

EDA Members:
Dan Roe,
President
Lisa
Laliberte,
Vice
President
Wayne
Groff,
Treasurer
Robert
Willmus
Jason
Etten



**Economic Development Authority
Meeting Agenda
Monday, July 20, 2020
6:00pm**

Address:
2660 Civic Center Dr.
Roseville, MN 55113

Phone:
651-792-7000

Website:
www.growroseville.com

Following guidance from state health officials, EDA Members will participate in upcoming meetings electronically pursuant to Minn. Stat. § 13D.021.

Members of the public who wish speak during public comment or an agenda item during this meeting can do so virtually by registering at www.cityofroseville.com/attendmeeting

1. 6:00 P.M. Roll Call
Voting & Seating Order: Willmus, Groff, Etten, Laliberte, and Roe
2. Pledge Of Allegiance
3. Approve Agenda
4. 6:01 P.M. Public Comment
5. Business Items (Action Items)
 - 5.A. 6:03 PM Adopt Resolutions Authorizing Entering Into A Private Redevelopment Contract And LCDA Loan With CommonBond, Including Subordination Of Documents – Owasso Gardens Affordable Senior Housing

Documents:
[5A REPORT AND ATTACHMENTS.PDF](#)
 - 5.B. 6:10 PM Discuss Roseville Business And Resident COVID Relief Programs

Documents:
[5B REPORT AND ATTACHMENTS.PDF](#)
 - 5.C. 6:45 PM Discussion Regarding The Budget And Preliminary Levy Collectible In 2021

Documents:
[5C REPORT AND ATTACHMENTS.PDF](#)
6. 7:00 P.M. Adjourn To City Council



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: July 20, 2020
Item No.: 5.a

Department Approval

Executive Director Approval

Janice Gundlach

Pam J. Trugen

Item Description: Adopt Resolutions authorizing entering into a Private Redevelopment Contract and LCDA Loan with CommonBond, including Subordination of documents – Owasso Gardens affordable senior housing

1
2 **BACKGROUND**

3 The Roseville Economic Development Authority (REDA) on June 3, 2019 provided resolutions of
4 support for providing Livable Community Demonstration Account (LCDA) funds and local financial
5 support to the project in the form of Sewer Access Charge (SAC) credit of \$2,000 a unit, not to exceed
6 \$120,000, for the development of 60 units of affordable senior housing located at 165 South Owasso
7 Blvd., 3011, 3029, and 3033 Rice St. by CommonBond Communities, Owasso Gardens.

8
9 CommonBond has secured all financing to proceed forward with closing on the properties and
10 commencing construction this fall. The REDA is entering into a Private Redevelopment Contract to
11 provide the LCDA funds of \$645,000 as a forgivable loan (City acts as a pass-through with Metropolitan
12 Council) and \$120,000 of SAC credit to be administered at the time of the building permit. The
13 attached agreements memorialize the financial assistance (Attachment A) and Loan agreement for LCDA
14 funds (Attachment B). The REDA will need to subordinate the Contract and the LCDA loan, which will
15 be done as a separate action (Attachment C).

16
17 **STAFF RECOMMENDATION**

18 Authorize following actions:

- 19 1. Adopt a Resolution approving Contract for Private Redevelopment Contract and LCDA Loan
20 Documents with CB Owasso Gardens Limited Partnership.
21 2. Adopt a Resolution authorizing subordination of Contract for Private Redevelopment and LCDA
22 Loan Documents between the REDA and CB Owasso Gardens Limited Partnership and
23 Minnesota Housing Finance Agency.

24
25 **REQUESTED REDA ACTION**

26 Motion by the REDA to:

- 27 1. Adopt a Resolution approving Contract for Private Redevelopment Contract and LCDA Loan
28 Documents with CB Owasso Gardens Limited Partnership.
29 2. Adopt a Resolution authorizing subordination of Contract for Private Redevelopment and LCDA
30 Loan Documents between the REDA and CB Owasso Gardens Limited Partnership and
31 Minnesota Housing Finance Agency.

32 Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

- Attachment A: Private Redevelopment Contract with CB Owasso Gardens Limited Partnership
- B: LCDA Loan Documents
- C: Subordination of Contract for Private Redevelopment and LCDA Loan Documents
- D: Resolution approving Contract for Private Redevelopment and LCDA Loan
- E: Resolution subordination of Contract for Private Redevelopment and LCDA Loan Documents

**Third Draft
July 13, 2020**

CONTRACT FOR PRIVATE DEVELOPMENT

By and Between

ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

and

CB OWASSO GARDENS LIMITED PARTNERSHIP

Dated: _____, 2020

This document was drafted by:
KENNEDY & GRAVEN, Chartered (MNI)
470 US Bank Plaza
Minneapolis, Minnesota 55402
Telephone: 612-337-9300

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CONTRACT FOR PRIVATE DEVELOPMENT

THIS AGREEMENT, made on or as of the ___ day of _____, 2020, by and between ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and political subdivision of the State of Minnesota (the “Authority”), established pursuant to Minnesota Statutes, Sections 469.090 to 469.1081, as amended (hereinafter referred to as the “Act”); and CB OWASSO GARDENS LIMITED PARTNERSHIP, a Minnesota limited partnership (the “Developer”).

