January 2, 2027 (the "Minimum Market Value").

(2) Nothing in the Assessment Agreement or this Agreement limits the discretion of the City or County Assessor to assign a market value to the property in excess of the Minimum Market Value nor prohibits the Developer from seeking, through the exercise of legal or administrative remedies, a reduction in such market value for property tax purposes; provided however, the Developer shall not seek a reduction of such market value below the Minimum Market Value for any year so long as the Assessment Agreement remains in effect for that year.

(3) The Assessment Agreement shall remain in effect until the earlier of (i) January 31, 2039, with respect to taxes payable in 2040, or (ii) the date on which the TIF District expires or is otherwise terminated.

(4) The Assessment Agreement shall be certified by the City Assessor as provided in Section 469.177, Subdivision 8 of the TIF Act, upon a finding by the City Assessor that the Minimum Market Value represents a reasonable estimate based upon the plans and specifications for the Project to be constructed on the Development Property and the market value previously assigned to the Development Property.

(5) Pursuant to Section 469.177, Subdivision 8 of the TIF Act, the Assessment Agreement shall be filed for record in the office of the county recorder or registrar of titles of the County, and such filing shall constitute notice to any subsequent encumbrancer or purchaser of the Development Property, whether voluntary or involuntary, and such Assessment Agreement shall

be binding and enforceable in its entirety against any such subsequent purchaser or encumbrancer, including the holder of any mortgage on the Development Property.

(6) The Assessment Agreement shall be executed and delivered by the Developer to the EDA simultaneously with the execution and delivery of this Agreement and filed, at the sole cost of the Developer, against the Development Property prior to any lien or encumbrance on the Development Property, including any mortgage, and recording the Assessment Agreement shall be a condition to the issuance of the TIF Note and the disbursement of the Pooled TIF Loan.

Section 3.7. Compliance with Environmental Requirements.

(1) The Developer shall comply with all applicable local, state, and federal environmental laws and regulations, and will obtain, and maintain compliance under, any and all necessary environmental permits, licenses, approvals or reviews.

(2) The City and the EDA make no warranties or representations regarding, nor do they indemnify the Developer with respect to, the existence or nonexistence on or in the vicinity of the Development Property or anywhere within the TIF District of any toxic or hazardous substances or wastes, pollutants or contaminants (including, without limitation, asbestos, urea formaldehyde, the group of organic compounds known as polychlorinated biphenyls, petroleum products including gasoline, fuel oil, crude oil and various constituents of such products, or any hazardous substance as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”), 42 U.S.C. §§ 961-9657, as amended) (collectively, the “Hazardous Substances”).

(3) The Developer agrees to take all necessary action to remove or remediate any Hazardous Substances located on the Development Property to the extent required by and in accordance with all applicable local, state and federal environmental laws and regulations.

Section 3.8. Construction Plans.

(1) Prior to the commencement of construction of the Project, the Developer will deliver to the EDA the Construction Plans, Construction Documents and a sworn construction cost statement certified by the Developer and the General Contractor (the “Sworn Construction Cost Statement”) all in form and substance reasonably acceptable to the EDA. The Construction Plans for the Project shall be consistent with the Development Program, this Agreement, and all applicable State and local laws and regulations and the Site Plan and Design Drawings previously submitted to the EDA and shall provide for design, quality, materials and building finishes of the finished Project to be substantially similar to those which were presented to the City in connection with the Developer’s request for tax increment financing assistance. The City’s building official and the Executive Director of the EDA on behalf of the EDA shall promptly review any Construction Plans upon submission and deliver to the Developer a written statement approving the Construction Plans or a written statement rejecting the Construction Plans and specifying the deficiencies in the Construction Plans. The City’s building official and the Executive Director of the EDA on behalf of the EDA may withhold approval of the Construction Plans if any of the following is not satisfied: (i) the Construction Plans substantially conform to the terms and conditions of this Agreement; (ii) the Construction Plans are consistent with the goals and

objectives of the Development Program and the TIF Plan; (iii) the Construction Plans comply with the Site Plan and Design Drawings; (iv) the Construction Plans meet all requirements necessary for the City to issue a building permit; and (v) the Construction Plans do not violate any applicable federal, State or local laws, ordinances, rules or regulations. If the Construction Plans are not approved by the City and the EDA, then the Developer shall make such changes as the EDA may reasonably require and resubmit revised Construction Plans to the EDA for approval, which will not be unreasonably withheld, conditioned or delayed.

(2) No changes shall be made to the Construction Plans for the Project without the EDA's prior written approval, unless the aggregate of such changes does not increase or decrease the Total Development Costs by more than 10%. No changes which materially alter (a) the Project's Site Plan, (b) exterior appearance, (c) construction quality, or (d) exterior materials included in the final Design Drawings and Construction Plans shall be made without the EDA's prior written consent. The approval of the EDA will not be unreasonably withheld, conditioned or delayed.

(3) The approval of the Construction Plans, or any proposed amendment to the Construction Plans, by the EDA does not constitute a representation or warranty by the EDA that the Construction Plans or the Project comply with any applicable building code, health or safety regulation, zoning regulation, environmental law or other law or regulation, or that the Project will meet the qualifications for issuance of a certificate of occupancy, or that the Project will meet the requirements of the Developer or any other users of the Project. Approval of the Construction Plans, or any proposed amendment to the Construction Plans, by the EDA will not constitute a waiver of an Event of Default or of any State or City building or other code requirements that may apply. Nothing in this Agreement shall be construed to relieve the Developer of its obligations to receive any required approval of the Construction Plans from any department of the City and does not relieve the Developer of the obligation to comply with applicable federal, State and local laws, ordinances, rules and regulations, or to construct the Project in accordance therewith.

Section 3.9. Commencement and Completion of Construction. Subject to the terms and conditions of this Agreement and to Unavoidable Delays, the Developer anticipates it will commence construction of the Project by December 31, 2023 and shall substantially complete construction of the Project by July 31, 2025. Notwithstanding the foregoing, failure of the Developer to commence construction or substantially complete the Project shall not be an Event of Default hereunder unless the Developer fails to commence construction of the Project by May 31, 2024 or fails to obtain a certificate of occupancy for the Project by December 31, 2025. The Project will be constructed by the Developer on the Development Property in conformity with the Construction Plans approved by the EDA. Prior to completion, upon the request of the EDA, and subject to applicable safety rules, the Developer will provide the EDA with reasonable access to the Development Property. "Reasonable access" means at least one site inspection per week during regular business hours. During construction, marketing and rentals of the Project, the Developer will deliver progress reports to the EDA from time to time as reasonably requested by the EDA.

Section 3.10. Certificate of Completion. The Developer shall notify the EDA when construction of the Project has been substantially completed. The EDA shall, within 30 days after the later of such notification or the issuance of the certificate of occupancy by the City, conduct

any inspections of the Project it determines necessary in order to determine whether the Project has been constructed in substantial conformity with the approved Construction Plans. If the EDA determines that the Project has not been constructed in substantial conformity with the approved Construction Plans, the EDA shall deliver a written statement to the Developer indicating in adequate detail the specific respects in which the Project has not been constructed in substantial conformity with the approved Construction Plans and the Developer shall have a reasonable period of time to remedy such deficiencies. The EDA shall re-inspect the Project within a reasonable period of time after receiving notice that such deficiencies have been remedied in order to determine whether the Project has been constructed in substantial conformity with the approved Construction Plans and this Agreement. Within a reasonable period of time after determining that the Project has been constructed in substantial conformity with the approved Construction Plans and determining that the following conditions precedent have been satisfied, the EDA will furnish to the Developer a Certificate of Completion in substantially the form set forth in **Exhibit F** attached hereto certifying the completion of the Project:

- (1) There shall exist no uncured Event of Default hereunder;
- (2) The City shall have issued a certificate of occupancy for all of the Project;
- (3) The EDA's Executive Director, or designee, on behalf of the EDA shall have reasonably determined that the Project has been substantially completed and constructed in accordance with all applicable local, state and federal laws and regulations (including without limitation environmental, zoning, building code, housing code, and public health laws and regulations), and any applicable permits and in substantial conformity with this Agreement, the Development Contract, the Stormwater Declaration, the LCDA Loan Documents, if executed, and the final construction plans approved by the City in connection with issuing construction permits, each as applicable;
- (4) The Developer shall certify to the EDA that all costs related to the Project and the development of the Development Property, including without limitation, payments to all contractors, subcontractors, and project laborers, have been paid prior to the date of the request to the EDA.

The Certificate of Completion issued for the Project shall conclusively satisfy and terminate the agreements and covenants of the Developer in this Agreement solely with respect to construction of the Project. The issuance of a Certificate of Completion under this Agreement shall not be construed to relieve the Developer of any inspection or approval required by any City department in connection with the construction, completion or occupancy of the Project nor shall it relieve the Developer of any other obligations under this Agreement.

Section 3.11. Additional Responsibilities of the Developer.

- (1) The Developer will construct, operate and maintain, or cause to be operated and maintained, the Project substantially in accordance with the terms of this Agreement, the Development Program and all applicable local, state, and federal laws and regulations including, but not limited to zoning, building code, public health laws and regulations, except for approved

variances necessary to construct the Project contemplated in the Construction Plans approved by the EDA.

(2) The Developer will not construct any building or other structures on, over, or within the boundary lines of any public utility easement unless such construction is provided for in such easement or has been approved by the utility involved.

(3) The Developer, at its own expense, will replace any public facilities and public utilities damaged during the construction of the Project, in accordance with the technical specifications, standards and practices of the owner thereof.

(4) The Developer will comply with all applicable local, state, and federal environmental laws and regulations, as they relate to the Project.

(5) The Developer will provide and maintain or cause to be maintained at all times and, from time to time at the request of the EDA, furnish the EDA with proof of payment of premiums on insurance of amounts and coverages normally held by owners of property similar to the Project.

(6) The Developer shall prepare, utilize in its contract with the General Contractor and all subcontracts, and enforce the Subcontractor Addendum, in substantially the form attached as **Exhibit I** hereto, which outlines fair labor law compliance, and allows general contractor to withhold payment or cancel contract if violations are discovered.

(7) The Developer shall prohibit use of all disqualified contractors listed on the Minnesota State “Suspended/Debarred Vendor Detailed Information” website; review list prior to construction commencement with respect to each subcontractor; remove any subcontractor added to the list.

(8) The Developer and all contractors and subcontractors shall comply with all applicable federal, state, and local labor laws.

(9) If a third-party files a claim with the Minnesota Department Labor regarding any contractor or subcontractor doing work on the Property, the Developer shall fully cooperate with the Department, including taking any action required by the Department. The Developer shall also fully enforce the contracts with the General Contractor and subcontractors, including enforcing and requiring the General Contractor to enforce the Subcontract Addendum.

(10) The Developer shall cause the General Contractor to use and enforce the Subcontract Addendum with all subcontractors, and shall require the General Contractor and all subcontractors to cooperate with the Department of Labor regarding any claim filed with the Department, including taking any action required by the Department or that the Developer otherwise elects to take.

(11) The Developer shall certify to the EDA that, to the best of the Developer’s knowledge, after due inquiry and review of documentation supplied to the Developer, proper payments to all contractors, subcontractors and project laborers have been paid prior to the issuance of a Certificate of Completion and as a prerequisite to receipt of the TIF Note, provided

that in the event the Developer disputes a lien, the Developer may bond over or establish an escrow account to protect against the lien on terms acceptable to the EDA.

(12) The Developer acknowledges that failure to comply with this Section will be an Event of Default under in accordance with Section 4.1 hereof and could result in a penalty (such as non-issuance of the TIF Note and non-payment of other assistance, or, if the TIF Note has already been issued, delaying, reducing and/or ceasing TIF Note payments).

Section 3.12. Encumbrance of the Development Property. Until the Termination Date, without the prior written consent of the EDA, neither the Developer nor any successor in interest to the Developer will engage in any financing or any other transaction creating any mortgage or other encumbrance or lien upon the Development Property, or portion thereof, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attach to the Development Property except for the purpose of obtaining funds only to the extent necessary for financing or refinancing the acquisition, construction and operation of the Project (including, but not limited to, land and building acquisition, labor and materials, professional fees, development fees, real estate taxes, reasonably required reserves, construction interest, organization and other direct and indirect costs of development and financing, costs of constructing the Project, and an allowance for contingencies), which may include without limitation regulatory agreements and land use restriction agreements in connection with such financings; provided, however, this provision shall not be considered a waiver of the requirements of Section 5.3 with respect to any Transfer (as hereinafter defined) of the TIF Note in connection with any such financing or refinancing nor shall anything contained in this Section prohibit the Developer from making transfers in accordance with Section 5.3. The EDA hereby consents to any mortgages securing the financing or refinancing of the construction of the Project, including without limitation the Revenue Bonds, the Bridge Loan, and the LCDA Loan, and to the succession of the mortgagee thereunder (or any assignee of the mortgagee) or any purchasers at or after foreclosure thereof, by the successful bidder at the sale, to title to the Development Property and to any other Permitted Encumbrances set forth in **Exhibit J**; provided, however, this provision shall not be considered a waiver of the requirements of Section 5.3 with respect to any Transfer of the TIF Note in connection with any such mortgage. Notwithstanding the foregoing, the TIF Note shall be terminated by the EDA in the event that any mortgagee (or any assignee of the mortgagee) or any purchasers at or after foreclosure thereof, by the successful bidder at the sale, to the title to the Development Property, terminates the Declaration, in accordance with its terms, or does not otherwise comply with the Declaration.

Section 3.13. Business Subsidy Act. The subsidy granted to the Developer pursuant to this Agreement is assistance for housing and therefore the provisions of Minnesota Statutes, Sections 116J.993 through 116J.995, as amended, do not apply. No portion of the tax increment assistance shall be used to construct any commercial space.

Section 3.14. Right to Collect Delinquent Taxes. The Developer acknowledges that the EDA is providing substantial aid and assistance in furtherance of the Project through reimbursement of Public Development Costs. To that end, the Developer agrees for itself, its successors and assigns, that in addition to the obligation pursuant to statute to pay real estate taxes, it is also obligated by reason of this Agreement, to pay before delinquency all real estate taxes assessed against the Development Property and the Project. The Developer acknowledges that

this obligation creates a contractual right on behalf of the EDA through the Termination Date to sue the Developer or its successors and assigns, to collect delinquent real estate taxes related to the Development Property and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any such suit in which the EDA is the prevailing party, the EDA shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 3.15. Review of Taxes.

(1) The Developer agrees that prior to the Termination Date it will not cause a reduction in the real property taxes paid in respect of the Development Property through: (i) willful destruction of the Development Property or any part thereof; or (ii) willful refusal to reconstruct damaged or destroyed property. The Developer also agrees that it will not, prior to the Termination Date, apply for an exemption from or a deferral of property tax on the Development Property pursuant to any law, or transfer or permit transfer of the Development Property to any entity whose ownership or operation of the property would result in the Development Property being exempt from real property taxes under State law; provided, however, that the Developer may apply for and obtain designation of the Development Property as low income rental property classified as “4d(1)” under Minnesota Statutes, Section 273.13, subdivision 25 (“4d(1) Classification”).

(2) Other than 4d(1) Classification, the Developer shall notify the EDA within 10 days of filing any petition to seek reduction in market value or property taxes on any portion of the Development Property under any State law (referred to as a “Tax Appeal”). If as of any Payment Date, any Tax Appeal is then pending, the EDA will continue to make payments on the TIF Note, but only to the extent that the Pledged Tax Increment relates to the property taxes paid with respect to the Minimum Market Value under the Assessment Agreement, as determined by the EDA in its sole discretion, and the EDA will withhold the Pledged Tax Increment related to property taxes market value of the Development Property in excess of the Minimum Market Value under the Assessment Agreement, as determined by the EDA in its sole discretion. The EDA will release any withheld amount to the extent not reduced as a result of the Tax Appeal for payment of the TIF Note promptly after the Tax Appeal is fully resolved and the amount of Pledged Tax Increment, as applicable, attributable to the disputed tax payments is finalized.

ARTICLE IV

EVENTS OF DEFAULT

Section 4.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by the Developer to timely pay any ad valorem real property taxes assessed with respect to the Development Property on or after the date that the Developer acquires the Development Property, unless such tax is contested in good faith by the Developer.

(2) Subject to Unavoidable Delays, failure by the Developer to commence construction of the Project by May 31, 2024 and to proceed with due diligence to substantially complete the construction of the Project pursuant to the terms, conditions and limitations of this Agreement and obtain a certificate of occupancy from the City by December 31, 2025.

(3) Failure of the Developer to observe or perform any other material covenant, condition, obligation or agreement on its part to be observed or performed under the Declaration, the Development Contract, the Stormwater Declaration, the LCDA Loan Documents, if executed, the Pooled TIF Promissory Note or this Agreement, including, without limitation, compliance with the requirements set forth in Section 3.4 hereof.

(4) If, prior to the Completion Date, the Developer shall

(a) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

(b) be adjudicated as bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer, as bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within 90 days after the filing thereof; or a receiver, trustee or liquidator of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within 90 days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Section 4.2. Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing after the applicable cure period, as specified below, the EDA may take any one or more of the following actions after the giving of 30 days’ written notice to the Developer, but only if the Event of Default has not been cured within said 30 days; provided that if such Event of Default cannot be reasonably cured within the 30 day period, and the Developer has provided assurances reasonably satisfactory to the EDA that it is proceeding with due diligence to cure such default, such 30 day cure period shall be extended for a period deemed reasonably necessary by the EDA to effect the cure, but in any event not to exceed 180 days:

(1) The EDA may suspend its performance under this Agreement and the TIF Note until such default is cured or the EDA determines that it has received assurances from the Developer, deemed adequate by the EDA, that the Developer will cure its default and continue its performance under this Agreement. Interest on the TIF Note shall not accrue during the period of any suspension of payment.

(2) The EDA may terminate this Agreement and/or cancel the TIF Note.

(3) The EDA may withhold disbursement of the Pooled TIF Promissory Loan, if funds have not been disbursed, or declare the outstanding principal balance of and accrued interest on the Pooled TIF Promissory Note immediately due and payable.

(4) The EDA may take any action, including legal or administrative action, at law or in equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

Notwithstanding anything to the contrary set forth in this Agreement, the lenders providing construction or permanent financing for the Project, and the members of the Developer shall have the right, but not the obligation, to cure an Event of Default during the cure period provided for the Developer and such cure shall be deemed a cure tendered by the Developer and shall be accepted or rejected on the same basis as if made or tendered by the Developer on its own behalf.

If the EDA has been provided a notice address, the EDA agrees to give the applicable Trustee the same notice provided to the Developer of any Event of Default hereunder that occurs prior to the termination of the applicable Trustee Collateral Assignment and opportunity to cure the same, as further set forth in the applicable Trustee Collateral Assignment. If the EDA has been provided with a notice address, the EDA agrees to give the Tax Credit Investor the same notice provided to the Developer of any Event of Default hereunder and opportunity to cure the same. Notwithstanding the foregoing, failure to provide notice to the Trustee or the Tax Investor shall have no impact on the effectiveness of notice provided to the Developer.

Section 4.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the EDA 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.

Section 4.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any 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 4.5. Indemnification of EDA and City.

(1) The Developer releases from and covenants and agrees that the City and the EDA, and their governing bodies' members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (for purposes of this Section, collectively the "Indemnified Parties") shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties 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 Project, or any other loss, cost expense, or penalty, except to the extent caused by any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the Indemnified Parties harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Developer (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; including, without limitation, any pecuniary loss or penalty (plus interest thereon at the rate of 5.00% per annum from the date such loss is incurred or penalty is paid by the EDA or the City) as a result of the Project failing to cause the TIF District to qualify as a "housing district" under Section 469.174, subdivision 11, of the TIF Act, or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, subdivision 4d of the TIF Act.

(3) All covenants, stipulations, promises, agreements and obligations of the EDA or contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the EDA and not of any governing body member, officer, agent, servant or employee of the EDA or the City.

Section 4.6. Reimbursement of Attorneys' Fees. If the Developer shall default under any of the provisions of this Agreement and the City or the EDA shall employ attorneys or incur other reasonable expenses for the collection of payments due hereunder, or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer contained in this Agreement, the Developer will within 30 days reimburse the City and the EDA for the reasonable fees of such attorneys and such other reasonable expenses so incurred.

ARTICLE V

ADDITIONAL PROVISIONS

Section 5.1. Restrictions on Use. 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 operate, or cause to be operated, the Project in accordance with this Agreement and as an affordable multifamily rental housing development in accordance with this Agreement and the Declaration until the end of the Qualified Project Period (as defined in the Declaration).

Section 5.2. Reports. The Developer shall provide the EDA reports in a timely manner with such information about the Project as the EDA may reasonably request for purposes of satisfying any reporting requirements imposed by law on the EDA.

Section 5.3. Limitations on Transfer and Assignment.

(1) Except as provided in Sections 3.12 and 5.3(4), the Developer will not sell, assign, convey, lease or transfer in any other mode or manner (collectively, "Transfer") this Agreement, the TIF Note, or the Development Property or the Project, or any interest therein, without the express written approval of the EDA, which consent will not be unreasonably withheld, conditioned or delayed. The EDA shall, within 30 days after the later of (i) receipt of such written request for approval of a Transfer, and (ii) the satisfaction or waiver by the EDA of the conditions in Section 5.3(2) hereof, deliver a written statement to the Developer indicating whether the Transfer is approved or specifying the additional conditions to be satisfied in accordance with Section 5.3(2). The provisions of this Section 5.3 apply to all subsequent Transfers by authorized transferees;

(2) The EDA shall be entitled to require, as conditions to any approval of any Transfer of this Agreement, the Development Property, the Project, or the TIF Note in connection therewith, which approval will not be unreasonably withheld, conditioned or delayed, that:

(a) Any proposed transferee shall have the qualifications and financial responsibility, as determined by the EDA, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer;

(b) Any proposed transferee, by instrument in writing satisfactory to the EDA shall, for itself and its successors and assigns, and expressly for the benefit of the EDA have expressly assumed any of the remaining obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject;

(c) There shall be submitted to the EDA for review all instruments and other legal documents involved in effecting transfer, and if approved by the EDA, its approval shall be indicated to the Developer in writing;

(d) Any proposed transferee of the TIF Note shall (i) execute and deliver to the EDA the Acknowledgment Regarding TIF Note in the form included in Exhibit 2 to the TIF

Note and (ii) surrender the TIF Note to the EDA either in exchange for a new fully registered note or for transfer of the TIF Note on the registration records for the TIF Note maintained by the EDA;

(e) The Developer and its transferees shall comply with such other conditions as are necessary in order to achieve and safeguard the purposes of the TIF Act and this Agreement; and

(f) In the absence of a specific written agreement by the EDA to the contrary, no such transfer or approval by the EDA 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 Project, from any of its obligations with respect thereto.

(3) The Developer agrees to pay all reasonable legal fees and expenses of the EDA, including fees of the City Attorney and outside counsel retained by the EDA to review the documents submitted to the EDA in connection with any Transfer.

(4) Nothing contained in this Section shall prohibit the Developer from (i) entering into leases with tenants in the ordinary course of business, (ii) entering into easements or other agreements necessary for the construction or operation of the Project, (iii) admitting or removing limited partners or transferring direct or indirect limited partner interests in the Developer in accordance with the applicable organizational documents, (iv) removing the general partner of the Developer for cause at the direction of the Tax Credit Investor in accordance with the Developer's partnership agreement, or (iv) entering into easements necessary for the Project.

(5) The Developer shall be relieved of its obligations under this Agreement only to the extent such obligations have been assumed by an approved transferee under a Transfer permitted as provided herein.

(6) Notwithstanding clause (2) above, by delivery of the Consent and Estoppel Certificate attached to the Trustee Collateral Assignment, the EDA consents to the Trustee Collateral Assignment to the Trustee, upon receipt of (i) an Acknowledgment Regarding TIF Note from the Colliers Securities LLC, as the initial purchaser of the Revenue Bonds, in the form included in Exhibit 2 to the TIF Note, (ii) an executed copy of Trustee Collateral Assignment between Trustee and the Developer, and (iii) reasonable legal fees of the EDA in accordance with clause (3) above.

Section 5.4. Conflicts of Interest. No member of the governing body or other official of the City or the EDA shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City or the EDA shall be personally liable to the Developer in the event of any default or breach by the EDA or successor or on any obligations under the terms of this Agreement.

Section 5.5. Titles of Articles and Sections. Any titles of the several parts, articles and sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 5.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any 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:

Brooklyn Park AH I, LLLP
579 Selby Avenue
Saint Paul, MN 55102
Attn: Patrick Ostrom

With copies to:

Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
Attention: Jeffrey S. Drennan

Stratford Brooklyn Park Investors Limited Partnership
c/o Stratford Capital Group LLC
100 Corporate Place, Suite 404
Peabody, Massachusetts 01960
Attn: Asset Management (Brooklyn Park)

DLA Piper LLP (US)
444 W. Lake Street, Suite 900
Chicago, Illinois 60606
Attn: Gregory R.A. Dahlgren

- (b) in the case of the EDA is addressed to or delivered personally to the EDA at:

Brooklyn Park Economic Development Authority
5200 85th Ave. N.
Brooklyn Park, MN 55443
Attn: Executive Director

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

Section 5.7. No Additional Waiver Implied by One Waiver. If 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 5.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 5.9. Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 5.10. Term; Termination. Except as provided in the Declaration, and unless this Agreement is terminated earlier in accordance with its terms this Agreement shall terminate on the Termination Date. Early termination upon a written request from the Developer shall be in the EDA's sole discretion and upon a determination that such termination will not limit or interfere with the EDA's ability to pool Tax Increments generated by the TIF District for affordable housing in accordance with the TIF Act. After the Termination Date, if requested by the Developer, the EDA will provide a termination certificate as to the Developer's obligations hereunder; provided that termination of this Agreement shall not terminate the Developer's obligations under the Pooled TIF Promissory Note until all amounts due thereunder have been paid in full.

Section 5.11. Provisions Surviving Rescission, Expiration or Termination. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 5.12. Superseding Effect. This Agreement reflects the entire agreement of the parties with respect to the development of the Development Property, and supersedes in all respects all prior agreements of the parties, whether written or otherwise, with respect to the development of the Development Property.

Section 5.13. Relationship of Parties. Nothing in this Agreement is intended, or shall be construed, to create a partnership or joint venture among or between the parties hereto, and the rights and remedies of the parties hereto shall be strictly as set forth in this Agreement. All covenants, stipulations, promises, agreements and obligations of the EDA contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the EDA and not of any governing body member, officer, agent, servant or employee thereof.

Section 5.14. Venue. All matters, whether sounding in tort or in contract, relating to the validity, construction, performance, or enforcement of this Agreement shall be controlled by and determined in accordance with the laws of the State, and the Developer agrees that all legal actions initiated by the Developer or the EDA with respect to or arising from any provision contained in this Agreement shall be initiated, filed and venued exclusively in the State of Minnesota, Hennepin County, District Court and shall not be removed therefrom to any other federal or state court.

Section 5.15. Interpretation; Concurrence. The language in this Agreement shall be construed simply according to its generally understood meaning, and not strictly for or against any party and no interpretation shall be affected by which party drafted any part of this Agreement. By executing this Agreement, the parties acknowledge that they (a) enter into and execute this Agreement knowingly, voluntarily and willingly of their own volition with such consultation with legal counsel as they deem appropriate; (b) have had a sufficient amount of time to consider this Agreement's terms and conditions, and to consult an attorney before signing this Agreement; (c) have read this Agreement, understand all of its terms, appreciate the significance of those terms

and have made the decision to accept them as stated herein; and (d) have not relied upon any representation or statement not set forth herein.

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

BROOKLYN PARK ECONOMIC
DEVELOPMENT AUTHORITY

By _____
Its President

By _____
Its Executive Director

DRAFT

This is a signature page to the Development Assistance Agreement

**BROOKLYN PARK AH I, LLLP,
a Minnesota limited liability limited partnership**

By: Brooklyn Park AH I, LLC, a Minnesota limited
liability company
Its: General Partner

By: _____
Patrick Ostrom
Its: Vice President

This is a signature page to the Development Assistance Agreement.

EXHIBIT A

DESCRIPTION OF TIF DISTRICT

The area encompassed by the TIF District shall also include all street or utility rights-of-way located upon or adjacent to the property currently identified as:

Parcel ID #07-119-21-32-0006, 9500 Decatur Dr. N., Brooklyn Park, Minnesota

To be replatted as:

DRAFT

EXHIBIT B

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

The property located in the City of Brooklyn Park, Hennepin County, Minnesota described as:

Lot 1, Block 1, Gateway 7th Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

EXHIBIT C

PUBLIC DEVELOPMENT COSTS

Land acquisition

Site grading and improvements

Surface, covered and underground parking

Underground and above ground utilities

All rental housing construction costs eligible for reimbursement under the TIF Act

EXHIBIT D
PROJECT SOURCES AND USES

DRAFT

EXHIBIT E**FORM OF TAXABLE TIF NOTE**

No. R-1

[\$800,000]

UNITED STATES OF AMERICA
 STATE OF MINNESOTA
 COUNTY OF HENNEPIN
 BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
 TAXABLE TAX INCREMENT REVENUE NOTE
 (DECATUR LANDING APARTMENTS PROJECT)
 _____, 20__

The BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY (the “EDA”) hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the “Payment Amounts”) to BROOKLYN PARK AH I, LLLP, a Minnesota limited liability limited partnership, or its registered assigns (the “Registered Owner”), the principal amount of [EIGHT HUNDRED THOUSAND] AND 00/100 DOLLARS (\$800,000), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

This Note is issued pursuant to that certain Development Assistance Agreement, dated as of _____, 2023, as the same may be amended from time to time (the “TIF Agreement”), by and between the EDA and Brooklyn Park AH I, LLLP, a Minnesota limited liability limited partnership (the “Developer”). Unless otherwise defined herein or unless context requires otherwise, undefined terms used herein shall have the meanings set forth in the TIF Agreement.

The outstanding and unpaid principal amount of this Note shall bear simple, non-compounding interest at the rate equal to _____% per annum (which is the lesser of 5.744% per annum or the true interest cost of the Revenue Bonds for the Project); provided that no interest shall accrue on this Note during any period that an Event of Default has occurred, and such Event of Default is continuing, under the TIF Agreement and EDA has exercised its remedy under the TIF Agreement to suspend payment on the Note. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

The amounts due under this Note shall be payable on August 1, 2026 and on each February 1 and August 1 thereafter to and including the earliest of (i) the date on which the entire principal and accrued interest on the TIF Note has been paid in full; or (ii) February 1, 2041; or (iii) any earlier date the TIF Agreement or this Note is cancelled in accordance with the terms of the TIF Agreement or deemed paid in full; or (iv) the February 1 following the date the TIF District is terminated in accordance with the TIF Act; or (v) the date the EDA cancels the TIF Note upon a written request for termination from the Developer and a determination in the EDA’s sole discretion that such termination will not limit or interfere with the EDA’s ability to pool Tax Increments generated by the TIF District for affordable housing in accordance with the TIF Act

(provided that there shall be no payment of any Tax Increments on such date unless it is a regular Payment Date) (the “Final Payment Date”) or, if the first should not be a Business Day (as defined in the TIF Agreement) the next succeeding Business Day (collectively, the “Payment Dates”). On each Payment Date, the EDA shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day preceding such Payment Date an amount equal to 95% of the Tax Increments (as hereinafter defined) received by the EDA during the 6-month period preceding such Payment Date (“Pledged Tax Increments”).

“Tax Increments” are the tax increments derived from the Development Property (as defined in the TIF Agreement) and the improvements thereon which have been received and are permitted to be retained by the EDA in accordance with the Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the “TIF Act”) including, without limitation, Minnesota Statutes, Sections 469.177; 469.176, Subd. 4h; and 469.175, Subd. 1a, as the same may be amended from time to time; for purposes of this definition, “derived from the Development Property and the improvements thereon” means the portion of Tax Increments actually received by the City from the TIF District determined by the City, in its sole determination, to have been derived from the Development Property.

Payments on this Note shall be payable solely from the Pledged Tax Increments. All payments made by the EDA under this Note shall first be applied to accrued interest and then to principal. If Pledged Tax Increments are insufficient to pay any accrued interest due, such unpaid interest shall be carried forward without interest.

This Note shall terminate and be of no further force and effect following the Final Payment Date defined above, or any date upon which the EDA shall have terminated the TIF Agreement under Section 4.2 thereof or on the date that all principal and interest payable hereunder shall have been or deemed paid in full, whichever occurs earliest. This Note may be prepaid in whole or in part at any time without penalty.

The EDA makes no representation or covenant, express or implied, that the Pledged Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder. There are risk factors in the amount of Tax Increments that may actually be received by the EDA and some of those factors are listed on the attached Exhibit 1. The Registered Owner acknowledges these risk factors and understands and agrees that payments by the EDA under this Note are subject to these and other factors.

The EDA’s payment obligations hereunder shall be subject to adjustment pursuant to Sections 3.2(9), 3.11(12), and 3.15 of the TIF Agreement and are further subject to the conditions that (i) no Event of Default under Section 4.1 of the TIF Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, including without limitation failure to submit the Compliance Certificate in accordance with Section 3.4 of the TIF Agreement and deliver the Declaration (as defined therein), and (ii) the TIF Agreement shall not have been terminated pursuant to Section 4.2 thereof, (iii) all conditions set forth in Section 3.2(2) of the TIF Agreement have been satisfied as of such date, and (iv) the Developer shall have paid all of the City’s annual issuer’s fee required to have been paid as of such date in accordance with Section 2.3(d) of the Loan Agreement between the City and the Developer in connection with the issuance of the Revenue Bonds. Any such suspended and unpaid amounts shall become payable, without

interest accruing thereon in the meantime, if this Note has not been terminated in accordance with Section 4.2 of the TIF Agreement and said Event of Default shall thereafter have been cured in accordance with Section 4.2 of the TIF Agreement. If pursuant to the occurrence of an Event of Default under the TIF Agreement the EDA elects, in accordance with the TIF Agreement to cancel and rescind the TIF Agreement and/or this Note, the EDA shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the TIF Agreement, for a fuller statement of the rights and obligations of the EDA to pay the principal of this Note and the interest thereon, and said provisions are hereby incorporated into this Note as though set out in full herein.

THIS NOTE IS A SPECIAL, LIMITED REVENUE OBLIGATION OF THE EDA AND NOT A GENERAL OBLIGATION OF THE CITY OF BROOKLYN PARK, MINNESOTA (THE "CITY") OR THE EDA AND IS PAYABLE BY THE EDA ONLY FROM THE SOURCES AND SUBJECT TO THE QUALIFICATIONS STATED OR REFERENCED HEREIN. THIS NOTE IS NOT A GENERAL OBLIGATION OF THE CITY OR THE EDA, AND THE FULL FAITH AND CREDIT AND TAXING POWERS OF NEITHER THE CITY NOR THE EDA ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE AND NO PROPERTY OR OTHER ASSET OF THE CITY OR THE EDA, SAVE AND EXCEPT THE ABOVE-REFERENCED PLEDGED TAX INCREMENTS, IS OR SHALL BE A SOURCE OF PAYMENT OF THE EDA'S OBLIGATIONS HEREUNDER.

The Registered Owner shall never have or be deemed to have the right to compel any exercise of any taxing power of the EDA or the City or of any other public body, and neither the EDA nor any person executing or registering this Note shall be liable personally hereon by reason of the issuance or registration thereof or otherwise.

This Note is issued by the EDA in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the TIF Act.

This Note may be assigned only as provided in Section 5.3 of the TIF Agreement and subject to the assignee executing and delivering to the EDA the Acknowledgment Regarding TIF Note in the form set forth in Exhibit 2 attached hereto. Additionally, in order to assign the Note, the assignee shall surrender the same to the EDA either in exchange for a new fully registered note or for transfer of this Note on the registration records maintained by the EDA for the Note. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

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 have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the EDA outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the EDA to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY, by its Board of Commissioners, has caused this Note to be executed by the manual signatures of its President and Executive Director and has caused this Note to be issued on and dated as of the date first written above.

BROOKLYN PARK ECONOMIC
DEVELOPMENT AUTHORITY

By _____
Its President

By _____
Its Executive Director

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was, as of the latest date listed below, registered in the name of the last Registered Owner noted below on the books kept by the undersigned for such purposes.

NAME AND ADDRESS OF
REGISTERED OWNER

DATE OF
REGISTRATION

SIGNATURE OF
EXECUTIVE DIRECTOR

Brooklyn Park AH I, LLLP
579 Selby Ave
St. Paul, MN 55102

_____, 20__

Exhibit 1
to Taxable TIF Note

RISK FACTORS

Risk factors on the amount of Tax Increments that may actually be received by the EDA include but are not limited to the following:

1. Value of Project. If the contemplated Project (as defined in the TIF Agreement) constructed in the tax increment financing district is completed at a lesser level of value than originally contemplated, it will generate fewer taxes and fewer tax increments than originally contemplated.
2. Damage or Destruction. If the Project is damaged or destroyed after completion, its value will be reduced, and taxes and tax increments will be reduced. Repair, restoration or replacement of the Project may not occur, may occur after only a substantial time delay, or may involve property with a lower value than the Project, all of which would reduce taxes and tax increments.
3. Change in Use to Tax-Exempt. The Project could be acquired by a party that devotes it to a use which causes the property to be exempt from real property taxation. Taxes and tax increments would then cease.
4. Depreciation. The Project could decline in value due to changes in the market for such property or due to the decline in the physical condition of the property. Lower market valuation will lead to lower taxes and lower tax increments.
5. Non-payment of Taxes. If the property owner does not pay property taxes, either in whole or in part, the lack of taxes received will cause a lack of tax increments. The Minnesota system of collecting delinquent property taxes is a lengthy one that could result in substantial delays in the receipt of taxes and tax increments, and there is no assurance that the full amount of delinquent taxes would be collected. Amounts distributed to taxing jurisdictions upon a sale following a tax forfeiture of the property are not tax increments.
6. Reductions in Taxes Levied. If property taxes are reduced due to decreased municipal levies, taxes and tax increments will be reduced. Reasons for such reduction could include lower local expenditures or changes in state aids to municipalities. For instance, in 2001 the Minnesota Legislature enacted an education funding reform that involved the state increasing school aid in lieu of the local general education levy (a component of school district tax levies).
7. Reductions in Tax Capacity Rates. The taxable value of real property is determined by multiplying the market value of the property by a tax capacity rate. Tax capacity rates vary by certain categories of property; for example, the tax capacity rates for residential homesteads are currently less than the tax capacity rates for commercial and industrial property. In 2001 the Minnesota Legislature enacted property tax reform that lowered various tax capacity rates to

“compress” the difference between the tax capacity rates applicable to residential homestead properties and commercial and industrial properties.

8. Changes to Local Tax Rate. The local tax rate to be applied in the tax increment financing district is the lower of the current local tax rate or the original local tax rate for the tax increment financing district. In the event that the Current Local Tax Rate is higher than the Original Local Tax Rate, then the “excess” or difference that comes about after applying the lower Original Local Tax Rate instead of the Current Local Tax Rate is considered “excess” tax increment and is distributed by Hennepin County to the other taxing jurisdictions and such amount is not available to the EDA as tax increment.

9. Legislation. The Minnesota Legislature has frequently modified laws affecting real property taxes, particularly as they relate to tax capacity rates and the overall level of taxes as affected by state aid to municipalities.

10. Affordable Housing Declaration. The TIF District will cease to qualify as a housing tax increment financing district and the TIF Note will terminate if the Project ceases to be operated in accordance with the Declaration required by and defined in the TIF Agreement defined in the attached Note.

11. County’s Sharing Factor. In determining the amount of tax increment generated by the development property, Hennepin County may reflect a Sharing Factor when there are multiple parcels of land in the tax increment financing district. This may reflect a lower amount of tax increment attributable to the development property than if the development property was the only parcel in the district. The Note Holder understands and acknowledges that the tax increment financing district may contain more than one separately owned tax parcels which may impact the amount of tax increment generated by the TIF District. In addition, the Sharing Factor is not consistent with the method that the EDA will use to determine Pledged Tax Increments.

12. Multi-Parcel District. The tax increment financing district may include property that is not owned by the Developer (as defined in the attached TIF Note). If other property owners in the tax increment financing district fail to pay property taxes, either in whole or in part, the lack of taxes received will result in a lower amount of tax increment derived from the tax increment financing district.

Exhibit 2
to Taxable TIF Note

ACKNOWLEDGMENT REGARDING TIF NOTE

The undersigned, _____, a _____ (“Note Holder”), hereby certifies and acknowledges that:

A. On the date hereof the Note Holder has [acquired from]/[made a loan (the “Loan”) [to/for the benefit] of] Brooklyn Park AH I, LLLP, a Minnesota limited liability limited partnership (the “Developer”), [secured in part by] the Taxable Tax Increment Revenue Note (Decatur Landing Apartments Project), a pay-as-you-go tax increment revenue note (the “Note”) in the original principal amount of [up to] \$[800,000] [dated _____, 20__] [to be] issued by the Brooklyn Park Economic Development Authority (the “EDA”), [a copy of which is attached hereto].

B. The Note Holder has had the opportunity to ask questions of and receive from the Developer all information and documents concerning the Note as it requested and has had access to any additional information the Note Holder thought necessary to verify the accuracy of the information received. In determining to [acquire the Note]/[make the Loan], the Note Holder has made its own determinations and has not relied on the EDA or information provided by the EDA.

C. The Note Holder represents and warrants that:

1. The Note Holder is acquiring [the Note]/[an interest in the Note as collateral for the Loan] for investment and for its own account, and without any view to resale or other distribution.

2. The Note Holder has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquiring [the Note]/[an interest in the Note as collateral for the Loan].

3. The Note Holder understands that the Note is a security which has not been registered under the Securities Act of 1933, as amended, or any state securities law, and must be held until its sale is registered or an exemption from registration becomes available.

4. The Note Holder is aware of the limited payment source for the Note and interest thereon and risks associated with the sufficiency of that limited payment source.

5. The Note Holder is [a bank or other financial institution] / [the owner of the property from which the tax increments which are pledged to the Note are generated].

D. The Note Holder understands that the Note is payable solely from certain tax increments derived from certain properties located in a tax increment financing district, if and as received by the EDA. The Note Holder acknowledges that the EDA has made no representation or covenant, express or implied, that the revenues pledged to pay the Note will be sufficient to pay,

in whole or in part, the principal and interest due on the Note. Any amounts which have not been paid on the Note on or before the final maturity date of the Note shall no longer be payable, as if the Note had ceased to be an obligation of the EDA. The Note Holder understands that the Note will never represent or constitute a general obligation, debt or bonded indebtedness of the City of Brooklyn Park, Minnesota (the “City”), the EDA, the State of Minnesota, or any political subdivision thereof and that no right will exist to have taxes levied by the City, the EDA, the State of Minnesota or any political subdivision thereof for the payment of principal and interest on the Note.

E. The Note Holder understands that the Note is payable solely from certain tax increments, which are taxes received on improvements made to certain property (the “Project”) in a tax increment financing district from the increased taxable value of the property over its base value at the time that the tax increment financing district was created, which base value is called “original net tax capacity”. There are risk factors in relying on tax increments to be received, which include, but are not limited to, the following:

1. Value of Project. If the contemplated Project constructed in the tax increment financing district is completed at a lesser level of value than originally contemplated, it will generate fewer taxes and fewer tax increments than originally contemplated.

2. Damage or Destruction. If the Project is damaged or destroyed after completion, its value will be reduced, and taxes and tax increments will be reduced. Repair, restoration or replacement of the Project may not occur, may occur after only a substantial time delay, or may involve property with a lower value than the Project, all of which would reduce taxes and tax increments.

3. Change in Use to Tax-Exempt. The Project could be acquired by a party that devotes it to a use which causes the property to be exempt from real property taxation. Taxes and tax increments would then cease.

4. Depreciation. The Project could decline in value due to changes in the market for such property or due to the decline in the physical condition of the property. Lower market valuation will lead to lower taxes and lower tax increments.

5. Non-payment of Taxes. If the property owner does not pay property taxes, either in whole or in part, the lack of taxes received will cause a lack of tax increments. The Minnesota system of collecting delinquent property taxes is a lengthy one that could result in substantial delays in the receipt of taxes and tax increments, and there is no assurance that the full amount of delinquent taxes would be collected. Amounts distributed to taxing jurisdictions upon a sale following a tax forfeiture of the property are not tax increments.

6. Reductions in Taxes Levied. If property taxes are reduced due to decreased municipal levies, taxes and tax increments will be reduced. Reasons for such reduction could include lower local expenditures or changes in state aids to municipalities. For instance, in 2001 the Minnesota Legislature enacted an education funding reform that

involved the state increasing school aid in lieu of the local general education levy (a component of school district tax levies).

7. Reductions in Tax Capacity Rates. The taxable value of real property is determined by multiplying the market value of the property by a tax capacity rate. Tax capacity rates vary by certain categories of property; for example, the tax capacity rates for residential homesteads are currently less than the tax capacity rates for commercial and industrial property. In 2001 the Minnesota Legislature enacted property tax reform that lowered various tax capacity rates to “compress” the difference between the tax capacity rates applicable to residential homestead properties and commercial and industrial properties.

8. Changes to Local Tax Rate. The local tax rate to be applied in the tax increment financing district is the lower of the current local tax rate or the original local tax rate for the tax increment financing district. In the event that the Current Local Tax Rate is higher than the Original Local Tax Rate, then the “excess” or difference that comes about after applying the lower Original Local Tax Rate instead of the Current Local Tax Rate is considered “excess” tax increment and is distributed by Hennepin County to the other taxing jurisdictions and such amount is not available to the EDA as tax increment.

9. Legislation. The Minnesota Legislature has frequently modified laws affecting real property taxes, particularly as they relate to tax capacity rates and the overall level of taxes as affected by state aid to municipalities.

10. Affordable Housing Declaration. The TIF District will cease to qualify as a housing tax increment financing district and the TIF Note will terminate if the Project ceases to be operated in accordance with the Declaration required by and defined in the TIF Agreement defined below.

11. County’s Sharing Factor. In determining the amount of tax increment generated by the development property, Hennepin County may reflect a Sharing Factor when there are multiple parcels of land in the tax increment financing district. This may reflect a lower amount of tax increment attributable to the development property than if the development property was the only parcel in the district. The Note Holder understands and acknowledges that the tax increment financing district may contain more than one separately owned tax parcels which may impact the amount of tax increment generated by the TIF District. In addition, the Sharing Factor is not consistent with the method that the EDA will use to determine Pledged Tax Increments.

12. Multi-Parcel District. The tax increment financing district may include property that is not owned by the Developer (as defined in the attached TIF Note). If other property owners in the tax increment financing district fail to pay property taxes, either in whole or in part, the lack of taxes received will result in a lower amount of tax increment derived from the tax increment financing district.

F. The Note Holder acknowledges that the Note was issued as part of a Development Assistance Agreement between the EDA and the Developer dated _____, 2023 (the

“TIF Agreement”), and that the EDA has the right to suspend payments under the Note and/or terminate the Note upon an Event of Default under the TIF Agreement.

G. The Note Holder acknowledges that the EDA makes no representation about the tax treatment of, or tax consequences from, the Note Holder’s acquisition of [the Note]/[an interest in the Note as collateral for the Loan].

WITNESS our hand this ____ day of _____, 20__.