WITNESSETH:

WHEREAS, the City of Roseville, Minnesota (the “City”), has undertaken a program to promote the development and redevelopment of land which is underutilized within the City, and in this connection created its Development District No. 1 (hereinafter referred to as the “Development District”), the geographic boundaries of which are coterminous with those of the City, pursuant to Minnesota Statutes, Sections 469.124 to 469.134, as amended; and

WHEREAS, the City has created the Authority and authorized the Authority to transact business and exercise its powers by an enabling resolution of the City Council, pursuant to Minnesota Statutes, Sections 469.090 to 469.1081, as amended (the “Act”); and

WHEREAS, the City has transferred the control and administration of the Development District to the Authority, and the Authority has accepted such transfer; and

WHEREAS, pursuant to the Act and to Minnesota Statutes, Sections 469.001 to 469.047, as amended (the “HRA Act”), the Authority is authorized to undertake certain activities to prepare real property for development and redevelopment by private enterprise; and

WHEREAS, the Developer intends to acquire and develop certain property described in Schedule A attached hereto (the “Development Property”) within the Development District, and to construct, or cause to be constructed, a multifamily rental housing facility consisting of approximately 60 senior rental housing units on the Development Property (the “Minimum Improvements”); and

WHEREAS, the Developer has requested that the Authority provide certain assistance and apply for or support Developer’s application for a grant from the Metropolitan Council to finance a portion of the costs associated with the Minimum Improvements and has represented that but for the assistance and grant funds, the Developer will not be able to construct the Minimum Improvements; and

WHEREAS, the parties desire to establish the terms of disbursement of any Authority assistance and grant monies received in connection with the construction of the Minimum Improvements; and

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

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

[The remainder of this page is intentionally left blank.]

ARTICLE I

Definitions

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

“Act” means the Economic Development Authority Act, Minnesota Statutes, Sections 469.090 to 469.1081, as amended.

“Affiliate” means with respect to any entity (a) any corporation, partnership, limited liability company or other business entity or person controlling, controlled by or under common control with the entity, and (b) any successor to such party by merger, acquisition, reorganization or similar transaction involving all or substantially all of the assets of such party (or such Affiliate). For the purpose hereof the words “controlling,” “controlled by,” and “under common control with” shall mean, with respect to any corporation, partnership, limited liability company or other business entity, the ownership of fifty percent or more of the voting interests in such entity or possession, directly or indirectly, of the power to direct or cause the direction of management policies of such entity, whether through ownership of voting securities or by contract or otherwise.

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

“Authority” means the Roseville Economic Development Authority, or any successor or assign.

“Authority Representative” means the Executive Director of the Authority, or any person designated by the Executive Director to act as the Authority Representative for the purposes of this Agreement.

“Business Days” means Mondays through Fridays, except such days on which banks are permitted or required to close under State law.

“Business Subsidy Act” means Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

“Certificate of Completion” means the certification provided to Developer, or the purchaser of any part, parcel or unit of the Development Property, pursuant to Section 4.4 of this Agreement.

“City” means the City of Roseville, Minnesota.

“Construction Plans” means the plans, specifications, drawings and related documents on the construction work to be performed by Developer on the Development Property which

(a) shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the appropriate building officials of the City, and (b) shall include at least the following for each building: (1) site plan; (2) foundation plan; (3) basement plans, if applicable; (4) floor plan for each floor; (5) cross sections of each (length and width); (6) elevations (all sides); (7) landscape plan; and (8) such other plans or supplements to the foregoing plans as the Authority may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.

“County” means the County of Ramsey, Minnesota.

“Developer” means CB Owasso Gardens Limited Partnership, a Minnesota limited partnership, or its permitted successors and assigns.

“Development District” means the City’s Development District No. 1.

“Development Plan” means the approved development plan for the Development District.

“Development Property” means the real property legally described in Schedule A attached hereto.

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

“Grant” means the Livable Communities Demonstration Account grant received by the Authority from the Met Council on the Developer’s behalf, in the amount of \$645,000.

“Grant Agreement” means the Metropolitan Livable Communities Act Grant Agreement for Grant No. SG-12585 dated as of December 11, 2019, between the Authority and Met Council.

“Grant-Eligible Costs” has the meaning set forth in Section 3.3 hereof.

“Holder” means the owner of a Mortgage.

“LCDA Loan Documents” means those certain documents of even date herewith evidencing the use of the Grant proceeds as a loan to the Developer, including that certain Loan Agreement by and between the Authority and the Developer (the “LCDA Loan Agreement”), that certain Promissory Note by the Developer in favor of the Authority (the “LCDA Note”), and that certain Combination Mortgage and Security Agreement by the Developer in favor of the Authority (the “LCDA Mortgage”), all in substantially the same form as attached hereto as Schedule C.

“Met Council” means the Metropolitan Council.

“MHFA” means the Minnesota Housing Finance Agency, expected to be the construction

and permanent lender to the Developer with respect to the Development Property and the Minimum Improvements.

“Minimum Improvements” means the development proposal identified in the Grant Agreement, generally consisting of the construction of a multifamily rental housing facility consisting of approximately 60 affordable senior rental housing units, including indoor and outdoor community spaces for residents. Prior to the Termination Date, changes to the Minimum Improvements may only be made pursuant to Section 4.2(b) hereof.

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

“State” means the State of Minnesota.

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

“Termination Date” means the earlier of (a) the date of completion by the Developer of the Minimum Improvements as evidenced by delivery by the Authority of a Certificate of Completion, or (b) the date of termination of this Agreement as a result of an Event of Default.

"Unavoidable Delays" means unexpected delays which are the direct result of: (i) adverse weather conditions, (ii) shortages of materials, (iii) strikes or other labor troubles, (iv) fire or other casualty to the Minimum Improvements, (v) litigation commenced by third parties which, by injunction or other judicial action, directly results in delays, (vi) acts of any federal or state governmental unit, including legislative and administrative acts, (vii) approved changes to the Construction Plans or Minimum Improvements that result in delays (viii) delays caused by the discovery of any adverse soil or environmental condition on or within the Development Property to the extent reasonably necessary to comply with federal and state environmental laws, regulations, orders or agreements, (ix) delay in the issuance of any license or permit by any governmental entity, provided application therefor is timely made and diligently pursued by the Developer, (x) pandemic or other public health emergency, and related acts of any federal, State, or local government including, but not limited to, responsive legislation, states of emergency and executive orders; and/or (xi) any other cause or force majeure beyond the control of Developer which directly results in delays. In the event of an Unavoidable Delay, the applicable dates or deadlines that are subject to Unavoidable Delays as provided herein shall be extended by one (1) calendar day for each corresponding calendar day the applicable Unavoidable Delay is in effect.

[The remainder of this page is intentionally left blank.]

ARTICLE II

Representations and Warranties

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

(a) The Authority is an economic development authority duly organized and existing under the laws of the State. Under the provisions of the Act and the HRA Act, the Authority has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The activities of the Authority are undertaken to foster the development of certain real property which for a variety of reasons is presently underutilized, and to provide varied housing options within the City.

(c) The Authority will use its best efforts to facilitate development of the Minimum Improvements, including but not limited to cooperating with the Developer in obtaining necessary administrative and land use approvals and construction financing pursuant to Section 7.1 hereof.

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

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

(a) The Developer is a limited partnership duly established and in good standing under the laws of the State, is not in violation of any provisions of its organizational documents or, to the best of its knowledge, the laws of the State, is duly authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action of its officers.

(b) If the Developer acquires the Development Property and utilizes the Grant, the Developer will construct, operate and maintain the Minimum Improvements, or cause the same to be constructed, operated and maintained, in accordance with the terms of this Agreement, the Development Plan and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, labor, building code, and public health laws and regulations).

(c) The Developer has received no written notice or communication from any local, state or federal official that the activities of the Developer or the Authority in the Development District would be in violation of any environmental law or regulation (other than those notices or

communications of which the Authority is aware). The Developer is aware of no facts the existence of which would cause the Development Property to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(d) The Developer will construct, or cause to be constructed, the Minimum Improvements in accordance with all applicable local, state or federal energy-conservation laws or regulations that require compliance of the Minimum Improvements.

(e) The Developer will timely apply for and diligently pursue all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

(f) To the best of the Developer's knowledge and belief, neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any partnership or company restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(g) But for the assistance provided under this Agreement, the Developer would be unable to construct the Minimum Improvements.

[The remainder of this page is intentionally left blank.]

ARTICLE III

Conveyance of Property and Assistance

Section 3.1. Status of the Property. The Developer, or an Affiliate of the Developer, has entered into a purchase agreement with a third party to acquire the Development Property by no later than July 31, 2020. The Authority has no obligation to purchase the Development Property or any portion thereof.

Section 3.2. Soils, Environmental Conditions. The Developer acknowledges that the Authority makes no representations or warranties as to the condition of the soils on the Development Property or its fitness for construction of the Minimum Improvements or any other purpose for which the Developer may make use of such property. The Developer further agrees that it will indemnify, defend, and hold harmless the Authority, the City, and their governing body members, officers, and employees, from any claims or actions arising out of the presence, if any, of hazardous wastes or pollutants on the Development Property.

Section 3.3. Grant Disbursement.

(a) To finance a portion of the costs of acquisition of and necessary site preparation on the Development Property, and of community engagement related to the Minimum Improvements (the “Grant-Eligible Costs”), the Authority has applied for and received the Grant in the amount of \$645,000.