Note Holder:

By: _____
Name: _____
Its: _____

EXHIBIT F**CERTIFICATE OF COMPLETION OF PROJECT**

_____, 20____

WHEREAS, the BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic under the laws of the State of Minnesota (the “EDA”), and Brooklyn Park AH I, LLLP, a Minnesota limited liability limited partnership (the “Developer”), have entered into a Development Assistance Agreement (the “TIF Agreement”), dated _____, 2023; and

WHEREAS, the TIF Agreement requires the Developer to construct the Project (as that term is defined in the TIF Agreement); and

WHEREAS, the Developer has constructed the Project in a manner deemed sufficient by the EDA to permit the execution of this certification in accordance with Section 3.10 of the TIF Agreement; and

NOW, THEREFORE, this is to certify that the Developer has constructed the Project in accordance with the TIF Agreement. The remaining covenants of the Developer under the TIF Agreement are not intended to run with title to the Development Property (as that term is defined in the TIF Agreement) or bind successors in title to the Development Property.

The EDA has, as of the date and year first above written, set its hand hereon.

BROOKLYN PARK ECONOMIC
DEVELOPMENT AUTHORITY

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____,
20__, by _____, the Executive Director of the Brooklyn Park Economic Development
Authority, a public body corporate and politic organized and existing under the laws of the State
of Minnesota, on behalf of said EDA.

Notary Public

EXHIBIT G**FORM OF MINIMUM ASSESSMENT AGREEMENT**

THIS AGREEMENT, dated as of this ___ day of _____, 2023, is between the Brooklyn Park Economic Development Authority (the “EDA”) and Brooklyn Park AH I, LLLP, a Minnesota limited liability limited partnership (the “Developer”).

WITNESSETH

WHEREAS, on or before the date hereof the EDA and Developer have entered into a Development Assistance Agreement dated as of _____, 2023 (the “TIF Agreement”) regarding certain real property located in the City of Brooklyn Park, Minnesota (the “City”) the legal description of which is attached hereto as **Exhibit A** (the “Development Property”).

WHEREAS, it is contemplated that pursuant to said Agreement, the Developer will undertake the acquisition, construction and equipping of an approximately 175-unit multifamily rental housing facility with related amenities and improvements including a fitness center, community room, tot lot, dog run and an outdoor grilling/patio area (collectively, the “Project”).

WHEREAS, the EDA and Developer desire to establish a minimum market value for the Development Property and the improvements constructed or to be constructed thereon, pursuant to Minnesota Statutes, Section 469.177.

WHEREAS, the Developer has acquired the Development Property.

WHEREAS, the EDA and the Assessor have reviewed plans and specifications for the Project.

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

1. As of January 2, 2027, the minimum market value, which shall be assessed for the Development Property for taxes payable 2028 and in each year thereafter, shall not be less than \$36,750,000.

2. The minimum market values herein established shall be of no further force and effect after assessment on or before January 31, 2039 for taxes payable in 2040; provided, however, this Agreement shall terminate earlier upon such date as the earliest to occur of (i) the date on which the entire principal and accrued interest on the TIF Note (as defined in the TIF Agreement) has been paid in full; or (ii) any earlier date the TIF Agreement or the TIF Note is cancelled in accordance with the terms thereof or deemed paid in full; or (iii) the date the TIF District (as defined in the TIF Agreement) is terminated in accordance with the TIF Act (as defined in the TIF Agreement); or (iv) the date the EDA cancels the TIF Note upon a written request for termination from the Developer (the “Termination Date”). If the Termination Date is earlier than the assessment on or before January 31, 2039, for taxes payable in 2040, the EDA shall duly execute and record a release of this Agreement upon the written request and sole expense of the then holder of fee title to the Developer Property.

3. This Agreement shall be recorded by the EDA with the County Recorder of Hennepin County, Minnesota and in the Office of the Hennepin County Registrar of Titles. The Developer shall pay all costs of recording.

4. Neither the preambles nor provisions of this Agreement are intended to, or shall they be construed as, modifying the terms of the TIF Agreement between the EDA and the Developer.

5. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties, shall be governed by, and interpreted pursuant to Minnesota law, and may be executed in counterparts, each of which shall constitute an original hereof and all of which shall constitute one and the same instrument.

This Instrument Drafted By:
Kennedy & Graven, Chartered (JSB)
700 Fifth Street Towers
150 South Fifth Street
Minneapolis, MN 55402

IN WITNESS WHEREOF, the EDA and the Developer have caused this Minimum Assessment Agreement to be executed in their names and on their behalf all as of the date set forth above.

ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF
BROOKLYN PARK

By _____
President

By _____
Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 2023 by _____, the President of the Economic Development Authority of the City of Brooklyn Park, a public body corporate and politic organized and existing under the Constitution and laws of the State of Minnesota, on behalf of said Authority.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 2023 by _____, the Executive Director of the Economic Development Authority of the City of Brooklyn Park, a public body corporate and politic organized and existing under the Constitution and laws of the State of Minnesota, on behalf of said Authority.

Notary Public

BROOKLYN PARK AH I, LLLP,
a Minnesota limited liability limited partnership

By: Brooklyn Park AH I, LLC, a Minnesota limited
liability company
Its: General Partner

By: _____
Patrick Ostrom
Its: Vice President

STATE OF MINNESOTA)
) SS.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this _____, 2023, by Patrick Ostrom, the Vice President of Brooklyn Park AH I, LLC, a Minnesota limited liability company, the General Partner of Brooklyn Park AH I, LLLP, a Minnesota limited liability limited partnership.

Notary Public

CERTIFICATION BY CITY ASSESSOR

The undersigned, having reviewed (i) the Assessment Agreement dated as of the date first written above by and between the Economic Development Authority of the City of Brooklyn Park and Brooklyn Park AH I, LLLP, a Minnesota limited liability limited partnership, (ii) the plans and specifications for the Development, as defined in the foregoing Minimum Assessment Agreement, and (iii) the market value currently assigned to land upon which the improvements are to be constructed and being of the opinion that the minimum market value contained in the Minimum Assessment Agreement appears reasonable, hereby certifies as follows:

The undersigned Assessor, being legally responsible for the assessment of the above-described property, hereby certifies that the minimum market value of \$36,750,000 as of January 2, 2027, assigned to such land and improvements is reasonable.

Brooklyn Park City Assessor

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

This instrument was acknowledged before me on _____, 2023, by _____, the Brooklyn Park City Assessor.

Notary Public

EXHIBIT A TO MINIMUM ASSESSMENT AGREEMENT

The property located in the City of Brooklyn Park, Hennepin County, Minnesota described as:

Lot 1, Block 1, Gateway 7th Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

EXHIBIT H

DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS, dated _____, 2023 (the “Declaration”), by BROOKLYN PARK AH I, LLLP, a Minnesota limited liability limited partnership (the “Developer”), is given for the benefit of the BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic organized and existing under the laws of the State of Minnesota (the “EDA”).

RECITALS

WHEREAS, the EDA and the Developer entered into that certain Development Assistance Agreement, dated _____, 2023, (the “TIF Agreement”); and

WHEREAS, pursuant to the TIF Agreement, the Developer is obligated to cause the acquisition, construction and equipping of an approximately 175-unit multifamily rental housing facility with related amenities and improvements including a fitness center, community room, tot lot, dog run and an outdoor grilling/patio area (collectively, the “Project”) to be located on the property described in Exhibit A attached hereto (the “Property”), and to cause compliance with certain affordability covenants described in Section 3.4 of the TIF Agreement; and

WHEREAS, Section 3.4 of the TIF Agreement requires that the Developer cause to be executed an instrument in recordable form substantially reflecting the covenants set forth in Section 3.4 of the TIF Agreement; 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 meanings provided in the TIF Agreement 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) Qualified Project Period. The term of the Occupancy Restrictions set forth in Section 3 of this Declaration will commence on the date a certificate of occupancy is issued by the City for all residential units in the Project and continue through the Declaration Termination Date defined below (the “Qualified Project Period”).

(b) Termination of Declaration. This Declaration shall terminate on the date 30 years following the date a certificate of occupancy is issued by the City for the Project (the “Declaration Termination Date”). The Developer acknowledges, on behalf of itself and its successors and assigns that, upon any termination of this Declaration prior to the payment in full of the TIF Note, the EDA will terminate the TIF Note.

(c) Removal from Real Estate Records. After the Declaration Termination Date of this Declaration, the EDA 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 residential units to Qualifying Tenants (as defined in Section 3(a) 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(b) hereof); and

(2) Agrees that the family income at the time the lease is executed will be deemed a 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 EDA, 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.

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

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

(a) Qualifying Tenants. Throughout the Qualified Project Period the Project shall satisfy the following income restrictions (collectively, the “Occupancy Restrictions”):

(i) 60% Qualifying Tenants. At least 80% (i.e. 140 units) of the residential units in the Project shall be occupied (or treated as occupied as provided herein) or held vacant and available for occupancy by persons or families whose combined adjusted income is 60% or less of Median Income (60% Qualifying Tenants”).

(ii) 30% Qualifying Tenants. At least 5% (i.e. 9 units) of the residential units in the Project shall be occupied (or treated as occupied as provided herein) or held vacant and available for occupancy by persons or families whose combined adjusted income is 30% or less of Median Income (“30% Qualifying Tenants”).

(iii) Average Income. The average income of the residents of 100% of the units in the Project shall not exceed 60% of Median Income (as calculated in accordance with Section 42(g)(1)(C) of the Internal Revenue Code of 1986, as amended (the “Code”).

(iv) Rent Limitations. Gross Rents (including utilities paid by tenant) for the units subject to the Occupancy Restrictions shall be restricted to not exceed 30% of the imputed income limitation, as noted in Section 3(a)(i) or (ii), as applicable, for the units subject to the Occupancy Restrictions.

(b) Additional Definitions. “Median Income” means the area-wide median family income for the standard metropolitan statistical area which includes Brooklyn Park, Minnesota, as that figure is determined and announced from time to time by HUD, as adjusted for family size for the applicable calendar year. “Qualifying Tenants” means, collectively, as applicable, 60% Qualifying Tenants and 30% Qualifying Tenants; 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 152(f)(2) of 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, with respect to each 60% Qualifying Tenant and each 30% Qualifying Tenant, on an ongoing basis thereafter, determined at least annually. If during their tenancy the income of a Qualifying Tenant exceeds 140% of the maximum income qualifying as low or moderate income for a family of its size, the next available residential 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 qualifying as to the applicable income level. If the Next Available Unit Rule is violated, the affected unit will not continue to be treated as occupied by a Qualifying Tenant.

(c) Certification of Tenant Eligibility. As a condition to initial and continuing occupancy, each person who or household that is intended to be a 60% Qualifying Tenant or a 30% 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 EDA (the “Eligibility Certification”), in which the prospective Qualifying Tenant certifies as to having a qualifying low or moderate income at the applicable level. In addition, the Qualifying Tenant will be required to provide whatever other information, documents, or certifications are deemed necessary by the EDA 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 for the Qualified Project Period with respect to each Qualifying Tenant who resides in a residential unit or resided therein during the Qualified Project Period.

(d) Lease. The form of lease to be utilized by the Developer in renting any residential 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. The Developer covenants and agrees that during the Qualified Project Period it will not increase the rent charged to any tenant of a rental unit within the Project

during such tenant's lease term and, at any rate, will not increase the rent charged to any tenant more than once in any 12-month period.

(e) Annual Report. The Developer covenants and agrees that during the term of this Declaration, it will prepare and submit to the EDA on or before July 1 of each year, a certificate substantially in the form of **Exhibit C** attached 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 residential 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 residential 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.

(f) Notice of Non-Compliance. The Developer will immediately notify the EDA if at any time during the term of this Declaration fewer dwelling units in the Project than the percentages set forth in Section 3(a) above are occupied or available for occupancy by Qualifying Tenants as required by the terms of this Declaration.

(g) Section 8 Housing. The Developer shall accept tenants who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq., or its successor. During the term of this Declaration, the Developer shall not adopt any policies specifically excluding rental to tenants holding Section 8 certificate/voucher holders.

(h) Reasonable Distribution. The Developer shall not concentrate Qualifying Tenants in any floor or any area of any building in the Project. The units occupied by Qualifying Tenants shall be located throughout the Project and shall reflect the unit mix of the entire Project. The units occupied or held for 30% Qualifying Tenants shall include at least 3 two-bedroom units and 3 three-bedroom units.

4. Transfer Restrictions. Except as provided in Section 1(b) above, 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 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 EDA, 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 Occupancy Restrictions provided herein (the "Assumption Agreement"). The Developer will deliver the Assumption Agreement to the EDA prior to the Transfer.

5. Enforcement.

(a) The Developer will permit, during normal business hours and upon reasonable notice, any duly authorized representative of the EDA to inspect any books and records of the Developer

regarding the Project with respect to the incomes of Qualifying Tenants and the average income of all residents.

(b) The Developer will submit any other information, documents or certifications requested by the EDA which the EDA deems reasonably necessary to substantiate 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 3.4 of the TIF Agreement, and by reason thereof, the Developer, in consideration for assistance provided by the EDA under the TIF Agreement that makes the construction of the Project on the Property possible, hereby agrees and consents that the EDA 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 EDA 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 EDA may exercise any remedy available to it under Article IV of the TIF Agreement.

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

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

8. Compliance with Local Codes. Developer agrees to keep all units in compliance with all applicable local codes including state and local building codes to ensure the units are decent, safe, and sanitary at all times.

9. Equal Opportunity, Affirmative Marketing. Developer and its agents must adhere to Equal Opportunity, Affirmative Marketing, and Fair Housing practices in all marketing efforts, eligibility determinations and other transactions. The Equal Housing Opportunity logo or statement ("We do business in accordance with the Federal Fair Housing Law. It is illegal to discriminate against any person because of race, color, religion, sex, handicap, familial status, or national origin.") must be used in all advertising of vacant units.

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

11. 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 EDA 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 EDA: Brooklyn Park Economic Development Authority
 5200 85th Ave. N.
 Brooklyn Park, MN 55443
 Attn: Executive Director

To the Developer: Brooklyn Park AH I, LLLP
 579 Selby Avenue
 Saint Paul, MN 55102
 Attn: Patrick Ostrom

12. 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.

13. 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 EDA in connection with the action.

14. 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 EDA and its successors and assigns until the Declaration Termination Date as provided in Section 1(b) hereof.

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

BROOKLYN PARK AH I, LLLP, a Minnesota
limited liability limited partnership

By: Brooklyn Park AH I, LLC, a Minnesota limited
liability company
Its: General Partner

By: _____
Name: Patrick Ostrom
Its: Vice President

STATE OF MINNESOTA)
) SS.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this _____, 2023, by Patrick Ostrom, Vice President of Brooklyn Park AH I, LLC, a Minnesota limited liability company, the General Partner of Brooklyn Park AH I, LLLP, a Minnesota limited liability limited partnership, on behalf of the partnership.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
Kennedy & Graven, Chartered (JSB)
700 Fifth Street Towers
150 South Fifth Street
Minneapolis, Minnesota 55402
(P) 612-337-9300
(F) 612-337-9310

This Declaration is acknowledged and consented to by:

BROOKLYN PARK ECONOMIC
DEVELOPMENT AUTHORITY

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____, 20__, by _____, the President of the Brooklyn Park Economic Development Authority, a public body corporate and politic organized and existing under the laws of the State of Minnesota, on behalf of the EDA.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____, 20__, by _____, the Executive Director of the Brooklyn Park Economic Development Authority, a public body corporate and politic organized and existing under the laws of the State of Minnesota, on behalf of the EDA.

Notary Public

Exhibit A to Declaration of Restrictive Covenants

Description

The property located in the City of Brooklyn Park, Hennepin County, Minnesota described as:

Lot 1, Block 1, Gateway 7th Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Exhibit B to Declaration of Restrictive Covenants**Certification of Tenant Eligibility**

TENANT INCOME CERTIFICATION ☐ Initial Certification ☐ Recertification ☐ Other _____	Effective Date: _____ Move-in Date: _____ (MM/DD/YY): _____
PART I. DEVELOPMENT DATA	
Property Name: Decatur Landing Apartments Address: _____, Brooklyn Park, Minnesota	County: Hennepin Unit Number: _____
BIN #: _____ # Bedrooms: _____	

PART II. HOUSEHOLD COMPOSITION						
HH Br #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/Y Y)	F/T Student (Y or N)	Social Security or Alien Reg. No.
1			HEAD			
2						
3						
4						
5						
6						

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)				
HH Br #	(A) Employment or Wages	(B) Soc. Security / Pensions	(C) Public Assistance	(D) Other Income
TOTAL	\$	\$	\$	\$
Add totals from (A) through (D) above			TOTAL INCOME (E):	\$

PART IV. INCOME FROM ASSETS

HH Mbr#	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$	\$
Enter Column (H) Total				Passbook Rate
if over \$5,000 \$ _____ x 2.00 %				= (J) Imputed Income
Enter the greater of the total column I, or J: imputed income				TOTAL INCOME FROM ASSETS (K)
				\$
(L) Total Annual Household Income from all sources [Add (E) + (K)]				\$

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full-time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature_____
(Date)_____
Signature_____
(Date)_____
Signature_____
(Date)_____
Signature_____
(Date)**PART V. DETERMINATION OF INCOME ELIGIBILITY**

TOTAL ANNUAL HOUSEHOLD
INCOME FROM ALL SOURCES
From Item (L) on page 1

\$

Household Meets
Income Restriction

at:

- ☐ 80% ☐ 60%
☐ 50% ☐ 30%
☐ ____%

Current Income Limit per Family Size: \$ _____

Household Income at Move-in
\$ _____

RECERTIFICATION ONLY:
Current Income Limit x 140%

\$ _____

Household income exceeds 140% at
recertification:

☐ Yes ☐ No

Household Size at Move-in:

PART VI. RENT

Tenant Paid Rent	\$ _____	Rent Assistance:	\$ _____
Utility Allowance	\$ _____	Other non-optional charges:	\$ _____

GROSS RENT FOR UNIT:

Tenant paid rent plus Utility Allowance and other non-optional charges Unit Meets Rent Restriction at:

☐ 80%
 ☐ 60%
 ☐ 50%
 ☐ 30%
 ☐ ____ %

Maximum Rent Limit for this unit: \$ _____

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL-TIME STUDENTS? ☐ yes ☐ no	If yes, enter student explanation** (also attach documentation) Enter 1-4	Student explanation: 1. TANF assistance 2. Job training program 3. Single parent/dependent child 4. Married/joint return*
---	--	---

***Exception for married/joint return is the only exception available for units necessary to qualify tax-exempt bonds.**

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification

a. Tax Credit ☐	b. HOME ☐	c. Tax Exempt ☐	d. AHDP ☐	e. _____ ☐ (Name of Program)
--	----------------------------------	--	----------------------------------	--

See Part V above.	<i>Income Status</i> ☐ ≤ 50% AMGI ☐ ≤ 60% AMGI ☐ ≤ 80% AMGI ☐ ≤ 0I **	<i>Income Status</i> ☐ 50% AMGI ☐ 60% AMGI ☐ 80% AMGI ☐ 0I **	<i>Income Status</i> ☐ ≤ 50% AMGI ☐ ≤ 80% AMGI ☐ ≤ 0I **	<i>Income Status</i> ☐ _____ ☐ _____ ☐ ≤ 0I **
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** Upon recertification, household was determined over income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER / REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the Declaration of Restrictive Covenants to live in a unit in this Project.

SIGNATURE OF OWNER / REPRESENTATIVE

DATE

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I – Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Move-in Date	Enter the date the tenant has or will take occupancy of the unit.
Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification.
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
BIN #	Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
Address	Enter the unit number.
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.

Part II – Household Composition

List all occupants of the unit. State each household member's relationship to the head of the household by using one of the following coded definitions:

H	Head of household	S	Spouse
A	Adult co-tenant	O	Other family member
C	Child	F	Foster child
L	Live-in caretaker	N	None of the above

Enter the date of birth, student status, and Social Security number or alien registration number for each occupant.

If there are more than seven occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III – Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the 12 months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List the respective household member number from Part II.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.)
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D) above. Enter this amount.

Part IV – Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the 12 months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K)	Enter the Greater of the total in Column (I) or (J)
Row (L)	Total Annual Household Income from All Sources Add (E) and (K) and enter the total

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than five days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

Total Annual Household Income from all sources	Enter the number from item (L).
Current Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size.
Household income at move-in Household size at move-in	For recertifications only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.
Household Meets Income Restriction	Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.
Current Income Limit x 140%	For recertification only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, then the available unit rule must be followed.

Part VI – Rent

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Rent Assistance	Enter the amount of rent assistance, if any.
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other non-optional charges	Enter the amount of non-optional charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
Maximum Rent Limit for this unit	Enter the maximum allowable gross rent for the unit.
Unit Meets Rent Restriction at __%	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

Part VII – Student Status

If all household members are full-time* students, check “yes.” If at least one household member is not a full-time student, check “no.”

If “yes” is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

** Full time is determined by the school the student attends.*

Part VIII – Program Type

Mark the program(s) for which this unit will be counted toward the property’s occupancy requirements. Under each program marked, indicate the household’s income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household’s designation.
Tax Exempt	If the property participates in the Tax-Exempt Bond program, mark the appropriate box indicating the household’s designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household’s unit will count towards the set-aside requirements, mark the appropriate box indicating the household’s designation.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER / REPRESENTATIVE

It is the responsibility of the owner or the owner’s representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well-trained in affordable housing income compliance.

The responsibility for compliance with the Declaration of Restrictive Covenants lies with the owner of the building(s) to which it applies.

[illegible]

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*Expand to include 142 rows.

(D) The Owner has obtained a “Certification of Tenant Eligibility,” in the form provided as Exhibit B to the Declaration, from each Qualifying 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 (C) above who signed such a Certification since _____, 20____, the date on which the last “Certificate of Continuing Program Compliance” was filed with the EDA by the Owner.

(E) 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 (C) above have been rented for occupancy entirely by students, who are not entitled to an exemption under the Code. 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 12 months.

(F) 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.

(G) The Owner certifies that as of the date hereof the rents on the residential dwelling units occupied by 60% Qualifying Tenants do not exceed 30% of 60% of Median Income and the rents on the residential dwelling units occupied by 30% Qualifying Tenants do not exceed 30% of 30% of Median Income.

(H) The Owner certifies that as of the date hereof the average income of all the residents of the Project is _____% which does not exceed 60% of Median Income (as calculated in accordance with Section 42(g)(1)(C) of the Code).

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

(J) The following transfers or other changes in ownership of the Project or any interest therein have occurred in the last 12 months: [None] or [describe_____]

(K) To the best knowledge of the person executing this certificate after due inquiry, all the residential units were rented or available for rental on a continuous basis during the year to members of the general public.

IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of the Owner, on _____, 20__.

**BROOKLYN PARK AH I, LLLP,
a Minnesota limited liability limited partnership**

By: Brooklyn Park AH I, LLC, a Minnesota limited
liability company
Its: General Partner

By: _____
Name: Patrick Ostrom
Its: Vice President

EXHIBIT I**FORM OF SUBCONTRACTOR ADDENDUM****EXHIBIT I | TO SUBCONTRACT AGREEMENT****SUBCONTRACTOR CERTIFICATION**

- A. **Wage Enforcement.** Subcontractor shall report, and shall require its Sub-subcontractors to report, all complaints or adverse determinations of wage theft or payroll fraud arising out of this project against Subcontractor or its Sub-subcontractors to Contractor within seven (7) days of notification of the complaint or adverse determination. If an adverse decision is rendered against the Subcontractor, Contractor may terminate the Contract or exercise any other remedy under the Subcontractor Agreement or available under applicable law, including the right to withhold amounts otherwise owed to Subcontractor to protect Contractor against damage that may be incurred by Contractor. Subcontractor certifies that there has not been any adverse determination against Subcontractor within the proceeding 3-year period for wage theft or payroll fraud.
- B. **Worker's Compensation.** Subcontractor and its Sub-subcontractors and legal representatives shall comply with all laws, rules, regulations, and orders governing worker's compensation insurance. Subcontractor agrees to procure and maintain worker's compensation insurance as required by the Subcontract and applicable law.
- C. **Combating Trafficking in Persons.** Subcontractor shall notify employees of the Government's "zero tolerance" policy towards trafficking in persons and to take action against employees or subcontractors that violate the policy. Subcontractor agrees that it will not engage in any unlawful trafficking of persons and will take all commercially reasonable measures to prevent and protect against the trafficking of persons by Subcontractor and its employees.
- D. **Human Rights.** Subcontractor shall conduct its activities in a manner that respects human rights. Subcontractor shall not use any form of child, slave, forced, bonded, indentured, or involuntary labor, including prison labor. Subcontractor shall not engage in human trafficking or exploitation, or import goods that have been manufactured, procured, produced, or transported by slavery or human trafficking. Subcontractor shall not retain employees' government-issued identification, passports or work permits as a condition of employment.
- E. **Wages and Benefits.** Subcontractor shall ensure that its employees are paid lawful wages, including, where applicable, overtime, premium pay, and equal pay for equal work without discrimination. There shall be no disciplinary deductions from pay; provided, however, that Subcontractor may withhold payment for work that is (i) incomplete, (ii) not completed in a workmanlike manner, or (iii) not completed in accordance with

professional standards and/or other specifications required of Subcontractor and communicated to Subcontractor's employees.