(b) Pursuant to Section 2.05 of the Grant Agreement, and because the Minimum Improvements will constitute a low-income housing tax credit project, the Authority agrees to structure the Grant proceeds as a loan to the Developer to pay or reimburse the Grant-Eligible Costs in accordance with the terms of the Grant Agreement and this Section and pursuant to the LCDA Mortgage, Note, and Loan Agreement in substantially the forms attached hereto as Schedule C. **Notwithstanding anything to the contrary herein, if Grant-Eligible Costs exceed the amount to be reimbursed under this Section, such excess shall be the sole responsibility of the Developer.**

(c) All disbursements of Grant proceeds will be made subject to the conditions precedent that on the date of such disbursement:

(1) The Authority has received a written statement from the Developer’s authorized representative certifying with respect to each payment: (a) that none of the items for which the payment is proposed to be made has formed the basis for any payment previously made under this Section (or before the date of this Agreement); (b) that each item for which the payment is proposed is a Grant-Eligible Cost; and (c) the Developer reasonably anticipates completion of the Grant-Eligible Costs and the Minimum Improvements in accordance with the terms of this Agreement.

(2) No Event of Default under this Agreement or event which would constitute such an Event of Default but for the requirement that notice be given or that a period of grace or time elapse, shall have occurred and be continuing.

(3) No license or permit necessary for undertaking the Grant-Eligible Costs or constructing the Minimum Improvements shall have been revoked or the issuance thereof subjected to challenge before any court or other governmental authority having or asserting jurisdiction thereover.

(4) The Developer has submitted, and the Authority has approved, Construction Plans for the Minimum Improvements in accordance with Article IV hereof; provided, however, that Grant disbursements for costs of acquisition of the Development Property shall not be subject to this condition.

(d) Whenever the Developer desires a disbursement to be made hereunder, which shall be no more often than monthly, the Developer shall submit to the Authority a draw request in the form approved by the Met Council and submitted to the Authority for review. Each draw request shall constitute a representation and warranty by the Developer that all representations and warranties set forth in this Agreement are true and correct as of the date of such draw request.

(e) If the Developer has performed all of its agreements and complied with all requirements theretofore to be performed or complied with hereunder, including satisfaction of all applicable conditions precedent contained in this Article, the Authority shall make a disbursement to the Developer in the amount of the requested disbursement or such lesser amount as shall be approved, within twenty (20) Business Days after the date of the Authority's receipt of the draw request, or, if later, within ten (10) Business Days after the date of the Authority's receipt of Grant proceeds from Met Council, as the case may be. Each disbursement shall be paid from the Grant, subject to the Authority's determination that the relevant Grant-Eligible Cost is payable under the Grant Agreement.

(f) The making of the final disbursement by the Authority under this Section shall be subject to the condition precedent that the following conditions shall have been satisfied:

(1) The Developer shall be in compliance with all conditions set forth in this Section and further, and

(2) The Authority shall have received a lien waiver from each contractor for all work done and for all materials furnished by it for the Grant-Eligible Costs.

(g) The Authority may, in its sole discretion, without notice to or consent from any other party, waive any or all conditions for disbursement set forth in this Article. However, the making of any disbursement prior to fulfillment of any condition therefor shall not be construed as a waiver of such condition, and the Authority shall have the right to require fulfillment of any and all such conditions prior to authorizing any subsequent disbursement.

Section 3.4. SAC Credit Assistance.

(a) The Authority will finance a portion of the cost of construction of the Minimum Improvements by providing a credit against sewer access charges (“SAC”) in the amount of \$2,000 per unit of senior housing, up to a maximum aggregate total of \$120,000 (the “SAC Credit”), that would otherwise be payable as determined by the Met Council upon the City’s issuance of a building permit to the Developer for the Minimum Improvements (the “Building Permit”).

(b) Concurrent with the City’s issuance of the Building Permit, and so long as the Developer has met the following conditions precedent, the SAC Credit will be credited against the SAC associated with the Minimum Improvements:

(1) The Authority has received from the Developer’s authorized representative notification that all conditions to the City’s issuance of the Building Permit have been met.

(2) The Authority has received evidence of the Developer’s financing for the Minimum Improvements in accordance with Section 7.1 hereof.

(3) No Event of Default under this Agreement or event which would constitute such an Event of Default but for the requirement that notice be given or that a period of grace or time elapse, shall have occurred and be continuing.

(c) If the Developer has performed all of its agreements and complied with all requirements theretofore to be performed or complied with hereunder, including satisfaction of all applicable conditions precedent contained in this Article, the SAC Credit shall be credited against the SAC for the Minimum Improvements as provided in Section 3.4(a) above.

(d) The Authority may, in its sole discretion, without notice to or consent from any other party, waive any or all conditions for the SAC Credit approval set forth in this Article.

Section 3.5. No Business Subsidy. The parties agree and understand that the transaction and financial assistance described in this Agreement does not constitute a business subsidy within the meaning of the Business Subsidy Act because the assistance is for a housing development. The Developer releases and waives any claim against the Authority and its governing body members, officers, agents, servants and employees thereof arising from application of the Business Subsidy Act to this Agreement, including without limitation any claim that the Authority failed to comply with the Business Subsidy Act with respect to this Agreement.