- F. **Non-Discrimination.** Subcontractor shall ensure that no person shall on the grounds of race, color, religions, sex, sexual orientation, gender identity, handicap, familial status, national origin, or any other protected category be subjected to unlawful discrimination under any scope of work carried out by Subcontractor or any of its lower-tier subcontractors or labor suppliers.
- G. **Flow-Down.** Subcontractor shall require all lower-tier subcontractors and labor suppliers to certify compliance with the terms of this Exhibit.
- H. **Certification.** Subcontractor agrees that execution of the subcontract constitutes a certification on the part of the Subcontractor that it is compliant with all of the representations and requirements set forth in this Exhibit and that Subcontractor will remain in compliance with all terms of this Exhibit at all times throughout the period of Subcontractor's engagement on the Project. Subcontractor agrees to indemnify, defend, and hold Contractor harmless from and against all damages, expenses, costs, claims, and liabilities (including attorneys' fees) suffered by Contractor as a result of Subcontractor's failure to comply with this Exhibit.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the date of the Subcontract Agreement

Subcontractor:

By: _____

Name: _____

Its: _____

EXHIBIT J

PERMITTED ENCUMBRANCES

[ADD FROM SCHEDULE B TO THE TITLE POLICY FROM GUARANTY COMMERCIAL
TITLE, INC.]

EXHIBIT K
POOLED TIF PROMISSORY NOTE

Date: _____, 2023

Amount: \$[2,000,000.00]

Project: Decatur Landing Apartments Project (“Project”)

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay to the order of the **ECONOMIC DEVELOPMENT AUTHORITY OF BROOKLYN PARK**, a public body both corporate and politic (the “Lender”), the principal sum of [**Two Million**] and **no/100 Dollars (\$[2,000,000.00])** or so much as has been advanced under Section 3.3 of that certain Development Assistance Agreement between Borrower and Lender dated the same date hereof (“Loan Agreement”) and remains unpaid, plus interest thereon at a rate of 1.00% per annum (the “Balance”) on the earliest of (a) _____, 2048 or (b) the sale of the Development Property (as defined in the Loan Agreement) by the Borrower without the Lender’s prior consent, or (c) the re-syndication of the tax credits related to the Development Property (the “Maturity Date”), at which time the remaining unpaid Balance of this Note and all other amounts payable hereunder shall be due and payable in full. This Note evidences an obligation to repay a Pooled TIF Loan to finance construction costs for the Project described in the Loan Agreement, the terms and conditions of which are incorporated herein. Unless the context otherwise requires, any capitalized term used in this Note shall have the meaning set forth in the Loan Agreement. All payments on this Note are to be in lawful money of the United States and delivered to Lender at 5200 85th Ave. N., Brooklyn Park, MN 55443 or at such other place as designated by Lender.

1. Optional Prepayment of Principal. The Borrower may prepay all or a portion of the Balance of this Note on any Business Day (as defined in the Loan Agreement) without penalty. Each prepayment shall be accompanied by a signed statement of the Borrower that the amount tendered therewith is a prepayment of this Note. All prepayments shall be first applied to the payment of any amounts due under the Note or the Loan Agreement then due and payable but unpaid and thereafter shall be applied to the prepayment of the Balance of this Note.

2. Application of Payments. All payments of the Balance on this Note shall be recorded by the Lender in its records, which records shall be conclusive evidence of the subject matter thereof, absent manifest error.

Upon and during the continuance of an Event of Default under the Loan Agreement, all payments subsequently received by the Lender from the Borrower shall be first applied to all unpaid fees and expenses due to the Lender from the Borrower under this Note and the Loan Agreement and then to the payment of principal due on this Note.

3. Payment of Expenses; Other Payments. In the event that the principal of this Note or any other amount due hereunder shall not be paid when due (whether or not upon declaration of an Event of Default), the Borrower shall pay all costs of collection and enforcement of this

Note, the Loan Agreement, including, but not limited to, all reasonable attorneys' fees, court costs, and expenses incurred by the Lender in connection with such collection or the protection or enforcement of any rights or security interests under this Note or the Loan Agreement, whether or not any lawsuit is ever filed. In addition, the Borrower shall pay all fees and expenses due under the Loan Agreement, including, but not limited to, all fees and expenses of the Lender in administering, supplementing or amending the loan evidenced by this Note and the Loan Agreement. All payments required pursuant to this Section shall be due and payable upon the Borrower's receipt of an invoice therefor from the Lender, and any unpaid amounts shall bear interest at the rate of 4.00% per annum from the date of receipt of the invoice by the Borrower to the date of payment and shall be subject to the Default Rate and Late Charge provisions of this Note.

4. Default Rate; Late Charge. If a payment due hereunder is not made within 10 days after the date when due, the Borrower shall pay to the Lender a late payment charge of 5% of the amount of the overdue payment (the "Late Charge") to compensate the Lender for a portion of the cost related to handling the overdue payment. After an Event of Default, as defined in Section 8 herein, the entire principal sum evidenced by the Note shall, at the option of the holder hereof, bear interest during the existence of such Event of Default at a rate of 4.00% per annum (the "Default Rate") and upon cure of such Event of Default at such rate of interest per annum which would otherwise be in effect hereunder. Failure to subsequently exercise any option provided herein shall not constitute a waiver of the right to exercise the same in the event of any subsequent Event of Default.

5. Setoff. Upon the occurrence of an Event of Default or any time thereafter, the Lender shall have the right of setoff on any and all amounts due under this Note by the Borrower to the Lender against any indebtedness or obligation of the Lender to the Borrower.

6. Defaults. The occurrence of an Event of Default with respect to (and as defined in) the Loan Agreement shall constitute an Event of Default under this Note.

7. Acceleration. The outstanding Balance of this Note and all other amounts due hereon shall, at the option of the Lender, become immediately due and payable, upon the occurrence of an Event of Default, or at any time thereafter, including without limitation default under Section 3.10(4) or Section 3.11 of the Loan Agreement due to failure to address labor issues. Failure to exercise the option provided herein shall not constitute a waiver of the right to exercise the same subsequently or in the event of any subsequent Event of Default. This Note shall be immediately due and payable in full upon termination of the Affordable Housing Declaration (as defined in the Loan Agreement).

8. Remedies. The remedies of the Lender with respect to this Note shall be cumulative and concurrent and may be pursued singly, successively or together, at the sole discretion of the Lender, and may be exercised as often as occasion therefor shall occur. The Lender may, in its discretion, waive any default hereunder and its consequences and rescind any declaration of acceleration of principal; provided, however, that no action or inaction by the Lender shall be deemed a waiver of any of the Lender's rights or remedies unless the Lender specifically agrees in writing that such action or inaction shall constitute a waiver of its rights or remedies. Any waiver shall only apply to the particular instance for which it was agreed. No delay in exercising

and no failure in exercising any right or remedy hereunder or afforded by law, whether on such occasion or any future occasion, nor shall such delay be construed as a waiver of any default or acquiescence therein. The exercise or the beginning of the exercise of one right or remedy shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy.

9. Assignment. This Note may be assigned by the Lender from time to time by an endorsement hereon or by other writing; provided that notice of such assignment shall be given in writing to Borrower. The obligations of the Borrower hereunder may not be assigned by the Borrower without the prior written consent thereto by the Lender determined in the sole discretion of the Lender.

10. Applicable Law. It is intended that this Note is made with reference to and shall be governed by and construed in accordance with the laws of the State of Minnesota.

11. Waiver of Presentment. All parties now or hereafter liable with respect to this Note hereby waive presentment or other demand for payment, protest, notice of dishonor and all other notices of any kind.

12. TRIAL BY JURY. THE BORROWER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY UNDER ANY ACTION OR PROCEEDING ARISING DIRECTLY OR INDIRECTLY OUT OF THIS NOTE.

13. Loan Agreement. This Note is the “Pooled TIF Promissory Note” referred to in the Loan Agreement and evidences the indebtedness incurred under the Loan Agreement, to which reference is made for a statement of the terms and provisions thereof.

IN WITNESS WHEREOF, this Note has been duly executed by the undersigned as of the date signed below.

BROOKLYN PARK AH I, LLLP
a Minnesota limited liability limited partnership

By: Brooklyn Park AH I, LLC, a Minnesota limited
liability company
Its: General Partner

By: _____
Name: Patrick Ostrom
Its: Vice President

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK

RESOLUTION #2023-_____

RESOLUTION APPROVING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR
DEVELOPMENT DISTRICT NO. 1, ESTABLISHING TAX INCREMENT FINANCING DISTRICT
NO. 1-29 (A HOUSING DISTRICT) THEREIN, APPROVING A TAX INCREMENT FINANCING
PLAN THEREFOR AND AUTHORIZING THE EXECUTION OF CERTAIN DEVELOPMENT
DOCUMENTS RELATED THERETO

WHEREAS, the City of Brooklyn Park, Minnesota (the "City") and the Brooklyn Park Economic Development Authority, a public body corporate and politic (the "EDA"), have undertaken a program to promote economic development and job opportunities, promote the development and redevelopment of land which is underutilized within the City and have created a development district known as Development District No. 1 (the "Development District") in the City, pursuant to Minnesota Statutes, Sections 469.124 to 469.133 (the "Development District Act"), the administration of which has been transferred to the EDA; and

WHEREAS, it has been proposed that the EDA modify the Development Program for the Development District (the "Development Program"); establish Tax Increment Financing District No. 1-29, a housing tax increment financing district (the "TIF District"), within the Development District; adopt the Tax Increment Financing Plan (the "TIF Plan" and, together with the Development Program, the "Plans") therefor; and authorize the execution of certain agreements related thereto (as further described and defined herein); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"), Minnesota Statutes, Sections 469.001 to 469.047 and Sections 469.090 to 469.1081, all inclusive, as amended (collectively, and together with the TIF Act and the Development District Act, the "Act"), and all as reflected in that certain document entitled in part "Modification to the Development Program - Development District No. 1 and Tax Increment Financing (TIF) Plan - Establishment of Tax Increment Financing District No. 1-29 (a housing district)" and presented for consideration by the Board of Commissioners of the EDA (the "Board"); and

WHEREAS, the Board has investigated the facts relating to the Plans and certain information and material (collectively, the "Materials") relating to the TIF Plan and to the activities contemplated in the TIF District have heretofore been prepared and submitted to the Board and/or made a part of the EDA files and proceedings on the TIF Plan. The Materials include the tax increment application made and project pro forma financial statement, project sources and uses, and other information supplied by Real Estate Equities ("REE") and Brooklyn Park AH I, LLLP, a Minnesota limited liability limited partnership (the "Developer"), as to the activities contemplated therein, the items listed under the heading "Supporting Documentation" in the TIF Plan, and information constituting or relating to (1) why the assistance satisfies the so-called "but for" test and (2) the basis for the other findings and determinations made in this resolution. The Board hereby confirms, ratifies and adopts the Materials, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein; and

WHEREAS, the EDA and the City have or will have performed all actions required by law to be performed prior to the adoption and approval of the Plans, including but not limited to notice to the County Commissioner representing the area of the County to be included in the TIF District, delivery of the Plans to Hennepin County and Independent School District No. 279; provided that

the City Council of the City (the “Council”) will hold a public hearing thereon on October 23, 2023, following notice thereof published in accordance with state law; and

WHEREAS, the Board has considered the documentation submitted in support of the TIF District and the Plans and has considered the information and knowledge gained in hearings upon and during consideration of other matters relating to the proposed development; and

WHEREAS, the City and the EDA have established, within the Development District, Tax Increment Financing District No. 15 (“TIF District 15”), pursuant to the TIF Act and Minnesota Laws of 1994, Chapter 587, Article 9, Section 20 (the “1994 Special Law”), as amended by Minnesota Laws of 2005, Chapter 152, Article 3, Section 29 (the “2005 Special Law”), and as further amended by Minnesota Laws of 2006, Chapter 259, Article 10, Section 16 (the “2006 Special Law” and, together with the 2005 Special Law and the 1994 Special Law, the “TIF 15 Special Laws”); and

WHEREAS, the TIF 15 Special Laws authorize and require the EDA to spend up to 15% of the tax increment from TIF District 15 for the rehabilitation, acquisition, demolition, and financing of new or existing single family or multifamily housing located anywhere in the City, if the occupants meet certain income qualifications (the “TIF 15 Housing Set Aside”); and

WHEREAS, the City and the EDA have established, within the Development District, Tax Increment Financing District No. 17 (“TIF District 17”), pursuant to the TIF Act and Minnesota Laws of 1996, Chapter 471, Article 7, Sections 28 through 31 (the “TIF 17 Special Law” and, together with the TIF 15 Special Laws, the “Special Laws”); and

WHEREAS, the TIF 17 Special Law authorizes and requires the EDA to deposit all of the tax increment from TIF District 17 in excess of the amount needed to pay the costs of relocation of tenants residing in a distressed rental property (as defined in the TIF 17 Special Law) into the TIF 15 Housing Set Aside account (the “TIF 17 Housing Set Aside TIF” and, together with the TIF 15 Housing Set Aside, the “Housing Set Aside TIF”); and

WHEREAS, the TIF District is being established to facilitate the construction by the Developer of an approximately 175-unit multi-family rental housing facility with both workforce and market rate units and related amenities and improvements, including a fitness center, community room, tot lot, dog run, and outdoor grilling/patio area (the “Development”) on certain property in the TIF District plus a proposed second phase approximately 175-unit multi-family rental housing facility to be constructed by an affiliate of REE on other property in the TIF District (“Phase 2”); and

WHEREAS, the Developer has presented the EDA with a proposal for the construction of the Development by the Developer, and there has been prepared and presented to the Board for its consideration a certain Development Assistance Agreement (the “Development Agreement”) between the EDA and the Developer, which states the Developer’s responsibilities and the terms and conditions of the EDA’s assistance with the financing of certain costs of the Development, including, but not limited to a loan to the Developer from the Housing Set Aside TIF in the amount of \$2,000,000 (the “Pooled TIF Loan”).

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners (the “Board”) of the Brooklyn Park Economic Development Authority (the “EDA”), as follows:

Section 1. Findings for the Adoption and Approval of the Plans.

1.01. The Board hereby finds that the boundaries of the Development District are not being expanded and the Development Program is not being modified other than to incorporate the establishment of the TIF District therein and therefore the Board reaffirms the findings and determinations originally made in connection with the establishment of the Development District and the adoption of the Development Program therefor. The Board hereby finds that: (a) the land within the Development District would not be available for redevelopment without the financial aid to be sought under the Plans; (b) the Plans will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Development District by private enterprise; and (c) the Plans conform to the general plan for the development of the City as a whole, and otherwise promotes certain public purposes and accomplishes certain objectives as specified in the Plans, including without limitation the development of affordable housing. The purposes and development activities set forth in the Development Program, as modified, are hereby expanded to include all development and redevelopment activities occurring within the TIF District.

1.02. The Board hereby finds that the TIF District is in the public interest and is a "housing district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 11, because it consists of a project or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income as defined in Chapter 462A, Title II of the National Housing Act of 1934; the National Housing Act of 1959; the United States Housing Act of 1937, as amended; Title V of the Housing Act of 1949, as amended; and any other similar present or future federal, state or municipal legislation or the regulations promulgated under any of those acts. No more than 20% of the square footage of buildings in the Development that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

The Development to be constructed in the TIF District will consist of approximately 175 units of rental housing. The Developer has represented that at least 40% of the rental housing units will be rented to and occupied by individuals or families whose income is not greater than 60% or less of area median income and that no more than 20% of the square footage of buildings in the Development that receive assistance from tax increments will consist of commercial, retail, or other nonresidential uses. REE has represented that at least 40% of the rental housing units in Phase 2 will be rented to and occupied by individuals or families whose income is not greater than 60% or less of area median income and that no more than 20% of the square footage of buildings in Phase 2 that receive assistance from tax increments will consist of commercial, retail, or other nonresidential uses.

1.03. The Board hereby makes the following additional findings in connection with the TIF District:

(a) The Board further finds that the proposed Development and Phase 2, in the opinion of the Board, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary. The specific basis for such finding being:

The cost of land acquisition, site and public improvements and utilities in the TIF District makes the Development and Phase 2 infeasible without EDA assistance. Due to decreased rental income from affordable units,

there is insufficient cash flow to provide a sufficient rate of return, pay operating expenses, and service the debt. This leaves a gap in the funding for the Development and Phase 2 and makes the Development and Phase 2 feasible only through assistance, in part, from tax increment financing. The Developer was asked for and provided a letter and a proforma as justification that the Developer would not have gone forward without tax increment assistance. The EDA reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

(b) The Board further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole. The specific basis for such finding being:

The TIF Plan conforms with the general development plan of the City and will generally complement and serve to implement policies adopted in the City's comprehensive plan. The Development and Phase 2 contemplated on the property are in accordance with the existing zoning or approved zoning variances for the property.

(c) The Board further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the EDA as a whole for the development of the TIF District by private enterprise. The specific basis for such finding being:

Through the implementation of the TIF Plan, the EDA will provide an impetus for residential development, which is desirable or necessary for the increased population and the increased need for workforce and affordable housing within the City.

1.04. The EDA elects to retain all of the captured tax capacity to finance the costs of the TIF District and the Development District and elects to delay the receipt of the first increment until tax payable year 2026. Pursuant to Minnesota Statutes, Section 469.177, Subd. 3, the EDA elects to calculate fiscal disparities under clause (b) (inside).

1.05. The provisions of this Section 1 are hereby incorporated by reference into and made a part of the TIF Plan and the findings set forth in Appendix C to the TIF Plan are hereby incorporated by reference into and made a part of this resolution.

1.06. The Board further finds that the Plans are intended and in the judgment of the Board their effect will be to promote the public purposes and accomplish the objectives specified in the TIF Plan for the TIF District and the Development Program for the Development District.

Section 2. Approval and Adoption of the Plans; Policy on Interfund Loans and Advances.

2.01. Subject to the approval by the Council following a public hearing, the TIF District is hereby established and the Plans, as presented to the Board on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted, and shall be placed on file in the office of the Executive Director of the EDA (the "Executive Director"). Approval of the Plans does not constitute approval of any project or a development agreement with any developer. The Executive Director, or her designee,

is hereby directed to request, in writing, the Hennepin County Auditor to certify the new TIF District and to file the Plans with the Commissioner of Revenue and the Office of the State Auditor.

2.02. The Board hereby approves a policy on interfund loans or advances (“Loans”) for the TIF District, as follows:

(a) The authorized tax increment eligible costs (including without limitation out-of-pocket administrative expenses in an amount up to \$334,496, interest in an amount up to \$1,661,626, and other development costs in an amount up to \$5,362,798) payable from the TIF District, as provided in the TIF Plan as originally adopted or as it may be amended, may need to be financed on a short-term and/or long-term basis via one or more Loans, as may be determined by the Executive Director from time to time.

(b) The Loans may be advanced if and as needed from available monies in any fund or account of the EDA designated by the Executive Director. Loans may be structured as draw-down or “line of credit” obligations of the lending fund(s).

(c) Neither the maximum principal amount of any one Loan nor the aggregate principal amount of all Loans may exceed \$7,358,920 outstanding at any time.

(d) All Loans shall mature not later than February 1, 2052 or such earlier date as the Executive Director may specify in writing. All Loans may be pre-paid, in whole or in part, whether from tax increment revenue, tax increment revenue bond proceeds or other eligible sources.

(e) The outstanding and unpaid principal amount of each Loan shall bear interest at the rate prescribed by Minnesota Statutes, Section 469.178, Subdivision 7, which is the greater of the rates specified under Minnesota Statutes, Sections 270C.40 or 549.09 at the time a Loan, or any part of it, is first made, subject to the right of the EDA Finance Director to specify a lower rate (but not less than the EDA’s then-current average investment return for similar amount and term).

(f) Such Loans within the above guidelines are pre-approved. The Loans need not take any particular form and may be undocumented, except that the Executive Director specify the principal amount and interest rate and maintain all necessary or applicable data on the Loans.

Section 3. Approval of Development Documents.

3.01. The EDA approves the Pooled TIF Loan pursuant to the terms of the Development Agreement.

3.02. The Board hereby approves the Development Agreement in substantially the form presented to the Board, together with any related documents necessary in connection therewith, including without limitation all documents, exhibits, certifications, or consents referenced in or attached to the Development Agreement including without limitation the TIF Note, the Pooled TIF Promissory Note, the Declaration of Restrictive Covenants, and the Minimum Assessment Agreement (all as defined in the Development Agreement) (collectively, the “Development Documents”), and hereby authorizes the Executive Director, in his/her discretion and at such time, if any, as he/she may deem appropriate, to execute the same on behalf of the EDA, and to carry

out, on behalf of the EDA, the EDA's obligations thereunder when all conditions precedent thereto have been satisfied.

3.03. The approval hereby given to the Development Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the EDA and by the officer authorized herein to execute said documents prior to their execution; and said officer is hereby authorized to approve said changes on behalf of the EDA. The execution of any instrument by the appropriate officer of the EDA herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. This resolution shall not constitute an offer and the Development Documents shall not be effective until the date of execution thereof as provided therein.

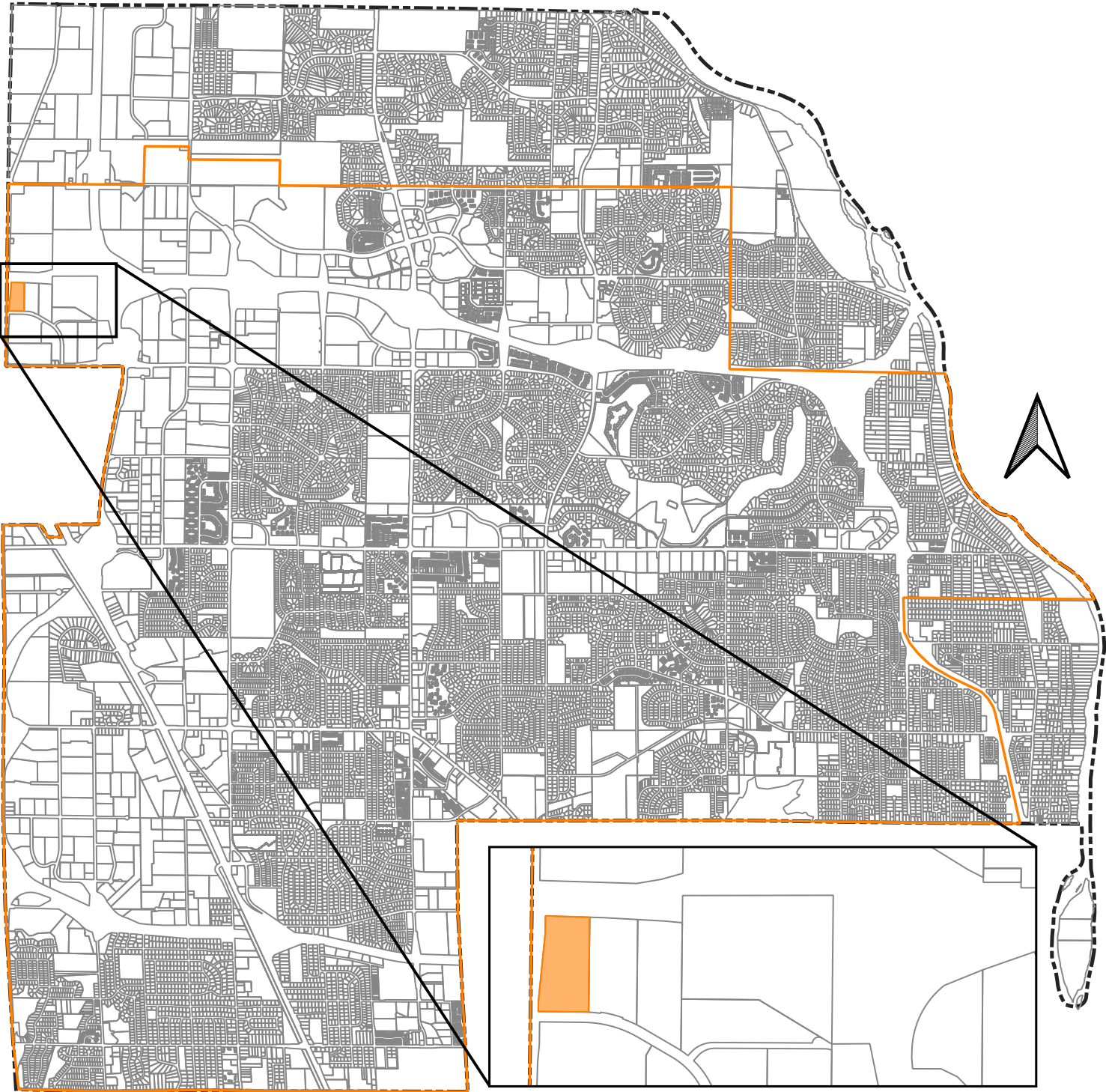
3.04. In the event of absence or disability of the Executive Director, any of the documents authorized by this resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the City Attorney, may act in his/her behalf. Upon execution and delivery of the Development Documents, the officers and employees of the Board are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the Board to implement the Development Documents, including without limitation the issuance of tax increment revenue obligations thereunder when all conditions precedent thereto have been satisfied and reserving funds for the payment thereof in the applicable tax increment accounts.

3.05. The Board hereby determines that the execution and performance of the Development Documents will help realize the public purposes of the Act.

Tax Increment Financing District No. 1-29

Development District No. 1

City of Brooklyn Park
Hennepin County, Minnesota



Legend

-  TIF District No. 1-29
-  Development District No. 1
-  Parcels
-  Municipal Boundary



City of Brooklyn Park Request for EDA Action

Agenda Item:	6.2	Meeting Date:	October 16, 2023
Agenda Section:	General Action Items	Prepared By:	John Kinara, Housing and Redevelopment Coordinator
Resolution:	X	Presented By:	Breanne Rothstein, Economic Development and Housing Director
Attachments:	5		
Item:	CONSIDER APPROVING A LOAN SERVICING CONSULTING AGREEMENT BETWEEN THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY AND THE CENTER FOR ENERGY AND ENVIRONMENT		

Executive Director's Proposed Action:

MOTION _____ SECOND _____, TO WAIVE THE READING AND ADOPT RESOLUTION #2023 _____ APPROVING A LOAN SERVICING CONSULTING AGREEMENT BETWEEN THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY AND THE CENTER FOR ENERGY AND ENVIRONMENT

Overview:

The purpose of this action is to approve a loan servicing Consulting Agreement between the Brooklyn Park Economic Development Authority (EDA) and the Center for Energy and Environment (CEE) to continue the partnership in administering the EDA'S Home Improvement Loan Programs. The EDA entered the initial Loan Serving Consulting Agreement with Community Reinvestment Fund (CRF) in July of 2008. CRF recently made the decision to discontinue servicing consumer loan assets throughout their entire portfolio. Currently, the Brooklyn Park EDA has two hundred and twelve (212) active loans being serviced by CRF. About one half of these loans are amortizing whereas the other half are deferred. To continue servicing these loans after December 31, 2023, the EDA staff recommends the transfer of these functions to CEE to ensure a smooth transition and delivery of loan servicing functions.

CEE is an independent, non-profit organization that has provided home improvement resources to the metropolitan area for 35 years and has successfully administered the Brooklyn Park Home Improvement Loan Programs over the past 15 years. Staff proposes to continue the partnership with CEE.

Primary Issues/ Alternatives to Consider:

○ What are the services provided by CEE?

Currently, CEE underwrites and administers the origination of the Brooklyn Park Home Improvement Loan, Down Payment Assistance and Closing Costs Loan, Senior Deferred Loan, On Bill Repayment Loan, Code Correction Loan, the Home Repair Assistance Program, and the Home Energy Enhanced Squad Program. CEE is responsible for loan originations, qualifying borrowers, collecting, and reviewing construction bids, conducting remodeler advisor visits with homeowners to prioritize repairs, preparing, and recording loan documents, conducting inspections, marketing and working closely with the EDA staff to ensure that the programs are implemented accordingly. Under this Consulting Agreement, CEE would continue to provide these services as well as monthly loan servicing functions that include onboarding of new loans, reporting, quality control review, customer service, billing, collection of loan payments and past dues and funds remittances.

○ What is the reason for these proposed changes?

The proposed changes are necessary because the organization currently servicing the loans, Community Reinvestment Fund (CRF) recently made the decision to discontinue servicing consumer loan assets throughout their entire portfolio.

○ **Why was CEE chosen for consulting services?**

CEE has a proven record having been in operation for nearly 35 years. CEE is the principal lender for Minnesota Housing Finance Agency's (MHFA) home loan programs and administers loan programs for several metro area cities. The City of Brooklyn Park has developed a great relationship with CEE over the last 15 years. Staff solicited proposals from both CEE and AmeriNat, a competitor based in the state of Texas that CRF referred. CEE's price was competitive, they are a local company, and they provide a broad range of loan servicing and origination services including preparation of loan subordinations and mortgage satisfactions that AmeriNat does not currently offer. Additionally, AmeriNat charges \$13.50 service fee for an amortizing loan per month while CEE charges \$12.00 for the same function. CRF charged \$6.00 for the same activity.

○ **What are the proposed changes to the Consulting Agreement?**

The Consulting Agreement includes the following proposed changes:

- Incorporates all the loan servicing functions that were previously administered by CRF.
- Updates the insurance section to reflect current limit requirements.
- Authorizes staff to make non-substantive administrative changes to the Agreement and Guidelines when necessary.
- Introduces program set up fee of \$1,000 in CEE Loan Servicing System.
- Introduces loan servicing functions in addition to the loan origination functions currently being undertaken.

What is the next step?

The purpose of this action is to approve a Consulting Agreement with CEE that incorporates loan servicing functions previously handled by CRF. If approved, CEE will embark on onboarding the loan servicing functions in close collaboration with CRF. The Home Improvement Loan Programs will continue to operate in the same manner with the other existing Consulting Agreement governing loan origination functions. The approved Consulting Agreement will take effect on January 1, 2024, through December 31, 2026.

Budgetary/ Fiscal Issues:

The proposed loan servicing Consulting Agreement can be accommodated within the existing program budget. The costs of the services that CEE provides are paid for by the borrower and the program income built into the budget. Based on the CEE fee schedule, there will be an initial set up fee of \$1,000 plus a onetime fee of \$35 per loan. This equals to about \$8,420 in administration fee charges that will be paid through program income.

Recommendation

The Executive Director of the Economic Development Authority recommends approval.

Attachments

- 6.2A Resolution
- 6.2B CEE Brooklyn Park EDA Loan Servicing Agreement
- 6.2C Exhibit A – CEE Loan Servicing Duties
- 6.2D Exhibit B – Loan Servicing Pricing Schedule
- 6.2E Center for Energy and Environment Loan Servicing Proposal
- 6.2F CEE Monthly Invoicing and Reporting Sample

**THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK**

RESOLUTION #2023 - _____

**RESOLUTION APPROVING LOAN SERVICING AGREEMENT WITH
CENTER FOR ENERGY AND ENVIRONMENT**

WHEREAS, the Brooklyn Park Economic Development Authority (the “EDA”) has established certain owner-occupied home improvement loan programs and policies and procedures for the implementation thereof; and

WHEREAS, in connection with servicing such loan programs on behalf of the EDA, the EDA and the Community Reinvestment Fund, Inc., doing business as Community Reinvestment Fund, USA, a Minnesota nonprofit corporation (“CRF”) entered into a Loan Servicing Agreements; wherein CRF managed the City’s portfolio of 212 loans; and

WHEREAS, CRF has decided to close its residential loan servicing division; and

WHEREAS, the Center for Energy and Environment (“CEE”) is a non-profit corporation engaged in the servicing of development loans; and represents that it is qualified and authorized to perform the services described herein; and

WHEREAS, CEE has submitted a proposal to the EDA to assume the duties formerly provided by CRF; and

WHEREAS, the Parties have negotiated a Loan Servicing Agreement (the “Agreement”) outlining the duties and responsibilities of the Parties.

NOW, THEREFORE, BE IT RESOLVED, by the Brooklyn Park Economic Development Authority Board of Commissioners (the “Board”) as follows:

1. The EDA hereby approves the Agreement substantially in accordance with the terms set forth in the form presented to the Board, together with any related documents necessary in connection therewith, all documents or certifications referenced in or attached to the Agreement (the “Servicing Documents”) and hereby authorizes the Executive Director to execute the Servicing Documents on behalf of the EDA, and to carry out, on behalf of the EDA, the EDA’s obligations thereunder when all conditions precedent thereto have been satisfied.
2. The approval hereby given to the Servicing Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the EDA and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the EDA. The execution of any instrument by the appropriate officers of the EDA herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of any such officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting

official, or by such other officer or officers of the Board as, in the opinion of legal counsel to the EDA, may act in their behalf.

3. The authority to approve, execute and deliver future amendments to the Servicing Documents is hereby delegated to the Executive Director, subject to the following conditions: (a) such amendments or consents do not materially adversely affect the interests of the EDA; (b) such amendments or consents do not contravene or violate any policy of the EDA, the City or applicable provision of law, and (c) such amendments or consents are acceptable in form and substance to the counsel retained by the EDA to review such amendments. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this Resolution. The execution of any instrument by the Executive Director shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the absence of the Executive Director any instrument authorized by this paragraph to be executed and delivered may be executed by the officer of the EDA authorized to act in his or her place and stead.

LOAN SERVICING AGREEMENT

This LOAN SERVICING AGREEMENT (“Agreement”) is made by and between **CENTER FOR ENERGY AND ENVIRONMENT**, a nonprofit corporation organized under the laws of Minnesota, with offices at 212 Third Avenue North, Suite 560, Minneapolis, Minnesota 55401 (“CEE”) and **BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY**, a public body corporate and politic under the laws of Minnesota, with offices at 5200 85TH Avenue North, Brooklyn Park, MN 55443. (“Client”).

RECITALS

In consideration of their mutual undertakings and payments provided for herein, the parties recite, covenant, and agree to the following:

- A. CEE is a non-profit corporation engaged in the servicing of development loans; and represents that it is qualified and authorized to perform the services described herein; and
- B. Client originates, purchases, owns, and/or manages loans that benefit economically distressed or declining areas, disadvantaged persons, neighborhoods or community revitalization, foster job creation, or other section 501(c)(3) charitable purposes; and
- C. CEE is authorized by Client to function as a servicing agent under the terms of this Agreement; and
- D. Client now desires to have CEE perform the duties set forth herein for the loans covered by this Loan Servicing Agreement (the “Agreement”).

NOW, THEREFORE, CEE and Client agree as follows:

1. *Duties of CEE*

CEE shall, at all times and with respect to all loans identified by Client (the “Client Loans”) which it has been engaged by the Client to service, employ its normal and regular servicing activities in the servicing of Client Loans to perform those responsibilities specifically set forth on Exhibit A (the “Services”). The parties acknowledge that, from time to time, the Services may be modified at the request of the Client and agreement by CEE. Such changes shall be mutually agreed upon and are not effective unless agreed to in writing by the execution of a revised Exhibit A.

2. *Effective Date*

CEE shall commence servicing activities under this Agreement effective on the following date: 01/01/ 2024 (“Effective Date”) and shall continue until terminated as provided in Section 17 of this Agreement.

3. *Servicing Compensation and Reimbursement*

Client shall compensate CEE for the Services in accordance with the fee schedule attached as Exhibit B of this Agreement and reimburse CEE for any of CEE's out of pocket third-party costs of recordation, perfecting or releasing liens, legal costs incurred, servicing of notices, repossession, foreclosure, and other similar costs paid by CEE on behalf of Client with respect to CEE's actions on specific Client Loan(s) (the "Fees"). CEE shall retain any late fee payments collected from borrower. CEE shall retain fees owed from Fund Remittance as provided in Exhibit A. CEE shall issue a report to Client showing fees netted with funds remitted to Client. Following the Initial Term, as hereinafter defined, CEE may increase the Fees from time to time by providing an updated Exhibit B to Client at least sixty (60) days prior to effective date of the new fee schedule and no more than one time annually.

4. *Initial Boarding of Clients*

In making this Agreement, CEE represents, warrants, and agrees to provide Client the Information for each Client Loan and the loan documents related to the Client Loans upon request.

For purposes of this Agreement, "Information" shall include the following:

- Borrower Full Name
- Property Address, if Secured
- Loan Amount
- Interest Rate
- Term
- Closing Date
- Monthly Payment Amount
- Payoff Date
- Amortization Schedule
- Closing Documents
- Servicing Records
- Complaint Resolution
- Collections Records (for Delinquent Accounts only)

Client will cooperate with CEE and provide CEE such information and documents as may be necessary in CEE's discretion to perform its duties under this Agreement, reconcile any loan balance information provided to CEE, and CEE may rely in good faith on information provided to it by Client.

5. *Ongoing Boarding of Client Loans*

On a regular basis, following the Effective Date of this Agreement, CEE will notify Client of newly originated Loans for which it will service under the terms of this Agreement.

Client represents, warrants, and agrees to cooperate with CEE, and provide CEE such information as may be necessary to perform its duties under this Agreement, reconcile any loan balance

information provided to CEE, and CEE may rely in good faith on information provided to it by Client.

CEE represents, warrants, and agrees to onboard loans accurately according to the provisions provided by Client and shall, subject to Section 26. Force Majeure of this Agreement, remedy any onboarding errors within five (5) business days (or such shorter period as may be required by applicable law) after receipt of notice of such errors.

6. *Reports the Property of Client*

All reports, documents, and materials delivered by CEE to Client pursuant to this Agreement are the exclusive property of Client. Client may use any work product prepared by CEE in such manner, for such purpose, and as often as Client shall deem advisable, in whole, in part, or in modified form, without further compensation to CEE.

7. *Nature of Agreement*

CEE shall perform all its services and duties hereunder at its own expense and without cost or charge to Client except as expressly provided in Exhibit B of this Agreement.

Governmental Approvals. CEE has obtained and will maintain in full force and effect, and satisfy at all times, all related eligibility criteria in order to maintain in full force and effect, without material impairment, suspension or revocation, all municipal, local, or other applicable governmental approvals, registrations, qualifications, permits, licenses, and other applicable authorizations that are required or necessary to perform and conduct the services and CEE's business in accordance with Applicable Requirements, as hereinafter defined.

For purposes of this Agreement, "Applicable Requirements" shall mean:

- (1) All applicable federal, state, and local legal and regulatory requirements binding upon CEE related to the performance of the Services.
- (2) All other final judicial and administrative judgments, orders, stipulations, awards, writs, and injunctions applicable to CEE; and
- (3) The reasonable and customary practices of prudent loan servicing providers that offer the same types of services as CEE for the same types of loans serviced by CEE in the jurisdictions in which CEE operates.

8. *Disaster Recovery*

CEE shall take all commercially reasonable precautions to mitigate the risks to information regarding the Client Loans in connection with disruptions to business operations due to fire, flood, storm, epidemic illness, equipment failure, sabotage, terrorism, natural disaster, disaster caused by humans, or electronic data system failures.

CEE shall keep duplicate records of all electronic information in its possession or control pertaining to Client Loans and shall store at least one copy of such duplicate records in a site remote from its main offices in the following manner:

- (1) Full backups of daily files for 7 consecutive days (weekly backup).
- (2) Full weekly backups rolled into monthly backups.
- (3) Monthly backups rolled into yearly files and kept for 7 years from the date loan is paid off.
- (4) Full daily backups of Cloud Data.
- (5) Daily Cloud backups rolled up into Monthly files and moved out of the Cloud into magnetic storage after 30 days.
- (6) In the event of a natural disaster or catastrophic failure of CEE's electronic data system, CEE shall have a period not to exceed 45 days from the date of such catastrophe to recover or reconstruct such lost data necessary for compliance with its disaster recovery obligations.

**The Cloud Provider's policy is subject to change. CEE will notify Client of any material changes in the event that they affect the security of the loans.*

9. *Equal Opportunity Employment*

CEE shall comply with all applicable provisions of the Equal Credit Opportunity Act (15 U.S.C. § 1691 et seq.). CEE is an equal opportunity employer and will not discriminate against any person on the basis of race, color, creed, religion, sex, national origin, age, disability, marital status, sexual orientation, status with regards to public assistance, or any other characteristic protected by law.

10. *Compliance*

General. CEE shall comply with all Applicable Requirements.

Vendors. From time to time, CEE may engage vendors to perform certain tasks that may be included in CEE's performance of the Services. CEE shall follow commercially reasonable practices designed to ensure that any Services performed by vendors are in compliance with the Applicable Requirements and this Agreement.

Policies and Procedures. CEE will maintain and follow written internal policies and procedures related to the Applicable Requirements in connection with providing services to Client, including without limitation, policies and procedures for internal quality control, employee hiring and training, and other methods that ensure compliance.

Audit Rights. Client will have the right to audit CEE, at Client's own expense and not more than once per calendar year, for purposes of evaluating compliance with the terms of this Agreement. CEE will require full cooperation and will be responsible for assuring full cooperation by its employees and vendors in connection with such audits. CEE will and shall cause any vendor that performs tasks related to the Services to allow Client and its counsel, accountants, and other representatives, as well as the applicable regulatory authorities of Client, reasonable access upon thirty (30) days advance written notice and only during normal business hours, to all of CEE and vendors' files, books and records directly relating to the Services performed for Client under this Agreement. CEE will provide, and shall require the vendor to provide, to Client, or obtain for Client, access to such properties, records, and personnel as Client may reasonably require, and shall provide Client with CEE's most recent audited financial statements and the names, resumes, and proof of any required licensures for all relevant personnel employed by CEE, the Client and its representatives and affiliates shall treat all information obtained in such investigation that is not otherwise in the public domain as confidential. CEE shall make financial statement audits available to Client on an annual basis, including any SSAE -16 audits that may be performed on behalf of CEE. CEE shall remit annual financial statement audit reports to Client upon request.

11. *Cooperation.*

Client agrees that it shall (a) promptly deliver to CEE (i) any communications that Client receives from a borrower relating to such borrower's loan, and (ii) any communication Client receives from any regulator, state or federal agency or other governmental entity relating to any borrower's loan that is being serviced by CEE or otherwise relating to CEE's loan servicing activities, and (b) cooperate with CEE regarding any claim, dispute, regulatory examination or investigation related to Client's loans and the services provided to Client by CEE under this Agreement.

12. *Indemnity*

CEE and Client each agree to indemnify, defend, and hold the other and each of their respective officers, directors, employees, agents, counsel, advisors, and representatives (each, an "Indemnified Party") harmless from and against any and all claims, losses, penalties, fines, forfeitures, legal fees and related costs, judgments, and any other costs, fees, and expenses incurred by Indemnified Party arising out of any actions, demands, investigations, proceedings, claims, counterclaims, or defenses, made by or on behalf of any third party related to the failure of CEE or Client to perform its duties in compliance with the terms of this Agreement. Notwithstanding the foregoing, neither CEE nor Client shall indemnify any such Indemnified Party if such acts, omissions, or alleged acts constitute fraud, gross negligence, willful misconduct, or breach of fiduciary duty by such Indemnified Party. Neither CEE nor Client shall have an obligation to appear with respect to, prosecute, or defend any legal action which is not incidental to this Agreement.

13. *Taxes*

Neither CEE nor Client shall be responsible to the other party for any taxes owed by such party, including, without limitation, any federal, state, or local income or franchise taxes or other taxes, imposed on or measured by income received by such party (or any interest or penalties with respect thereto or arising from a failure to comply therewith) that are required to be paid by such party in connection herewith to any taxing authority.

14. *Reliance.*

CEE and Client, and any director, officer, employee, or agent of CEE or Client respectively, may rely on any document of any kind which it, in good faith, reasonably believes to be genuine and to have been adopted or signed by the proper authorities or persons respecting any matters arising hereunder.

15. *Insurance*

During the term of this Agreement, CEE will obtain and maintain, at its own expense, a blanket fidelity bond and professional liability insurance, in a minimum amount equal to \$3,000,000, with coverage on all employees acting in any capacity requiring such persons to handle funds, money, documents, or papers related to Client Loans. The fidelity bond shall insure the Client against losses resulting from forgery, theft, embezzlement, or fraud from such employees. The professional liability policy shall insure against losses resulting from the errors, omissions, and negligent acts of employees.

16. *Limitation of Liability*

CEE's role is strictly limited to the Services. Client will be solely responsible for making all decisions concerning the management of the Client Loans. At all times, Client will be responsible for the accuracy of all information provided to CEE, and CEE may rely on any document of any kind which it, in good faith, reasonably believes to be genuine and to have been adopted or signed by the proper authorities or persons respecting any matters arising hereunder. The sole duty of CEE is to exercise ordinary care in its performance of the obligations described in this Agreement. Client agrees that CEE, its officers, directors, agents, and employees ("CEE Representatives") will not be liable for events or circumstances beyond their reasonable control. Client and CEE agree that clerical errors and mistakes in judgment do not constitute a failure to exercise ordinary care or to act in good faith.

Neither party shall be liable to the other or any other person for any indirect, incidental, consequential, punitive, or special damages whatsoever (including without limitation, any damages claimed for loss of income, revenue, or profits or for loss of goodwill) arising from or related to services provided pursuant to this Agreement. Except as provided in Section 12, the exclusive remedy available to Client shall be the right to pursue claims for actual damages that are directly caused by acts or omissions that are breaches by CEE of its duties under this Agreement.

17. *Term of Agreement: Termination*

The initial term shall commence on the Effective Date and continue for a period of three (3) years (the "Initial Term"). Thereafter, the Agreement shall automatically renew for successive one (1) year periods, unless CEE or Client provides written notice of non-renewal or amendment to the

other party at least sixty (60) days before the end of the then current term. Notwithstanding the preceding, on the date corresponding to sixty days prior to the initial three-year anniversary, the contract will automatically extend to the next one-year anniversary date, unless notice of termination is given as specified in the following paragraph.

Either Client or CEE may terminate servicing by CEE with respect to any Client Loan or all Client Loans upon (a) ninety (90) days prior written notice delivered to the other party via email (and duly acknowledged by the other party) or (b) upon the occurrence of a CEE Termination Event (as defined below). Upon such termination, CEE shall promptly supply appropriate reports, documents, promissory notes, and other information as requested by Client or any person or entity designated by Client and shall use its commercial best efforts to affect the orderly and efficient transfer or servicing to the Client or a new servicer designated by Client subject to the fees described in Exhibit B.