Section 3.6. Payment of Administrative Costs. The Developer agrees that it will pay, within thirty (30) days after written notice from the Authority, the reasonable costs of consultants and attorneys retained by the Authority in connection with the applications for the Grant set forth in Section 3.3 hereof, the negotiation and preparation of this Agreement, and other incidental agreements, documents and out of pocket administrative costs related to the development contemplated hereunder. The Authority will provide written reports describing the costs accrued under this Section upon request from the Developer, but not more often than intervals of forty-five (45) days. The sum of \$7,500, which was deposited by the Developer upon filling its initial application with the Authority, will be credited to the Developer’s obligation under this Section.

Upon termination of this Agreement in accordance with its terms, the Developer remains obligated under this section for costs incurred through the effective date of termination.

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

ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Minimum Improvements. Subject to all other terms and conditions of this Agreement including the Developer's use of the Grant, the Developer agrees that it will construct, or cause to be constructed, the Minimum Improvements on the Development Property in accordance with the approved Construction Plans and at all times prior to the Termination Date will operate and maintain, preserve and keep the Minimum Improvements or cause the Minimum Improvements to be operated, maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition.

Section 4.2. Construction Plans. Before commencement of construction of the Minimum Improvements, the Developer shall submit Construction Plans to the Authority. The Authority will approve such Construction Plans in writing if: (i) such Construction Plans conform to the terms and conditions of this Agreement; (ii) such Construction Plans conform to the goals and objectives of the Development Plan; (iii) such Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (iv) such Construction Plans are adequate to provide for construction of the Minimum Improvements; (v) the Construction Plans do not provide for expenditures in excess of the funds available to the Developer for construction of the Minimum Improvements; and (vi) no Event of Default has occurred. No approval by the Authority shall relieve the Developer of the obligation to comply with the terms of this Agreement or of the Development Plan, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the Authority shall constitute a waiver of an Event of Default. If approval of the Construction Plans is requested by the Developer in writing at the time of submission, such Construction Plans shall be deemed approved unless rejected in writing by the Authority, in whole or in part. Such rejections shall set forth in detail the reasons therefor, and shall be made within 30 days after the date of their receipt by the Authority. If the Authority rejects any Construction Plans in whole or in part, Developer shall submit new or corrected Construction Plans within thirty (30) days after written notification to the Developer of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the Authority. The Authority's approval shall not be unreasonably withheld, conditioned, or delayed. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements, constructed in accordance with said plans) comply to the Authority's satisfaction with the provisions of this Agreement relating thereto. Notwithstanding the provisions of this Section 4.2, issuance of a Building Permit for the Minimum Improvements by the City shall constitute definitive approval of the Construction Plans by the Authority and shall satisfy the provisions of this Section 4.2.

The Developer hereby waives any and all claims and causes of action whatsoever resulting from the review of the Construction Plans by the Authority and/or any changes in the Construction Plans requested by the Authority. Neither the Authority, the City, nor any employee or official of the Authority or the City shall be responsible in any manner whatsoever

for any defect in the Construction Plans or in any work done pursuant to the Construction Plans, including changes requested by the Authority.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer shall commence, or cause to commence, construction of the Minimum Improvements by December 31, 2020, and substantially complete, or cause to be completed, construction of the Minimum Improvements by December 31, 2021. All work with respect to the Minimum Improvements to be constructed on the Development Property shall substantially conform to the Construction Plans as submitted by the Developer and approved by the Authority. For purposes of this Agreement, commencement of construction shall mean commencement of demolition or site grading on the Development Property.

Developer agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that Developer, and such successors and assigns, shall, subject to Unavoidable Delays, promptly begin and diligently prosecute to completion the development of the Development Property through the construction of the Minimum Improvements thereon, and that such construction shall in any event be commenced within the period specified in this Section. Until construction of the Minimum Improvements has been completed, the Developer shall make reports, in such detail and at such times as may reasonably be requested by the Authority, as to the actual progress of the Developer with respect to such construction.

Section 4.4. Certificate of Completion.

(a) Within fifteen (15) days after substantial completion of the Minimum Improvements in accordance with those provisions of this Agreement relating solely to the obligations of the Developer to construct the Minimum Improvements (including the dates for beginning and completion thereof), the Authority Representative shall deliver to the Developer a Certificate of Completion in substantially the form set forth in Schedule B attached hereto, in recordable form and executed by the Authority. Such certification by the Authority shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with respect to the obligations of the Developer, and its successors and assigns, to construct the Minimum Improvements and the date for the completion thereof. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any Holder of a Mortgage, or any insurer of a Mortgage, securing money loaned to finance the Minimum Improvements, or any part thereof.