If any of the following events with respect to CEE shall occur and be continuing, it shall be a "Termination Event":

- A. Any failure by CEE to remit any payment required to be made under the terms of the Agreement which continues un-remedied for a period of ten (10) business days after such payment was required to be made (and such cured failure shall not be deemed a Termination Event); provided, however, that any such failure shall not constitute a Termination Event if such delay or failure could not have been prevented by the exercise of reasonable diligence by CEE, or such delay or failure was caused by events subject to Section 26. Force Majeure; or
- B. Any material breach by CEE or Client of their respective representations and warranties contained herein that materially and adversely affects the interests of the other, or any failure on the part of CEE or Client to observe or perform in any material respect any of the covenants or agreements, other than as described in subsection A of this Section 17, and that continues un-remedied for a period of thirty (30) days after the date on which notice of such breach, requiring the same to be remedied, shall have been given to by the non-breaching party to the breaching party; provided, however, that if the breaching party certifies to the non-breaching party that it has in good faith attempted to remedy such breach, such cure period will be extended to the extent necessary to permit breaching party to cure such breach, but in no event more than sixty (60) days from the date of receipt ; or
- C. CEE or Client shall suffer a material adverse change in its financial condition that affects its ability to perform its obligations under this Agreement; or
- D. CEE or Client is subject to a bankruptcy or other proceeding relating to its liquidation or insolvency, or a decree or order of a court or agency or supervisory authority having

jurisdiction for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against CEE or Client and such decree or order shall have remained in force, undischarged or un-stayed for a period of sixty (60) days; or

- E. CEE or Client shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets or liabilities, or similar proceedings of or relating to CEE or Client or of or relating to all or substantially all of such party's property; or
- F. CEE or Client shall admit in writing its inability to pay its debts as they become due, file a petition to take advantage of any application insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations.

18. *Assignment of Rights*

This Agreement may not be assigned by Client except with prior written consent of CEE, which consent shall not to be unreasonably withheld. CEE may not assign its rights under this Agreement without the prior written consent of Client.

19. *Independent Contractor*

Nothing herein contained shall be deemed or construed to create a co-partnership or joint venture between the parties hereto and the services of CEE shall be rendered as an independent contractor and not as an agent for Client, its successors and assigns, or any obligors or noteholders under the Client Loans.

20. *Amendments*

This Agreement may not be amended or modified except by a written agreement signed by the parties in interest at the time of such modification. Notwithstanding the foregoing, CEE may adjust the Fees by providing an updated Exhibit B as set for in Section 3 and all other Schedules may be changed by mutual agreement.

21. *Confidentiality*

Neither Client nor CEE shall disclose or use any Confidential Information of the other party or its affiliates, and each party will keep such Confidential Information confidential and will require that its affiliates, officers, employees, contractors, vendors, and advisors who have access to such Confidential Information comply with such non-disclosure and non-use obligations.

Notwithstanding the forgoing, Client or CEE may provide such Confidential Information as required pursuant to a court or administrative subpoena, court order or other such legal

process or requirement of law; provided, however, that it shall endeavor to promptly notify the other of such request, order, or requirement, unless such notice is prohibited by statute, rule, or court order. Nothing herein shall require either Client or CEE to fail to honor a subpoena, court or administrative order, or a requirement of law on a timely basis.

Notwithstanding this section, CEE is expressly permitted to release information to borrowers upon written request regarding their specific loans; and, following receipt of borrower's written authorization to release information, CEE is expressly authorized to release such information regarding that borrower's loan to a third party.

CEE shall cause vendors, if any, not to use or disclose any Confidential Information of Client except in compliance with this Agreement. Notwithstanding the foregoing, a vendor may disclose Confidential Information as required pursuant to a court or administrative subpoena, order or other such legal process or requirement of law; provided, however, that it shall first notify Client of such request or requirement, unless such notice is prohibited by statute, rule, or court order. CEE shall not, on Client's behalf, require a vendor to fail to honor a subpoena, court or administrative order, or a requirement of law on a timely basis. CEE shall also cause vendors not to remove any Confidential Information from Client premises without Client's prior written authorization.

Each party shall limit access to the other party's Confidential Information to only those of its employees and agents who require such access in performing their duties hereunder. CEE agrees to either return the Confidential Information to Client or destroy the Confidential Information upon completion of the work or, in any event, upon termination of the Agreement between the parties. Except as expressly provided in this Agreement, no ownership or license rights are granted in any Confidential Information. Notwithstanding anything to the contrary in this Agreement, Confidential Information may be disclosed to a party's accountants, attorneys, insurers, regulators, and consultants. Notwithstanding the foregoing, a party may retain one archival copy of Confidential Information that may be used solely to demonstrate compliance with this Agreement, Applicable Law, and internal policies and procedures.

"Confidential Information" for purposes of this Agreement, shall mean any information of CEE, Client, or their respective affiliates, whether written or oral, including:

- A. Financial Information, marketing plans, and personnel records.
- B. Technical and non-technical data, including without limitation, customer lists, customer information, customer non-public information, fee schedules, forms, information, business and management methods, trade secrets, compilation and analysis of financial information and data to prepare and submit bids and proposals to third parties.

- C. Other proprietary or confidential information.
- D. Proprietary computer software, management information and information systems, whether such Confidential Information is disclosed or otherwise made available to one party or other pursuant to this Agreement.
- E. Terms and provisions of this Agreement and any transaction or document executed by the parties pursuant to this Agreement.

“Confidential Information” shall not include the following:

- A. Information that is or becomes generally available to and known by the public (other than as a result of an unpermitted disclosure directly or indirectly by the receiving party or its affiliates, advisors, or representatives).
- B. Information that is or becomes available to the receiving party on a non-confidential basis from a source other than the disclosing party or its affiliates, advisors, or representatives, provided that such source is not and was not bound by a confidentiality agreement with or other obligation of secrecy to the disclosing party of which the receiving party has knowledge at the time of the disclosure; or
- C. Information that has already been or is hereafter independently acquired or developed by the receiving party without violating any confidentiality agreement with or obligation secrecy to the disclosing party.
- D. Information that is accessible to the public under Minn. Stat. § 13.1 et seq.

Minnesota Government Data Practices Act: notwithstanding anything to the contrary, CEE, its officers, agents, owners, partners, employees, volunteers, and subcontractors, shall, to the extent applicable, abide by the provisions of the Minnesota Government Data Practices Act, Minn. Stat. § 13.01 et seq, and all other applicable state and federal laws, rules, regulations and orders.

22. *Transfers.*

Client shall provide CEE with all authorizations and information and shall take all such further steps as may be necessary, to authorize and enable CEE to initiate the movement of funds by automated clearing house (“ACH”) or other electronic funds transfer.

23. *Notices*

All notices and communications as part of this Agreement must be in writing and, except as otherwise agreed in writing, must be delivered, mailed, faxed, or emailed, to the following addresses:

If to CEE:

Center for Energy and Environment
212 3rd Avenue North, Suite 560
Minneapolis, MN 55401
Attn: Ryan Ellis
Phone: 612.335.5862
Email: rellis@mncee.org

If to Client:

Brooklyn Park Economic Development Authority
5200 85th Ave. N.
Brooklyn Park, MN 55443
Attn: John Kinara
Phone: 763-493-8054
Email: John.kinara@brooklynpark.org

24. *Governing Law*

This Agreement and each transaction consummated hereunder shall be deemed to be made under the internal laws of the State of Minnesota and shall be construed in accordance with and governed by the laws of the State of Minnesota, without regard to the choice of law rules of that state, except to the extent that any such laws may now or hereafter be preempted by Federal law.

25. *Counterparts*

This Agreement may be executed in several counterparts, each which shall be deemed an original, and all of which shall together constitute one and the same instrument.

26. *Force Majeure*

CEE and Client shall be excused from performing in accordance with the Agreement in the event of an occurrence of "Force Majeure". Force Majeure is defined as fire, floods, earthquake, tornado, explosion, catastrophe, accident, war or war-like operations (whether or not a state of war is declared), riot, Acts of God, acts of terrorism, insurrection, order of a Governmental Body and Applicable Laws that prevent performance, to the extent (i) such event of Force Majeure is beyond the reasonable control of the Party claiming Force Majeure, and (ii) the Party claiming Force Majeure gives prompt written notice of the same to the other Party. In the event of any such delay, the sole remedy shall be a time extension for the completion dates required by the Agreement, which extension shall be the time period lost by reason of the Force Majeure.

27. *Entire Agreement*

This Agreement constitutes the entire Agreement among the parties with respect to the subject matter of this Agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties to this Agreement with respect to the subject matter of this Agreement.

28. *Authorized Persons*

CEE will provide a single login username and password (together with any Client created username and/or password, the “Credentials”) to Client for purposes of accessing CEE’s system (“Portal”) to obtain reporting regarding Client Loans. Client is encouraged to create its own unique Credentials for use in accessing the Portal promptly after receipt of Credentials from CEE. Client shall be solely responsible for the use and protection of the Credentials. Client agrees to maintain the confidentiality of the Credentials.

Client agrees that it shall be liable for all transactions initiated and authorized by means of the Credentials, whether or not actually authorized by the Client. Client further agrees that any person using the Credentials to access the Portal shall be deemed to be duly authorized by Client and such person using the Credentials shall be deemed to have full authority to act on behalf of Client. Client agrees to maintain a proper and complete log of individuals to whom it has provided access to Client portal and receipt of reports with respect to Client Loans or Client reports. Client shall promptly modify the Credentials in the event that any person to whom it has given the Credentials is no longer employed by or otherwise affiliated with Client.

Client shall appoint one or more officers or employees who are authorized to act on behalf of Client regarding this Agreement and the services provided by CEE hereunder (“Authorized Users”). CEE shall not be responsible for any correspondence with, or access provided to any Authorized User. Client may add or remove Authorized Users by written notice to CEE. CEE may rely on any action taken by an Authorized User until an Authorized User’s authorization has been revoked by Client by written notice to CEE. CEE shall have a reasonable time to process any revocation received pursuant to this section.

Clients agrees that the failure to protect Credentials may allow an unauthorized party to (i) use the services provided by CEE, (ii) access Client’s electronic communications and financial data, and (iii) send or receive information and communications on behalf of the Client. Unencrypted electronic transmissions are not secure, and Client assumes the entire risk for unauthorized use of Credentials and any unencrypted electronic transmissions. Client undertakes no obligation to monitor transactions initiated by valid Credentials to determine that they are made on behalf of or authorized by Client.

29. *Records*

Except to the extent otherwise required by Applicable Law, CEE shall retain all records relating to a Client Loan for at least six (6) years following termination of this Agreement or six (6) years

from maturity or payoff of a Client Loan unless such documentation is requested by and delivered to Client at an earlier date. The records will be maintained in either hard copy or machine-readable (electronic) format. In the event CEE is no longer in existence, its successor shall continue to retain such records as provided above or deliver the records to Client.

30. *Deconversion*

In the event of termination of this Agreement, CEE will continue to service all existing Client Loans at the time of termination, at the fees in place at the time of termination. If Client desires to transfer the duties under this Agreement to a new servicer, CEE agrees to provide Client with electronic copies of the Client Loan records in CEE's standard format at the current rate being charge on a per loan charge by CEE, as well as any additional time charged on a per hour basis.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written below.

**CENTER FOR ENERGY AND
ENVIRONMENT**

By _____
 [Insert Name]
 Its: _____

**BROOKLYN PARK ECONOMIC
DEVELOPMENT AUTHORITY**

By: _____
 Kim Berggren
 Its: Executive Director

By: _____
 Hollies Winston
 Its: President

LOAN SERVICING AGREEMENT

Exhibit A: Duties of Servicer

NEW LOAN SET UP

Loan Boarding

CEE will board the loan upon origination into CEE's servicing system. For any unsecured loan, CEE will board the new loan within three (3) Business days of origination. For any secured loan, CEE will board the new loan within three (3) Business days after the expiration of the right of rescission. CEE will confirm the funding pool and assure that the new loan draws off the correct pool.

For purposes of this Agreement, "business days" means calendar days other than weekends, official federal holidays, and non-banking holidays.

Reporting

CEE will report all amortizing loans to at least one of the three major credit agencies upon inception as it may designate in its sole discretion.

Quality Control Review

The loan and ACH entry instruction will be reviewed prior to activation to verify the servicing system matches the terms of the promissory note and any other programmatic requirements per the documents submitted.

Welcome Letter

A welcome letter will be sent to borrowers within five (5) business days after boarding. This letter shall include the toll-free customer service number as well as an email address that is available for borrowers to use should they have a question regarding their loan. Customer service is available from 8:00 AM to 4:30 PM Central Time, on "business days". An automatic ACH enrollment form is included in the letter for borrowers to complete and return to CEE if they would like recurring payments to be initiated automatically by CEE. The letter will also contain instructions for borrowers to receive access to the online loan portal where they have access to all their loan information and ability to make payments.

STANDARD SERVICING –AMORTIZING/DEFERRED

Billing

Borrowers with loans that have regularly scheduled payments will receive billing statements monthly or other appropriate frequency based on terms of the promissory note.

Collection of Loan payments

CEE shall collect payments of principal, interest, and any appropriate fees. CEE shall confirm the application of payments to be consistent with the loan documents as part of ongoing due diligence.

Customer Service

CEE shall provide customer service to borrowers from 8:00AM – 4:30 PM Central Time on “business days”. The customer service team is available through the toll-free phone number or email at loanservicing@mncee.org. Borrowers will receive a response within five (5) business days following a question submitted to CEE. Borrowers can view loan information on the loan portal as well as schedule payments.

Past Due Collections

CEE will make reasonable efforts to maintain loans in current status and will deal promptly with those which are delinquent in accordance with the Collection Activity section below. CEE will process loan defaults as directed by Client.

Reporting

CEE will provide standard monthly reporting for the prior month’s activities to Client no later than the 10th business day of each month. The standard reports are as listed:

- Loan Trial Balance
- Aged Delinquency
- Principal and Interest Collections
- New Loan
- Paid Loan
- Fee Scheduled
- Fee Earned

Special reports may be added at an additional cost for programming. (See Exhibit B for pricing)

IRS Reporting

CEE shall provide borrowers with the required IRS annual tax reporting.

Funds Remittance

CEE shall remit collected funds less servicing and other applicable fees and any late charges assessed to borrower by the 10th business day of the month. Late charges will be retained by CEE. Funds will be remitted via ACH. An invoice will be distributed detailing the servicing fees. CEE shall remit such funds by means of ACH or other electronic funds transfer to an account designated by Client.

COLLECTION ACTIVITY

Early Delinquency

CEE will make reasonable efforts to maintain loans in a current status and will make reasonable periodic efforts to contact borrowers who are delinquent, in order to encourage payment. Such efforts will be limited to those loans that are no more than 90 days past due.

- CEE will follow customary, usual and prudent business practices in servicing delinquent loans.
- CEE will send delinquency letters for loans 31- 60 days past due.
- CEE will continue sending letters and begin phone calls for loans 61-90 days past due.

Late Delinquency

CEE will make reasonable efforts to contact Borrowers, solicit payments, and return loans to current status, where the loan has reached 90 or more days past due, in order to encourage payment.

- CEE will follow customary, usual, and prudent business practices in servicing delinquent loans.
- CEE will send formal default letters for loans reaching 120 or more days past due.
- CEE shall continue phone calls to borrower at 90 days past due.
- After 120 days past due, Client shall determine next steps and CEE shall have no obligation to take further action regarding delinquent loans until directed by Client.

DEFAULT MANAGEMENT

Client shall be solely responsible for declaring a loan to be in default, and determining whether a loan is to be charged-off.

Loan Modifications

CEE shall respond to Client or Borrower requests for modifications to their loan terms, including Repayment Plans, Forbearance Agreements, Deferments, Extensions, Short Sales (Pre-Foreclosure Sales), or Negotiated Releases of collateral, obligors, or guarantors (each a “Loan Modification”).

CEE shall make no decisions independent of the Client. Client shall have final approval of any Loan Modifications, unless Client has instructed CEE in writing that it may approve Loan Modifications pursuant to criteria established by Client.

CEE will follow customary, usual, and prudent business practices in its review and processing of Loan Modifications, and keep Client informed of the status of such requests.

Both Client and CEE recognize that time is of the essence in responding to and approving or declining Loan Modification requests.

CEE shall monitor Borrowers for compliance with the terms of the loan modification and make such changes to the loan record as required by the modification terms.

Special Servicing

CEE shall perform special servicing actions and steps at the direction of the Client for loans subject to formal legal proceedings, including Bankruptcy, Foreclosure, Deed-in-lieu of Foreclosure, Collections suits, Repossession, and Charge-offs involving either an obligor(s) or guarantor(s).

CEE shall make no decisions or take actions independent of the Client, who shall have final say in approval of any Special Servicing actions (other than routine steps taken to protect or preserve Clients interests), unless Client has instructed CEE in writing that it may approve and take such actions.

CEE must employ staff with expertise in the above areas and maintain compliance with all applicable regulations.

CEE will follow customary, usual, and prudent business practices in its review, processing, and management of Special Servicing of Client loans, and keep Client informed of the status of loans subject to Special Servicing.

Both Client and CEE recognize that time is of the essence in responding to and approving or declining Special Servicing Actions.

CEE shall monitor Borrowers who are subject to Special Servicing, consistent with the governing legal proceedings or requirements, and make such changes to the loan record as required to reflect the Special Servicing requirements. With respect to Bankruptcy, the Special Servicing shall include Filings, Proof of Claim, Repayment Plan setup and monitoring, and discharge/completion processing. (See Exhibit B for pricing)

Other Servicing

CEE shall perform the following additional servicing actions and steps for loans as requested by Client. CEE will follow customary, usual, and prudent business practices in providing these services. The Client shall bear all of CEE's out of pocket costs for third parties related to these items. CEE will notify Client of the potential out of pocket costs prior to performing any of the additional actions.

- REO Marketing
- Insurance Inspections
- Default Inspections
- Property Valuation or Appraisal
- Property Preservation and security

SUBORDINATION PREPARATION

CEE will review subordination requests in accordance with the Client's subordination program requirements. Subordinations will be forwarded to the Client for signature if request meets the program requirements. Fees related to the subordination are paid by borrowers.

MORTGAGE SATISFACTION PREPARATION

Loan Payoffs

CEE will process loan payoffs, issue payoff statements as requested by authorized individuals within 30 calendar days and remit funds to Client. CEE shall draft mortgage satisfactions ("Satisfaction") within 30 calendar days after loan is paid in full to ensure funds received are cleared. The Satisfaction is then sent to client for signature. CEE shall provide instructions to borrowers as to how to properly record the Satisfaction. In the event that \$5 (five dollars) or less of principle balance remains, CEE and Client will not attempt to collect the remaining fee and will consider the loan as satisfied.

FINAL/SPECIAL PROCESSING TRANSACTIONS

CEE shall charge additional fees in special circumstances such as a charge-off, foreclosure, servicing release, or any other transaction that is processed on a loan that is not paid in full but is no longer an active loan on the servicing system. This does NOT include processing a paid in full transaction.

LOAN SERVING AGREEMENT

Exhibit B: Pricing Schedule

Activity	Description	Pricing
New Program Setup	Creating the new program in CEE Loan Servicing System and creating reports	\$1,000 one-time fee
New Loan Setup	Loan Boarded to servicing system and quality control review, welcome letter	\$35.00 one-time fee per loan
Standard Servicing Activities – Amortizing and Interest Only Payment Loans	Payment processing, billing notices, customer service, investor reporting, early collections	\$12.00 per loan per month
Standard Servicing Activities- Deferred Loans (no payments)	Payment processing, customer service, investor reporting	\$1.00 per loan per month (no fee if the city has an active amortizing pool serviced by CEE)
Collection Activity	Collection Work for loans past due 15-90 days	\$5.00/loan per month on all amortizing loans
Default Management	Example of activities: Repayment Plan, Forbearance Agreement, Deferment, Extension	\$80.00 per hour plus any charges that may be incurred from 3 rd party vendor.
Subordination Preparation	Review request and Prepare subordination document	\$200.00 per request (Borrower Paid)
Mortgage/Deed of Trust Satisfaction Preparation	Drafting of mortgage/deed of trust satisfaction (excludes recording / filing fees)	\$50.00 one-time fee per loan
Final /Special Processing Transaction	For Charge-off, foreclosure, service release, loans not paid in full but no longer active on the servicing system	\$25.00 per transaction
Conversion/On-Boarding of Amortizing Loans	Boarding Loans previously serviced by a different company	\$70.00 one-time fee per loan
Special Report Programming	Special report creation not included in standard report package	\$150.00 one-time fee per report
Special Reporting Distribution	Monthly maintenance for special reports created for distribution	\$75.00 one-time fee per report
Special Project work	Special requests, such as assistance in audit preparation, special mailings, etc.	\$80.00 per hour plus any charges that may be incurred from 3 rd party vendors.
Non-Standard Servicing Activities	Any additional activities required for servicing a loan not specified in contract	\$80.00 per hour, fee will be set based on time to complete task on a regular basis

LOAN SERVICING PROPOSAL

Developed for the City of Brooklyn Park

September 22, 2023

Completed by:
Loan Servicing Department
Center For Energy and Environment
212 3rd Ave N
Minneapolis, MN 55401

PURPOSE OF THIS PROPOSAL

- Delineate and detail the necessary steps to complete the transfer of the portfolio owned by the City of Brooklyn Park from Community Reinvestment Fund -CRF- to Center for Energy and Environment - CEE-.
- Establish the protocols and steps needed to complete the transfer.
- Determine the cost of the transfer.

BACKGROUND

- The City of Brooklyn Park owns a portfolio of about 185 loans provided to assist income eligible families, and Senior Citizens with the necessary funding to maintain and improve their properties, as well as Downpayment Assistance to homebuyers purchasing properties within the city limits.
- The City's portfolio is comprised of 2 main programs, a Deferred program (Down Payment Assistance and Senior Deferred) and a Closed End amortizing program.
- Currently, the portfolio owned by the City is serviced by Community Reinvestment Fund.
- After more than 40 years in the Loan Servicing industry, Community Reinvestment Fund -CRF- decided to close its Residential Servicing division and notified the City about its decision.
- The City of Brooklyn Park is looking for a new Servicer to partner with and continue the work they are in the community and that would provide the City with the following services:
 1. Payment collection (regular payments for amortizing loans)
 2. Payoff Calculations and Collection of the Proceeds
 3. Preparation of Satisfactions
 4. Monthly Reporting on the following subjects:
 - a. Trial Balances
 - b. Aging Delinquency
 - c. Payment Collection (P&I Collection)
 - d. New Loans
 - e. Paid in Full Loans

PROJECT DESCRIPTION AND EXECUTION

Upon acceptance of this proposal, CEE requires 60 days to complete the full transfer of the portfolio and start formal servicing of the loans owned by the City of Brooklyn Park. The transfer of the portfolio will be completed according to the following plan:

PHASE 1 – Borrower Profile and Loan creation

During this phase, the work will be focused on the creation of the loans in CEE's servicing platform. Individual loans will be created using data from the prior servicer. Once the loan has been created, a detailed payment history will be uploaded to the system and the resulting Unpaid Principal Balance will be audited against the Trial Balance received from Community Reinvestment Fund. Personal information and borrower details will be added to the loans at this point, including full name, property address, mailing address, contact number, SSN and any other information needed to create the borrower profile.

PHASE 2 – Transfer Notices and Welcome Packages

Once the Unpaid Principal Balance has audited and adjusted to match the official record, a transfer notice will be mailed to all borrowers to notify them of the change in servicer and provide them with contact information for CEE's Loan Servicing Department. Simultaneously, CEE will prepare a "Welcome Package" containing the following documents:

- Welcome Letter
- Auto-Pay enrollment forms for amortizing and Interest Only loans
- Online access credentials
- Initial Billing Statement
- Credit Reporting Notice (only for amortizing and Interest Only loans)

The Welcome Packages will be mailed to each individual borrower two business days after the Transfer Notice has been mailed.

PHASE 3 – Phone Contact

CEE will attempt to contact each individual borrower to make sure that they are aware of the changes to the servicer of their loan, verify that the Transfer Notice and Welcome Packages were received and update any additional information as needed. Additional attempts will be made for borrowers who have amortizing loans and Interest Only loans.

PHASE 4 – Loan Servicing Launch

CEE will initiate the formal servicing of the City of Brooklyn Park loans per the Loan Servicing Agreement and any additional contracts.

SERVICES OFFERED THROUGH THIS PROPOSAL

This proposal covers the following services:

- All the necessary work needed to complete Phase 1, 2 and 3, including but not limited to supplies, loan analysis, creation of pools in CEE's servicing platform, creation of borrower profiles in CEE's borrower database and internal audit of loans and balances.
- Once Phase 4 has been initiated, the following services will be included to the regular process:
 1. Collection of monthly installments of regular payments (for both, amortizing loans and Interest Only loans).
 2. Payoff calculations, including contact and coordination with title companies, closing agents, new lenders and/or borrowers.
 3. Collection of Proceeds from payoffs
 4. Monthly disbursement of funds collected on behalf of the City through a method to be determined (ACH, Wire Transfer or Check).
 5. Drafting of Satisfactions (as needed)
 6. Subordination requests review and recommendation (as needed)
 7. Collections Activity for loans in delinquency
 8. Review of options and recommendations to cure delinquencies
 9. Monthly Reporting covering the following topics:
 - a. Trial Balances per Pool
 - b. Principal and Interest Collected during the reported month
 - c. New Loan Report
 - d. Paid in Full Report
 - e. Aging Delinquency Report

Servicing includes access to the City's reports via CEE's servicing Platform and secure information exchange via Microsoft OneDrive and SharePoint and any other services needed to complete specific tasks related to the servicing of the City's portfolio.

COST OF THIS PROPOSAL

Based on the information received from the City, our ongoing relationship through CEE's Lending Department, and a thorough analysis of the portfolio, we have decided to propose a transfer fee instead of using our regular Pricing Schedule. Our proposal includes all the services described above at the following cost:

- *One-Time Transfer Fee: **\$5,000.00** payable within 30 days from the official servicing date of the portfolio (includes all the work needed to complete the transfer of the entire portfolio).*
- *Monthly Servicing Fee for amortizing loans: **\$12.00/loan per month***
- *Monthly Servicing Fee for deferred loans: **no fee as long as the city has an active amortizing pool of loans being serviced by CEE***

Any other servicing activity will be subject to the cost established in the current CEE Pricing Schedule (page 8 of this document).

DATA REQUIREMENTS

CEE requires the following data in order to be able to complete the transfer of the portfolio owned by the City of Brooklyn Park:

- a. Detailed Payment History of all active Amortizing loans
- b. Detailed Payment History of all active Interest Only loans
- c. Full Trial Balance of the entire portfolio
- d. Final Trial Balance of the entire portfolio as of the final date of servicing
- e. Auto-Pay enrollment report (including banking information of accounts enrolled in auto-pay, if any).
- f. Borrower detail, including full name of all borrowers, property address, mailing address, phone number, email address, SSN, Driver's License or ID number and Date of Birth.
- g. The preferred format for the files is Microsoft Excel, but CSV files are also acceptable.
- h. Deadline to receive the information, with the exception of the Final Trial Balance is no later than 30 days prior to the official transfer date.
- i. The information can be submitted directly to me, or to our loanservicing@mncee.org inbox.

LOAN SERVICING AGREEMENT

Exhibit B: Pricing Schedule

Activity	Description	Pricing
New Program Setup	Creating the new program in CEE Loan Servicing System and creating reports	\$1,000 one-time fee
New Loan Setup	Loan Boarded to servicing system and quality control review, welcome letter	\$35.00 one-time fee per loan
Standard Servicing Activities – Amortizing and Interest Only Payment Loans	Payment processing, billing notices, customer service, investor reporting, early collections	\$12.00 per loan/month
Standard Servicing Activities- Deferred Loans (no payments)	Payment processing, customer service, investor reporting	\$1.00 per loan/month (no fee if client has an active amortizing pool)
Collection Activity	Collection Work for loans past due 15-90 days	\$5.00/loan per month on all amortizing loans
Default Management	Example of activities: Repayment Plan, Forbearance Agreement, Deferment, Extension	\$80.00 per hour plus any charges that may be incurred from 3 rd party vendor.
Subordination Preparation	Review request and Prepare subordination document	\$200.00 per request (Borrower Paid)
Mortgage/Deed of Trust Satisfaction Preparation	Drafting of mortgage/deed of trust satisfaction (excludes recording / filing fees)	\$50.00 one-time fee per loan
Final /Special Processing Transaction	For Charge-off, foreclosure, service release, loans not paid in full but no longer active on the servicing system	\$25.00 per transaction
Conversion/On-Boarding of Amortizing Loans	Boarding Loans previously serviced by a different company	\$70.00 one-time fee per loan
Special Report Programming	Special report creation not included in standard report package	\$150.00 one-time fee per report
Special Reporting Distribution	Monthly maintenance for special reports created for distribution	\$75.00 one-time fee per report
Special Project work	Special requests, such as assistance in audit preparation, special mailings, etc.	\$80.00 per hour plus any charges that may be incurred from 3 rd party
Non-Standard Servicing Activities	Any additional activities required for servicing a loan not specified in contract	\$80.00 per hour, fee will be set based on time to complete task on a regular basis

QUALIFICATIONS AND COMPANY BACKGROUND

CEE is a Minneapolis/St. Paul based Non-Profit devoted to Energy Efficiency and research. Since the beginning, in the late 1970's, CEE introduced its Lending program that became what we know today as the Lending Center. The Lending Center was created to provide low interest funding for Home Improvement projects, Energy Efficiency Improvements and Emergency Heating/Cooling systems. The lending program was expanded in 2017 thanks to the merger between CEE and St. Paul's NEC and the expansion of its programs, including the creation of the Loan Servicing Department in February 2018. Currently, the Lending Center manages the Lending Programs for over 22 Cities and Counties in the Metro Area, including loan Servicing for fifteen of those cities and counties.

Currently, the Loan Servicing department services a portfolio of over two thousand loans and \$33 Million, ranging from Down Payment Assistance loans to Solar loans, with a delinquency rate of 0.48% and a recovery success of 82%.

CONCLUSION

We look forward to working with the City of Brooklyn Park and supporting its efforts to improve the affordability and housing access for eligible homebuyers, and families already living within the City. We are confident that we can meet the challenges ahead, and help the City complete a seamless transition of its portfolio to our Servicing platform.

If you have questions on this proposal, feel free to contact me at your convenience by email at mlandoni@mncee.org or by phone at 612.455.7805.

Please let me know if you will be interested in a quick meeting to review the information contained in this proposal.

Thank you for your consideration,

Marco F Landoni
Loan Servicing Manager
Center For Energy and Environment
212 3rd Avenue North, Suite 560
Minneapolis, MN 55401
Ph. 612.455.7805
mlandoni@mncee.org



INVOICE

INVOICE #: 20209
DATE: 10/08/2021

212 3rd Ave N, Suite 560
Minneapolis, MN 55401
Phone 612-335-5858
accounting@mncee.org

BILL TO: Sample City
Attn: Housing Development Dept.
2121 North St
Test City, MN 55000

Loan Servicing Activity
Activity through September 30, 2021

CUSTOMER PO	TERMS	PROJECT
	Due on recpt	

ITEM	CATEGORY	DESCRIPTION	QTY	RATE	PROJECT	AMOUNT
4220	Servicing Fees	09/21 Loan Servicing Fees	1	\$76.00	L500	\$76.00
					SUBTOTAL	\$76.00
					TOTAL	\$76.00

Please contact Marco Landoni at 612-455-7805 if you have questions regarding this invoice.

CEE SERVICING

REPORT TYPE: INVOICE REPORT
 DATA SET DATE: 1/1/2022
 REPORTING PERIOD: Dec-21
 INVESTOR: TEST CITY
 INVOICE #: 5202112
 REPORTING MONTH: DECEMBER 2021

cee
 Center for Energy and Environment
 212 3rd Avenue North, Suite 560,
 Minneapolis, MN 55401
 Ph.: 612.455.7805

POOL	Total Count of Loans per Pool	New Loans Added	Loans Transferred for Servicing	Count of Active Delinquent Accounts	Total Amount Collected During the Month	Principal Collected During the Month	Interest Collected During the Month	New Loan On-boarding Fee @ \$20/Account	Loan Transfer On-boarding Fee @ \$20/Account	Monthly Servicing @ \$1/Account	Delinquent Loan Management @ \$3/Account	Total Monthly Fees	Netted Amount to Transfer to Investor
DEFERRED POOL 1	24	1	0	0	\$0.00	\$0.00	\$0.00	\$20.00	\$0.00	\$24.00	\$0.00	\$0.00	-\$44.00
DEFERRED POOL 2	12	1	0	0	\$0.00	\$0.00	\$0.00	\$20.00	\$0.00	\$12.00	\$0.00	\$0.00	-\$32.00
Grand Total	36	2	0	0	\$0.00	\$0.00	\$0.00	\$40.00	\$0.00	\$36.00	\$0.00	\$0.00	-\$76.00

ACCOUNT DETAIL FOR INVOICING

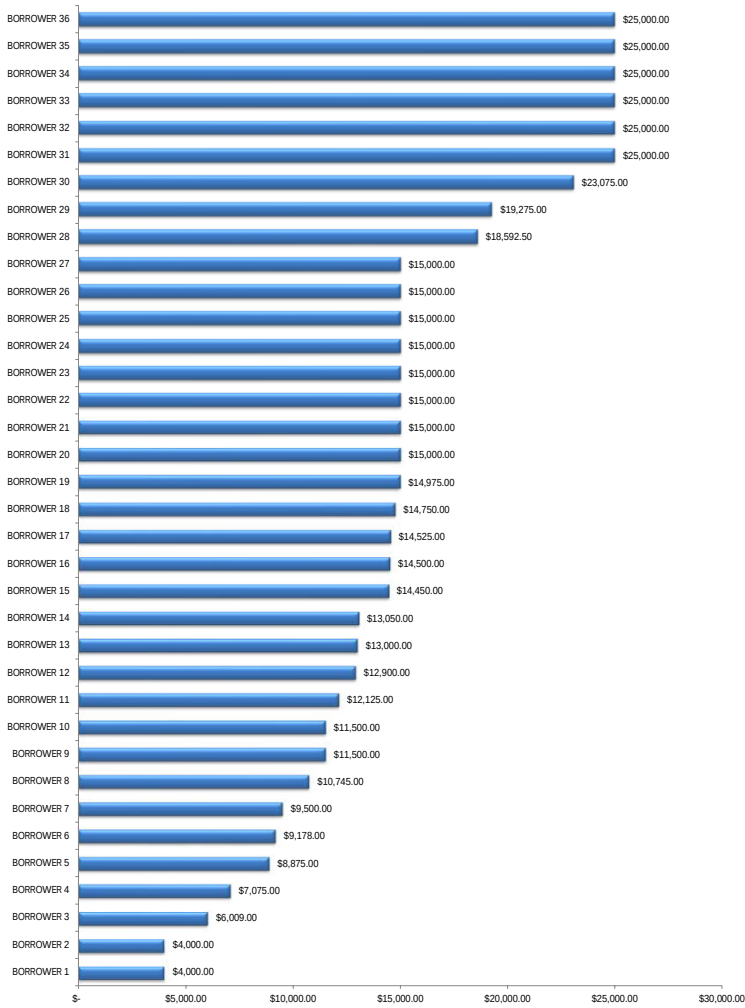
PORTFOLIO	POOL	LOAN #	BORROWER	CONTRACT DATE	LOAN BALANCE	PMNT DATE	PMNT AMOUNT	PRN COLLECTED	INT COLLECTED	TRNX INDEX	NEW LN INDEX	DELINQ INDEX
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	18-014808	BORROWER 1	2/4/2019	\$6,009.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	18-014805	BORROWER 2	5/24/2019	\$25,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	19-015829	BORROWER 3	5/24/2019	\$15,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	19-015279	BORROWER 4	5/29/2019	\$23,075.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	19-015809	BORROWER 5	6/12/2019	\$14,750.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	19-015730	BORROWER 6	7/29/2019	\$25,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	19-016725	BORROWER 7	7/29/2019	\$18,592.50	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	19-016679	BORROWER 8	7/31/2019	\$14,525.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	19-016628	BORROWER 9	7/31/2019	\$10,745.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	19-015045	BORROWER 10	8/2/2019	\$19,275.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	19-017143	BORROWER 11	10/2/2019	\$4,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	19-017688	BORROWER 12	11/26/2019	\$25,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	19-017610	BORROWER 13	11/26/2019	\$4,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	19-016708	BORROWER 14	12/24/2019	\$25,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	19-017906	BORROWER 15	1/22/2020	\$12,125.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	19-017968	BORROWER 16	1/31/2020	\$11,500.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	20-018196	BORROWER 17	3/2/2020	\$13,050.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	20-018465	BORROWER 18	4/13/2020	\$15,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	20-018799	BORROWER 19	6/3/2020	\$11,500.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	20-019891	BORROWER 20	9/11/2020	\$14,975.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	20-020091	BORROWER 21	9/18/2020	\$14,500.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	20-018848	BORROWER 22	10/29/2020	\$12,900.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	20-020526	BORROWER 23	11/3/2020	\$9,178.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 1	20-020557	BORROWER 24	11/19/2020	\$15,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 2	20-019734	BORROWER 25	12/23/2020	\$25,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 2	21-021403	BORROWER 26	2/12/2021	\$15,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 2	21-021601	BORROWER 27	4/5/2021	\$25,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 2	21-022775	BORROWER 28	7/2/2021	\$13,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 2	21-023099	BORROWER 29	7/13/2021	\$15,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 2	21-023091	BORROWER 30	7/30/2021	\$7,075.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 2	21-022635	BORROWER 31	8/20/2021	\$15,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 2	21-023613	BORROWER 32	9/10/2021	\$15,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 2	21-023710	BORROWER 33	9/29/2021	\$15,000.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 2	21-023874	BORROWER 34	11/12/2021	\$9,500.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 2	21-024157	BORROWER 35	11/16/2021	\$8,875.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
TEST CITY RESIDENTIAL	DEFERRED LOAN POOL 2	21-024288	BORROWER 36	11/24/2021	\$14,450.00	Deferred	\$0.00	\$0.00	\$0.00	0	0	0
							\$0.00	\$0.00	\$0.00			

CEE SERVICING
REPORT TYPE:
DATA SET DATE:
REPORT PERIOD:
INVESTOR:

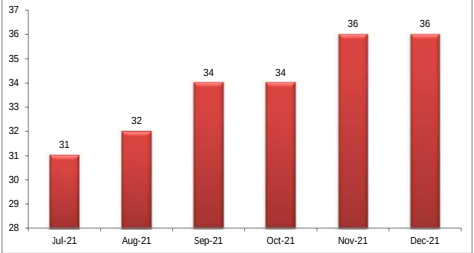
LOAN SERVICING DASHBOARD
1/1/2022
Dec-21
TEST CITY



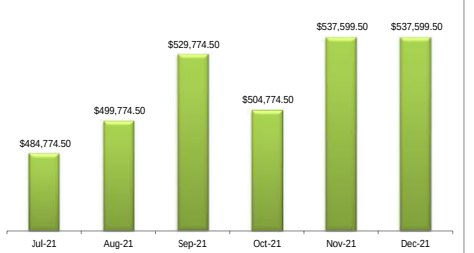
UNPAID PRN BALANCE DISTRIBUTION PER BORROWER