(b) If the Authority Representative shall refuse or fail to provide any certification in accordance with the provisions of this Section, the Authority Representative shall, within thirty (30) days after written request by the Developer, provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Minimum Improvements in accordance with the provisions of this Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Authority, for the Developer to take or perform in order for the Authority to issue the Certificate of Completion. Issuance of the Certificate of Completion shall not be unreasonably withheld.

(c) The construction of the Minimum Improvements shall be deemed to be complete upon (i) issuance of a certificate of occupancy for the Minimum Improvements, (ii) determination by the Authority Representative that all related site improvements on the Development Property have been substantially completed in accordance with the approved Construction Plans, and (iii) certification by the Developer to the Authority that to the extent due and payable for work performed to the date of such certification, all costs related to the Minimum Improvements and the development of the Development Property, including payments to all contractors, subcontractors, and project laborers, but subject to standard retainage as provided under the construction contracts for the Minimum Improvements, have been paid prior to the date of the Developer's request for the Certificate of Completion.

Section 4.5. Affordable Housing Covenant. The Developer represents, warrants, and covenants that for a period of fifteen (15) years from the date of the Certificate of Completion, 100% of the residential units of the Minimum Improvements shall be occupied or held vacant and available for occupancy by those persons and families who are determined from time to time by the Developer to have combined adjusted income that does not exceed an average of 50% of the area median 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 for the applicable calendar year. The determination of whether an individual or family is of low or moderate income will be made by the Developer at the time the tenancy commences and on an ongoing basis thereafter, determined at least annually.

Section 4.6. Management. The Developer shall at all times engage a property management company with substantial experience in operating multifamily housing developments, subject to approval by the Authority, which approval will not be unreasonably withheld. The Developer will submit evidence of such management upon request by the Authority. The Authority approves CommonBond Housing, a Minnesota nonprofit corporation, as the initial property manager of the Minimum Improvements. If the Developer intends to retain a different property management company the Developer must do so in compliance with this Section.

The Developer shall further enter into a mutually agreeable Memorandum of Understanding (the "Memorandum") with the City in connection with public safety services to be provided by the City to the Minimum Improvements, which Memorandum is incorporated into this Agreement by reference.

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

ARTICLE V

Insurance

Section 5.1. Insurance. (a) The Developer will provide and maintain, or cause its general contractor or other third party to maintain, at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the Authority, furnish the Authority with proof of payment of premiums on policies covering the following:

(i) Builder's risk insurance, written on the so-called "Builder's Risk -- Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, with coverage available in nonreporting form on the so-called "all risk" form of policy, and shall be endorsed to show the Authority as an additional insured;

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

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

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

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

(ii) Comprehensive general public liability insurance, including personal injury liability, against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$1,000,000, and shall be endorsed to show the Authority as an additional insured.

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

(c) All insurance required under this Article shall be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the Authority policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article each policy shall contain a provision that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Developer and the Authority at least thirty (30) days before the cancellation or modification becomes effective. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer shall deposit with the Authority a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) The Developer agrees to notify the Authority immediately in the case of damage exceeding \$100,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In such event the Developer will forthwith repair, reconstruct and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Developer will apply the net proceeds of any insurance relating to such damage received by the Developer to the payment or reimbursement of the costs thereof.

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

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

[The remainder of this page is intentionally left blank.]

ARTICLE VI**Review of Taxes**

Section 6.1. Review of Taxes. 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: (A) willful destruction of the Development Property or any part thereof; or (B) willful refusal to reconstruct damaged or destroyed property pursuant to Section 5.1 of this Agreement. The Developer also agrees that it will not, prior to the Termination Date, seek exemption from property tax for the Development Property or any portion thereof or transfer or permit the transfer of the Development Property to any entity that is exempt from real property taxes and state law, or apply for a deferral of property tax on the Development Property pursuant to any law. Notwithstanding the foregoing or any provision to the contrary contained herein, the Authority acknowledges and approves the Developer's application for and continued operation of the Minimum Improvements under the Low Income Housing Rental Classification pursuant to Minnesota Statutes Section 273.13, subdivision 25, as amended, and the corresponding reduction in taxable market value of the Minimum Improvements.

[The remainder of this page is intentionally left blank.]

ARTICLE VII**Financing**

Section 7.1. Generally. Before delivery of the assistance provided by the Authority under Article III hereof, the Developer shall submit to the Authority or provide access thereto for review by Authority staff, consultants and agents, evidence reasonably satisfactory to the Authority that the Developer has available funds, or commitments to obtain funds, whether in the nature of mortgage financing, equity, grants, loans, or other sources sufficient for paying the cost of developing the Minimum Improvements, provided that any lender or grantor commitments shall be subject only to such conditions as are normal and customary in the commercial lending industry for improvements constructed using low income housing tax credits and related financing. Delivery of the assistance provided by the Authority under Article III hereof constitutes the Authority's determination that the Developer has available funds or other sources sufficient to pay the cost of developing the Minimum Improvements.

Section 7.2. Intentionally Omitted.

Section 7.3. Modification; Subordination. In order to facilitate the obtaining of financing for the Minimum Improvements, the Authority agrees that it shall agree to any reasonable modification of this Article with respect to the rights of the Authority under any Mortgage, to accommodate the interest of the Holder of any Mortgage. The Authority further agrees to subordinate its rights under this Agreement to the Holder of any Mortgage securing construction or permanent financing, in accordance with the terms of a subordination agreement in a form reasonably acceptable to the Authority and formally approved by the Authority's Board of Commissioners.

[The remainder of this page is intentionally left blank.]

ARTICLE VIII

Prohibitions against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Development. The Developer represents and agrees that its, or its Affiliate's, purchase of the Development Property or portions thereof, and its other undertakings pursuant to this Agreement, are, and will be used, for the purpose of developing and redeveloping the Development Property and not for speculation in land holding.

Section 8.2. Prohibition against Transfer of Property and Assignment of Agreement. The Developer represents and agrees that until issuance of the Certificate of Completion for the Minimum Improvements:

(a) The Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity (collectively, a "Transfer"), without the prior written approval of the Authority's board of commissioners, which shall not be unreasonably withheld, conditioned or delayed unless the Developer remains liable and bound by this Agreement, in which event, notwithstanding anything to the contrary, the Authority's approval is not required. The term "Transfer" does not include (i) encumbrances made or granted by way of security for, and only for, the purpose of obtaining construction, interim or permanent financing necessary to enable the Developer or any successor in interest to the Development Property, or any part thereof, to construct the Minimum Improvements, (ii) any lease, license, easement or similar arrangement entered into in the ordinary course of business related to operation of the Minimum Improvements, (iii) easements or other agreements necessary for the construction or operation of the Minimum Improvements, (iv) the admission or removal of limited partners or the transfer of limited partner interests in the Developer or the admission or removal of members in accordance with the applicable organizational documents, or (v) the removal of the general partner of the Developer for cause at the direction of its limited partner(s) in accordance with the Developer's partnership agreement.

(b) If the Developer seeks to effect a Transfer which requires the approval of the Authority prior to issuance of the Certificate of Completion for the Minimum Improvements, the Authority shall be entitled to require as conditions to such Transfer that:

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

(ii) Any proposed transferee, by instrument in writing reasonably satisfactory to the Authority and in form recordable among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of the Authority, have expressly

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

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

(c) If the conditions described in paragraph (b) are satisfied with regard to any Transfer requiring the approval of the Authority then the Transfer will be approved and the Developer shall be released from its obligations under this Agreement, as to the portion of the Development Property that is transferred, assigned, or otherwise conveyed. The provisions of this paragraph (c) apply to all subsequent transferors, assuming compliance with the terms of this Article.

After issuance of the Certificate of Completion for the Minimum Improvements, the Developer may transfer or assign the Development Property or the Developer's interest in this Agreement if it obtains the prior written consent of the Authority (which consent will not be unreasonably withheld) and the transferee or assignee is bound by all the Developer's obligations hereunder. The Developer shall submit to the Authority written evidence of any such transfer or assignment, including the transferee or assignee's express assumption of the Developer's obligations under this Agreement. If the Developer fails to provide such evidence of transfer and assumption, the Developer shall remain bound by all its obligations under this Agreement.

Section 8.3. Release and Indemnification Covenants. (a) the Developer releases from and covenants and agrees that the Authority and the governing body members, officers, agents, servants and employees thereof shall not be liable for and agrees to indemnify and hold harmless

the Authority and the governing body members, officers, agents, servants and employees thereof against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements.

(b) Except for any negligence of the following named parties and any claim as to the legal authority of the Authority to perform as required by this Agreement, the Developer agrees (if timely tendered by the Authority to the Developer) to protect and defend the Authority and the governing body members, officers, agents, servants and employees thereof, now or forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever to the extent caused by the construction, installation, and operation of the Minimum Improvements.

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

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

[The remainder of this page is intentionally left blank.]

ARTICLE IX

Events of Default

Section 9.1. Events of Default 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 (unless the context otherwise provides), any failure by any party, following notice and cure periods described in Section 9.2 hereof, to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement or under any other agreement entered into between the Developer and the Authority in connection with development of the Development Property.

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

- (a) Suspend its performance under this Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under this Agreement.
- (b) Cancel and rescind or terminate this Agreement.
- (c) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

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

Section 9.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 9.5 Investor and Lender Notice and Cure. The Authority hereby acknowledges and agrees that no notice delivered to Developer pursuant to this Agreement shall be deemed effective unless a written copy of such notice is also delivered to Investor and MHFA at the addresses set forth in Section 10.6 hereof (or such other address as Investor or MHFA may designate in writing from time to time). The Authority further acknowledges and agrees that Investor and MHFA shall each have the right, but not the obligation, to cure any Developer Event of Default hereunder within thirty (30) days of receipt of written notice from the Authority of such Event of Default; provided however that, in the event an Event of Default is not susceptible to being cured within such thirty (30) days, the Authority will allow Investor or MHFA such additional time to cure such default provided Investor or MHFA has commenced to cure such default and is diligently proceeding to cure such default.