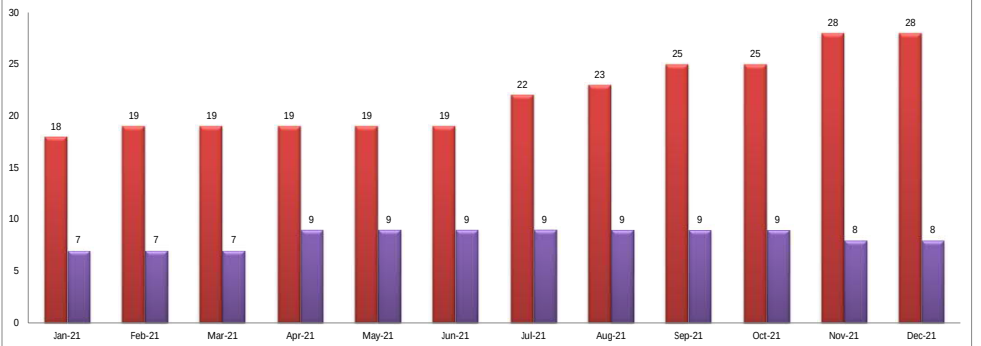
LOAN COUNT REPORT
6 MONTH COMPARISON



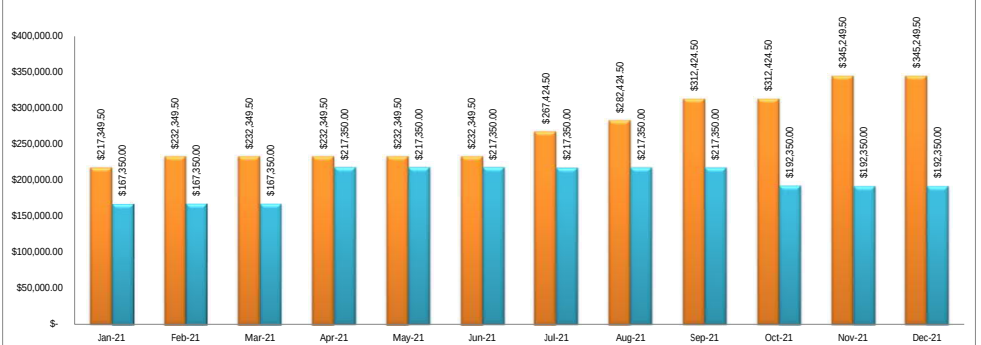
UNPAID PRN BALANCE
6 MONTH COMPARISON



DEFERRED POOL 1 vs DEFERRED POOL 2 12 MONTH COMPARISON IN UNITS



DEFERRED POOL 1 vs DEFERRED POOL 2 12 MONTH COMPARISON IN USD



FY 2021 LOAN SERVICING OPERATIONAL RESULTS

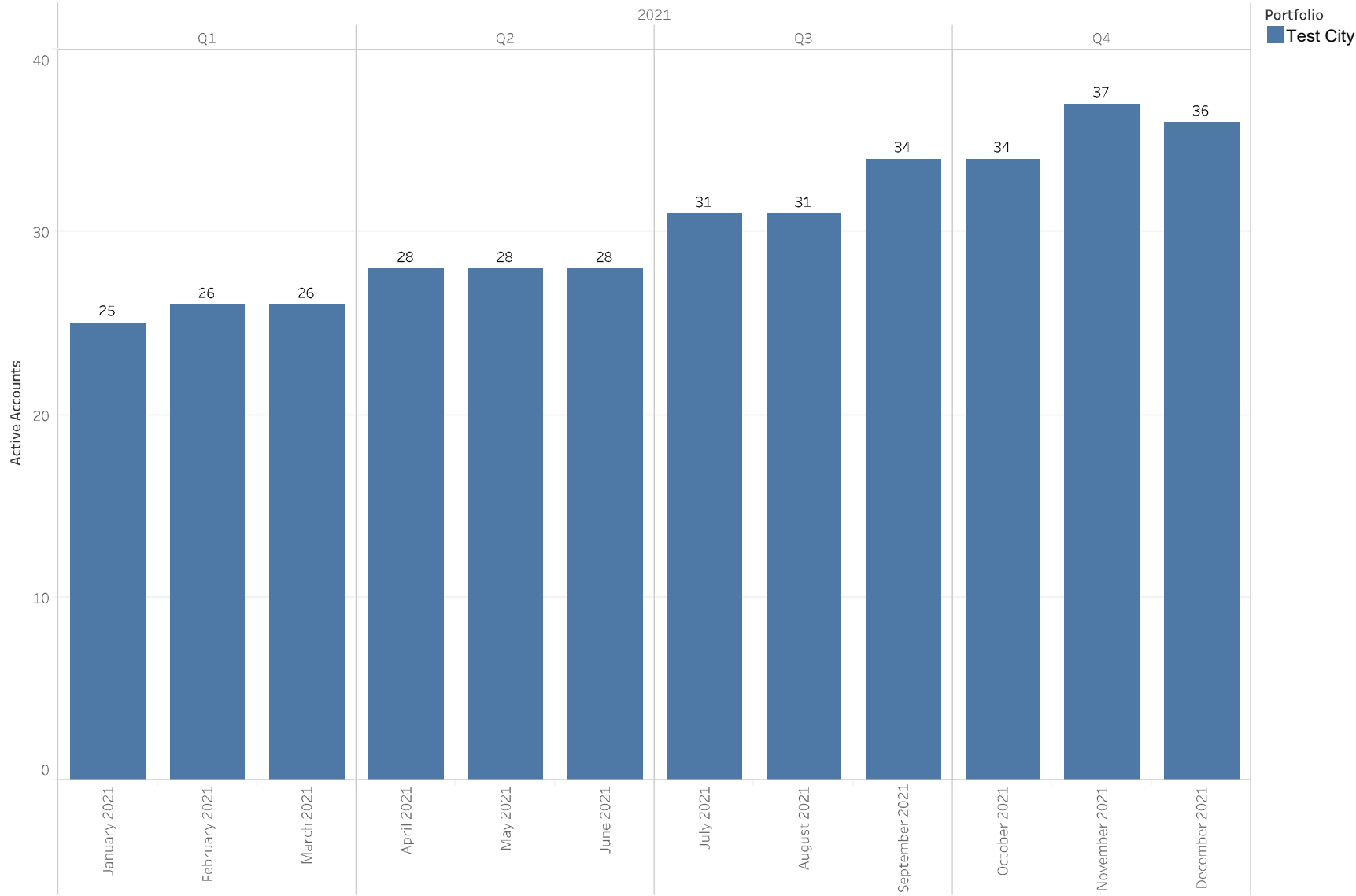
TRIAL BALANCE DETAIL

Active Loans as of 12/31/2021

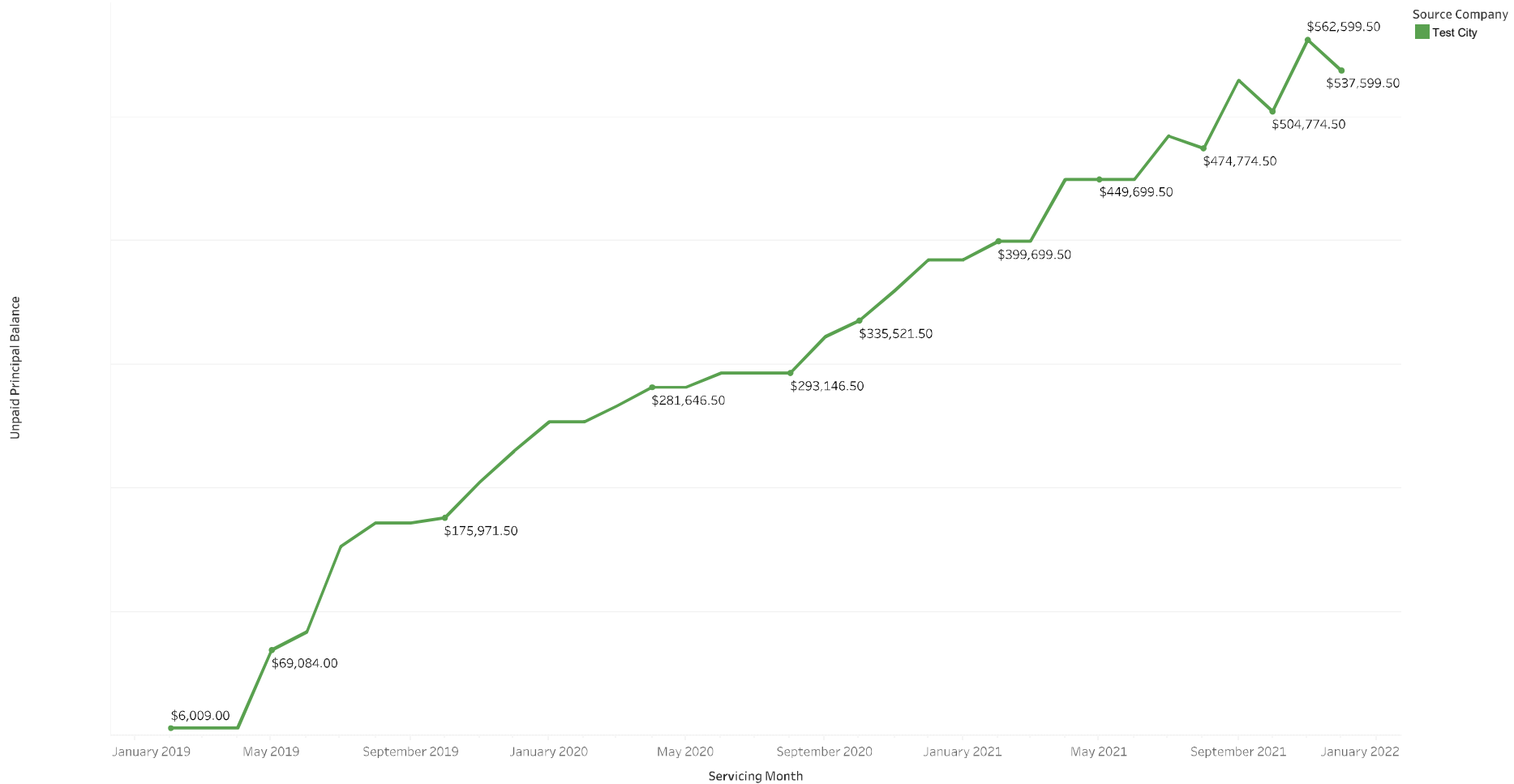
			2021												
			Q1			Q2			Q3			Q4			
			January	February	March	April	May	June	July	August	September	October	November	December	
Test City	Deferred Pool 1 & Deferred Pool 2	18-014808	2/4/2019	\$6,009.00	\$6,009.00	\$6,009.00	\$6,009.00	\$6,009.00	\$6,009.00	\$6,009.00	\$6,009.00	\$6,009.00	\$6,009.00	\$6,009.00	
		19-015809	6/12/2019	\$14,750.00	\$14,750.00	\$14,750.00	\$14,750.00	\$14,750.00	\$14,750.00	\$14,750.00	\$14,750.00	\$14,750.00	\$14,750.00	\$14,750.00	\$14,750.00
		19-015829	5/24/2019	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
		19-016628	7/31/2019	\$10,745.00	\$10,745.00	\$10,745.00	\$10,745.00	\$10,745.00	\$10,745.00	\$10,745.00	\$10,745.00	\$10,745.00	\$10,745.00	\$10,745.00	\$10,745.00
		19-016679	7/31/2019	\$14,525.00	\$14,525.00	\$14,525.00	\$14,525.00	\$14,525.00	\$14,525.00	\$14,525.00	\$14,525.00	\$14,525.00	\$14,525.00	\$14,525.00	\$14,525.00
		19-016725	7/29/2019	\$18,592.50	\$18,592.50	\$18,592.50	\$18,592.50	\$18,592.50	\$18,592.50	\$18,592.50	\$18,592.50	\$18,592.50	\$18,592.50	\$18,592.50	\$18,592.50
		19-017143	10/2/2019	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00
		19-017610	11/26/2019	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00
		19-017906	1/22/2020	\$12,125.00	\$12,125.00	\$12,125.00	\$12,125.00	\$12,125.00	\$12,125.00	\$12,125.00	\$12,125.00	\$12,125.00	\$12,125.00	\$12,125.00	\$12,125.00
		19-017968	1/31/2020	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00
		20-018196	3/2/2020	\$13,050.00	\$13,050.00	\$13,050.00	\$13,050.00	\$13,050.00	\$13,050.00	\$13,050.00	\$13,050.00	\$13,050.00	\$13,050.00	\$13,050.00	\$13,050.00
		20-018465	4/13/2020	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
		20-018799	6/3/2020	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00	\$11,500.00
		20-018848	10/29/2020	\$12,900.00	\$12,900.00	\$12,900.00	\$12,900.00	\$12,900.00	\$12,900.00	\$12,900.00	\$12,900.00	\$12,900.00	\$12,900.00	\$12,900.00	\$12,900.00
		20-019891	9/11/2020	\$14,975.00	\$14,975.00	\$14,975.00	\$14,975.00	\$14,975.00	\$14,975.00	\$14,975.00	\$14,975.00	\$14,975.00	\$14,975.00	\$14,975.00	\$14,975.00
		20-020091	9/18/2020	\$14,500.00	\$14,500.00	\$14,500.00	\$14,500.00	\$14,500.00	\$14,500.00	\$14,500.00	\$14,500.00	\$14,500.00	\$14,500.00	\$14,500.00	\$14,500.00
		20-020526	11/3/2020	\$9,178.00	\$9,178.00	\$9,178.00	\$9,178.00	\$9,178.00	\$9,178.00	\$9,178.00	\$9,178.00	\$9,178.00	\$9,178.00	\$9,178.00	\$9,178.00
		20-020557	11/19/2020	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
		21-021403	2/12/2021		\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
		21-022635	8/20/2021								\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
		21-022775	7/2/2021							\$13,000.00	\$13,000.00	\$13,000.00	\$13,000.00	\$13,000.00	\$13,000.00
		21-023091	7/30/2021							\$7,075.00	\$7,075.00	\$7,075.00	\$7,075.00	\$7,075.00	\$7,075.00
		21-023099	7/13/2021							\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
		21-023613	9/10/2021								\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
		21-023710	9/29/2021								\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
		21-023874	11/12/2021											\$9,500.00	\$9,500.00
		21-024157	11/16/2021											\$8,875.00	\$8,875.00
		21-024288	11/24/2021											\$14,450.00	\$14,450.00
			\$217,349.50	\$232,349.50	\$232,349.50	\$232,349.50	\$232,349.50	\$232,349.50	\$267,424.50	\$282,424.50	\$312,424.50	\$312,424.50	\$345,249.50	\$345,249.50	

Number of Active Accounts per Month

Monthly Detail



Unpaid Principal Balance
Monthly Results





MEMORANDUM

DATE: October 13, 2023

TO: EDA Commissioners

FROM: Kim Berggren, EDA Executive Director
Breanne Rothstein, Economic Development and Housing Director

SUBJECT: Status Update

Overview:

This memo provides an update to the Brooklyn Park Economic Development Authority (EDA) and serves to keep interested Community members informed. The EDA's housing-related work is summarized in a separate memo.

BUSINESS DEVELOPMENT

Brooklyn Park Development Corporation

On July 20th, the Brooklyn Park Development Corporation (BPDC) met to approve the second round of the Small Business Micro Loan Program. The BPDC Board has approved \$200,000 for the second round, which will include eligibility updates such as pre and post award orientation meetings, held October 9th and 10th at the Brooklyn Park City Hall Chambers, to better assist businesses through the application and funding process and the use of Brooklyn Park's technical resource partnerships to provide further support to the participating businesses. This round's application will open online Wednesday, November 1st at 8:00 a.m. EDA staff and attorneys are also working with Stearn's Bank, who are proposing to add \$200,000 match to the Small Business Microloan fund. Once reviewed BPDC action would be needed to approve this proposed funding.

Brooklyn Park Business Council



Brooklyn Park Business Chamber held its quarterly meeting on September 26th. This meeting included Coffee with the Mayor, a feature presentation by Reva Chamblis, Metropolitan Council Member for District 2, and updates on the Metro Blue Line Extension.

The Brooklyn Park Business Council will hold its next meeting on Tuesday, December 12th, 2023, 7:30 p.m. at the City of Brooklyn Park's City Hall Council Chambers.

2023 MINNESOTA NORTH & WEST SUBURBAN DEVELOPMENT SUMMIT

On Friday, September 8th, the City of Brooklyn Park sponsored, and Malcolm Hicks served as a panelist for the 2023 Minnesota North & West Suburban Development Summit held at the Golden Valley Country Club. City staff presented alongside various directors of economic development from Elk River, Blaine, Great River Energy, Chisago city, and Anoka County Regional Economic Development. Panelists discussed and answered questions regarding city development incentives and city-specific information, city growth and demographics, job outlook, and city incentives for developers.

<https://pheedloop.com/NWSUBURBANmn2023/site/panels/>

WORKFORCE DEVELOPMENT

Welcome Carmen Bibiano & Jolene Rotich!

The workforce development division has hired two new program managers to manage the delivery of BrookLynk programs and services.



Carmen Bibiano joined the City of Brooklyn Park in 2022. In her first year at the city, she was instrumental in the development and implementation of the Health on the Go in her role as the Health on the Go coordinator with Community Engagement. Prior to joining the city Carmen led programs and initiatives with the Hennepin County Sheriff's office, Hennepin County's Office of Multicultural Services. In her new role as Career Pathways Program Manager with the workforce development division, Carmen will be leading the planning and implementation of the Youth Entrepreneurship Program, Construction and Trades Career Pathway, and other new initiatives to support the two cities shared workforce development services for residents.

Jolene Rotich joined the City of Brooklyn Park in 2021. In her first year at the city, she was hired at the Brooklyn Program Coordinator supporting the delivery of Get Ready! work readiness training, summer internships, and more. Prior to joining the city Jolene was a Program Manager at Tree Trust leading the implementation of employment programs for youth. In her new role as the BrookLynk Program Manager, Jolene will be leading the planning and implementation of work readiness training, summer internships, employer engagement, and the online training series for youth ages 14-15.



Youth Entrepreneurship Program

On October 4th, participants of the Youth Entrepreneurship Program (YEP) toured the Brooklyn Park Small Business Center. The tour was led by Althea Peggs and highlighted office space, meeting space, and retail space that is accessible to local business owners. Youth were excited about the retail space and asked questions about how they could use it for their businesses. One young woman shared with the group her vision for how she would set up her business and sell

her handmade jewelry in the community. CCX Media was also on site during the tour to showcase the YEP program and how Brooklyn Park and Brooklyn Center is helping area youth kickstart a career pathway in business and entrepreneurship. To view CCX's spotlight on the YEP program click here <https://ccxmedia.org/news/brooklynk-helps-youth-pursue-entrepreneurial-dreams/>.



The Youth Entrepreneurship Program (YEP) fall cohort wrapped up this month with 22 youth successfully completing the program. The spring cohort begins February 14th with weekly sessions hosted at Zanewood Community Center. For more information on this program contact Program Manager, Carmen Bibiano carmen.bibiano@brooklynk.works

OTHER

American Rescue Plan Act (ARPA)

ARPA funded city projects and activities are ongoing. Several projects have ended while others have been in progress with several focused-on summer and fall activities. Additionally, the city is in the process of launching a second round of community partnership funding. In July, the Council approved contract extensions for 10 high-performing current partners to continue the work providing critical services to residents. Staff presented a Request for Proposal (RFP) to the Council on September 11 for approval and release the RFP to the community thereafter. Awards are expected to be announced in late Fall 2023.

Small Business Center Landscaping Project.

This summer, Metro Blooms Design + Build partnered with the City of Brooklyn Park to bring pollinator plantings to the Brooklyn Park Small Business Center. Metro Blooms is a Minneapolis based non-profit organization that partners with communities to create resilient landscapes and foster clean watersheds, embracing the values of equity and inclusion to solve environmental challenges.



The organization hired residents to help with the installation of rain and pollinator gardens, which includes native plantings and cultivars that line the perimeter of the parking lot. Specific hardy species were also planted to benefit pollinators while keeping a neat, organized aesthetic around the landscape perimeter of the parking lot.

Attachments: N/A



MEMORANDUM

DATE: October 13, 2023

TO: EDA Commissioners

FROM: Kim Berggren, Executive Director
Breanne Rothstein, Economic Development and Housing Director

SUBJECT: Housing Update

Overview:

This memo provides an update to the Economic Development Authority (EDA) on housing-related items. In addition to updating the EDA, this memo serves to keep interested community members informed of this work.

COVID-19 HOUSING UPDATES

Home Improvement Loan Programs Update

The EDA administers several housing reinvestment programs that provide financial resources to first time homebuyers, single-family and townhome homeowners in the community. Homeowner programs were redesigned in 2019 to increase the number of residents making improvements to their homes and to provide needed resources for future homebuyers. The redesigned and revamped programs have been a huge success, with funds for multiple programs expended rapidly. About 75 loans amounting to over \$900,000 have been closed beginning this January 2023 to date. These are programs administered in partnership with the Center for Energy and Environment (CEE). The most popular programs are the down payment assistance for the first-time homebuyers, senior deferred loan for seniors and the low interest revolving loan.

NEW HOUSING DEVELOPMENT PROJECTS

Real Estate Equities (Western Portion of 9500 Decatur Drive)

On July 3 the City received notification that Real Estate Equities (REE) received an allocation of tax-exempt bonds for one phase of its two-phased project. On October 16, the EDA is considering the full Tax Increment Financing (TIF) Agreement which includes terms of a long-term loan from the Housing Set Aside fund. The request under consideration is up to \$800,000 in TIF and a \$2 million loan from the Housing Set Aside.

In November, various actions will still be needed from the City Council to consider accepting the bond allocation. REE submitted two applications for bonding authority to the Minnesota Office of Management and Budget (MMB) with one application receiving funding and the other not due to lack of available bond allocations. For the project awarded funding (Parcel B), REE aims to begin construction this year. REE is also submitting an application to the Metropolitan Council's Livable Communities Demonstration Account (LCDA) Development program for additional funds to fill a gap in financing.

This follows the April 17 EDA approval of two updated term sheets for a 350-unit housing proposal on the western portion of 9500 Decatur Drive. The term sheets, one for each phase, include \$1.45 million in TIF and a \$1 million loan for each building/phase for a total of \$4.9 million in financial request from the EDA. On December 12, 2022, the City Council had voted to support REE's tax-exempt bond application.

REE's proposal includes two phases of workforce housing consisting of 1-bedroom, 2-bedroom, and 3-bedroom apartment homes, one of which was awarded bonds and is proceeding towards construction. This project proposes to use income averaging and have an average affordability to families making 60% of the area median income. Five percent (5%) of the homes, or a total of 18 units, will be restricted to families making no greater than 30% AMI. The total unit mix is 77% 2-bedroom units and above with units of each size at both 30% and 60% AMI. Real Estate Equities received unanimous approval for its land use application at the Planning Commission on Wednesday, March 8, and land use approval from the City Council on April 10.

Tessman Ridge (6900 85th Avenue North - NHCC Site)

The Tessman Ridge apartment community is under construction. Phase 1, which is the portion currently under construction, includes 71 units with 8 efficiency, 12 one-bedroom, 32 two-bedroom, 14 three-bedroom and 5 four-bedroom units. The EDA purchased and now owns the full site at 6900 85th Avenue N from Minnesota State Colleges and Universities (MnSCU) and sold the land for the Phase I development to Duffy.

Phase II will include applying for additional financing and a separate land sale for the remainder of the property at a later date. Duffy is financing both phases of this development with an allocation of Low-Income Housing Tax Credits (LIHTC) from Minnesota Housing, a \$1,185,000 Metropolitan Council Livable Communities Demonstration Account – Transit Oriented Development (LCDA-TOD) grant, Tax Increment Financing (TIF) from the EDA, and other sources. The EDA approved the term sheet to provide TIF and approve the purchase agreement with Minnesota State Colleges and Universities (Minnesota State) and North Hennepin Community College at its meeting on May 17, 2020. The EDA had solicited qualifications for the development of this vacant land in early 2020 and selected Duffy Development at that time. Additionally, there is approximately 1-acre of property held by the EDA for commercial use at the intersection of 85th Avenue N and College Parkway.

Village Creek Apartments (7621 Brooklyn Boulevard)

On July 27 the City received notification that the Village Creek Apartments project received an allocation of tax-exempt bonds from Minnesota Management and Budget (MMB). George Group North is now working to secure expedited funding from the U.S. Department of Housing and Urban Development (HUD) and begin construction in late 2023/early 2024. Currently various other loan agreements and approvals expire at the end of 2023, so additional short extensions may be needed if HUD's financing timeline extends the beginning of construction to early 2024. The city has requested an extension to the Metropolitan Council grant and anticipates hearing back if the request was approved or denied later this year.

On Tuesday, June 20, the EDA approved an updated Tax Increment Financing (TIF) agreement for the above financing structure. The approved term sheet and development agreement include a total of \$2.1 million in assistance. Approved EDA assistance includes:

- \$370,000 land-write down
- \$900,000 in upfront Tax Increment Financing (TIF) funds (from Housing Set Aside)
- \$535,000 in pay as you go (PAYGO) TIF funds over 15 years from newly created Housing TIF district.

Village Creek Apartments is located on EDA-owned land at 7621 Brooklyn Boulevard. The project includes 83 units of mixed-income housing and a 10,000 square foot commercial component. The EDA first considered this project in 2018. The project has since received a Metropolitan Council's Livable Communities Development Account (LCDA) grant to assist with project costs and a Hennepin County Transit Oriented Development (TOD) in fall 2020.

RE-HABILITATION PROJECTS

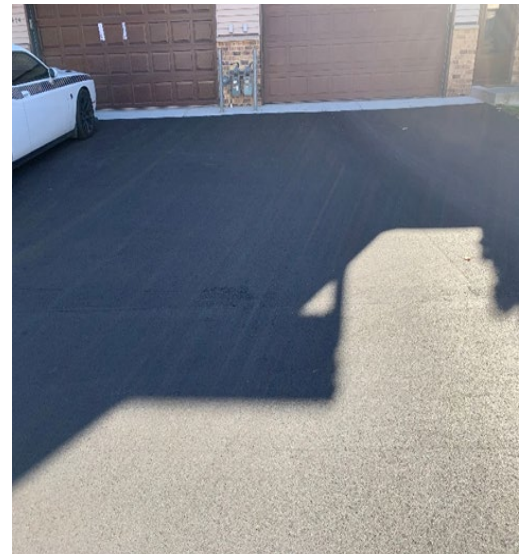
Huntington Place Apartments

City staff continues to coordinate internally and with representatives from Aeon regarding the current livability at Huntington Place as well as the long-term sustainability of the 834-unit apartment community. Staff from Police, Community Development, Recreation and Parks departments as well as the Community Engagement division (Administration department) are collaborating on actions needed in response to the themes heard from Huntington Place residents over the past many months. Related information is available on the city website at <https://www.brooklynpark.org/city-projects/huntington-place/>.

Stonybrook Housing Improvement Area HIA



The EDA approved \$1.2 million through the Housing Improvement Area (HIA) loan program for Stonybrook Property Owners Association. The funds will be used for the replacement of all the existing roadways and driveways, mill and overlay, restriping, landscaping as well as the installation of new exterior lighting within the Homeowners Association (HOA) as per the current layout.



Located at 30084-69484 84th Court North, Stonybrook Townhomes were built in 1970s and consist of 88 buildings with 352 individually owned townhome units. Construction work on the project is currently underway and is expected to wrap up by the end of October 2023.

Autumn Ridge Apartments

Autumn Ridge Apartments is an affordable multi-family community located in the Sunny Lane neighborhood. The community includes 366 units in four buildings. The units range from studios to three bedrooms. The apartment community provides affordable housing to low- and moderate-income residents in Brooklyn Park. The occupancy rate presently stands at 71% which is a huge challenge for the management. The community has recently experienced an uptick in crime activity. As a result of this development, the city staff in collaboration with the Brooklyn Park Police Department and Autumn Ridge management recently held a meeting to discuss the next steps.

Several ideas that were discussed and agreed upon include the following:

- Mental health specialist/domestic assault advocates will coordinate with inspector Faust to provide resources for the victims of violence.
- Community engagements meetings will be held once a month to create and build cordial relationship with residents, management, and the neighborhood,
- Rental inspection staff in collaboration with management staff will be conducting door knocking at the apartment community, primarily to provide resources and gather any pertinent information.
- Management will work with the Police Department to provide access to camera recordings once a crime has been committed at the property.
- City staff will work with residents at the community to provide resources related to tenant responsibilities and rights.
- Management will work to improve on access and parking circulation design.

- Management will work with all stakeholders to assess the effectiveness of installing a perimeter security fence around the entire property.

Homeowner Association (HOA) Workshop

The city hosted a homeowner workshop on September 28, at 6pm. The workshop was held at the Community Activity Center. Attendees at the workshop included current homeowners at various homeowner associations in Brooklyn Park as well as their board members.



At the workshop, attendees heard and learned about HOA best management practices from Jennifer McCook representing Omega Property Management, one of the oldest homeowner association management companies in the Twin Cities region. Attendees also learned and interacted with Jennifer Toohey, from Toohey Law Firm, P.A, an attorney specializing in HOA law. About 120 homeowners attended the event. Council Member Morson and Council Member Tran were also in attendance.

OTHER HOUSING NEWS AND UPDATES

Housing Aid Distribution

The metro wide sales tax approved by the legislature for affordable housing includes a direct allocation to Brooklyn Park of approximately \$940,000 annually as well as increased funding for County and Statewide housing programs. The EDA will have to consider its options for how to allocate at a minimum the \$940,000 direct allocation, starting in 2024, which will be done through a budget amendment in early 2024.

There are several sources of data that tell the story of the need for affordable and accessible housing in the region, including:

- Key Facts on Housing 2022 (Minnesota Housing Partnership)
 - <https://mhponline.org/mhp-releases-key-facts-on-housing-2022/>
- Regional Housing Affordability Dashboard (Minneapolis Federal Reserve)
 - <https://minneapolisfed.shinyapps.io/Itasca-Housing-Dashboard/> - Indicators
 - <https://minneapolisfed.shinyapps.io/Itasca-Housing-Dashboard/> - Tracking three key goals for region

- Indicators for an Inclusive Regional Economy (disaggregated by cultural community) (Center for Economic Inclusion)
<https://indicators.centerforeconomicinclusion.org/>
- The applications dashboard provides data on the number of homeowners who have submitted financial assistance inquiries through www.homehelpmn.org
<https://homehelpmn.org/dashboard/>

Staff Participation in Housing Groups

Staff participates regularly in various regional groups on the topic of housing, including:

- NOAH Working Group hosted by Minnesota Housing and focused on identifying strategies to advance the preservation of affordable housing regionally.
- Anti-displacement Working Group created by the Metro Blue Line Light Rail Transit Extension (BLRT) project office and Hennepin County.
- Housing Collaborative hosted by Twin Cities Local Initiatives Support Corporation (LISC) and focused on education, info sharing, and collaboration among city staff on housing programs and policies.
- Regional Housing Policy Work Group hosted by Urban Land Institute (ULI) Minnesota.
- Government Equitable Development Community of Practice hosted by the Metropolitan Council.

Other Housing Policy Work Currently Underway:

- Research the establishment of a housing trust fund
- Apartment Action Plan 2.0 (2018-present)
- CURA Housing Stability study implementation
- Fair Housing Training

Housing Work Recently Completed:

- CURA Housing Stability Study (2021-2022) – available at <https://www.cura.umn.edu/research/brooklyn-park-housing-project>
- EDA-owned former Park and Ride site at 4201 95th Avenue North (community engagement workshops held on June 27 and Aug 3)
- Transitional Housing Facility Rehabilitation (2018-2020)
- Fair Housing Policy and Training Program, (May 2019/August 2023)
- Mixed-Income Housing Policy (2017)
- Tenant Notification Ordinance (October 2019)
- Homeowner Programs re-vamp (2019)
 - Senior Deferred Loan Program
 - Down Payment Assistance Program (tripled investment in 2021)
 - Code Correction Loan Program
 - Revolving Loan Program
 - Rental Rehabilitation Loan Program (for 1-16-unit rental properties. Details available at www.mncee.org/services/financing/brooklynpark/-1) (April 2020)
 - Community Engagement and Environmental Sustainability Program (April 2020)
- Affordable Housing Preservation and Development Program (July 2019)
- Brooks Landing and Brook Gardens Rehabilitation Project (2019-2020)
- Park Villa Housing Improvement Area (HIA) Project
- Autumn Ridge Apartments Rehabilitation
- Evergreen Elevator Project (2022)
- Sunrise Court Second HIA Project (2022)

Attachments: N/A