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

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; Authority Representatives Not Individually Liable. The Authority and the Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the Authority shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee 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 Authority shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Authority or for any amount which may become due to the Developer or successor or on any obligations under the terms of the Agreement.

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

Section 10.3. Restrictions on Use. The Developer agrees that until the Termination Date, the Developer, and such successors and assigns, shall devote the Development Property to the operation of the Minimum Improvements for uses described in the definition of such term in this Agreement, and shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Development Property, the Minimum Improvements, or any improvements erected or to be erected thereon, or any part thereof.

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

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

Section 10.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under this Agreement by any party to the others shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally to the following addresses, or such other address as may be provided by a party listed below to the other parties to this Agreement from time to time:

- (a) in the case of the Developer, is addressed to or delivered personally to:

CB Owasso Gardens Limited Partnership
1080 Montreal Avenue
Saint Paul, Minnesota 55116
Attn: Executive Vice President of Real Estate, CommonBond Communities

with a copy to:

Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55414
Attn: Erin E. Mathern, Esq.

and a copy to:

NHT Equity LLC
2245 North Bank Drive
Columbus, Ohio 43220
Attn: President

and a copy to:

Minnesota Housing Finance Agency
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102.

(b) in the case of the Authority, is addressed to or delivered personally to:

Roseville Economic Development Authority
2660 Civic Center Drive
Roseville, Minnesota 55113
Attn: Executive Director.

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

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

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

Section 10.10. Authority Approvals. Unless otherwise specified, any approval required by the Authority under this Agreement may be given by the Authority Representative.

Section 10.11. Termination. This Agreement terminates on the Termination Date.

Section 10.12. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of the State, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 10.13. Good Faith. Each party shall act in good faith and in a commercially reasonable manner with respect to any matter contemplated by this Agreement, including, without limitation, approving or disapproving any request, including any request for approval of plans.

[The remainder of this page is intentionally left blank.]

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

ROSEVILLE ECONOMIC
DEVELOPMENT AUTHORITY

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this ____ day of _____ 2020, by Dan Roe, the President of the Roseville Economic Development Authority, a public body politic and corporate under the laws of the State of Minnesota, on behalf of the Authority.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this ____ day of _____ 2020, by Patrick Trudgeon, the Executive Director of the Roseville Economic Development Authority, a public body politic and corporate under the laws of the State of Minnesota, on behalf of the Authority.

Notary Public

SCHEDULE A

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

Lot 1, Block 1, Owasso Gardens, Ramsey County, Minnesota

SCHEDULE B

FORM OF CERTIFICATE OF COMPLETION

CERTIFICATE OF COMPLETION

WHEREAS, the Roseville Economic Development Authority (the “Authority”) and CB Owasso Gardens Limited Partnership (the “Developer”) entered into a certain Contract for Private Development, dated July 22, 2020 (the “Contract”); and

WHEREAS, the Contract contains certain covenants and restrictions set forth in Articles III and IV thereof related to completing certain Minimum Improvements and related Grant-Eligible Costs and SAC charges; and

WHEREAS, the Developer has performed said covenants and conditions insofar as it is able in a manner deemed sufficient by the Authority to permit the execution and recording of this certification;

NOW, THEREFORE, this is to certify that all construction and other physical improvements related to the Minimum Improvements specified to be done and made by the Developer have been completed. The agreements and covenants of the Developer under the Contract, except with respect to the Affordable Housing Covenant in Section 4.5 of the Contract, have been performed by the Developer. This Certificate is intended to be a conclusive determination of the satisfactory termination of all obligations of the Developer under the Contract except the Developer’s obligations under Section 4.5 of the Contract, which obligations shall survive for a period of fifteen (15) years from the date of this Certificate of Completion.

Dated: _____, 20__.

**ROSEVILLE ECONOMIC DEVELOPMENT
AUTHORITY**

By _____
Its Authority Representative

STATE OF MINNESOTA)
) SS.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this ____ day of _____
20__, by _____, the _____ of the Roseville Economic
Development Authority, a public body politic and corporate, on behalf of the Authority.

Notary Public

This document was drafted by:
KENNEDY & GRAVEN, Chartered (MNI)
470 US Bank Plaza
Minneapolis, Minnesota 55402
Telephone: 612-337-9300

SCHEDULE C

Forms of LCDA Loan Documents

LOAN AGREEMENT

THIS LOAN AGREEMENT (the “Agreement”) is made and entered into this 20th day of July, 2020 (“Effective Date”) by and between the ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and political subdivision of the State of Minnesota (the “Authority”), and CB OWASSO GARDENS LIMITED PARTNERSHIP, a Minnesota limited partnership (the “Borrower”).

WITNESSETH:

WHEREAS, the Borrower intends to develop approximately sixty (60) affordable senior housing apartment units to be located at or about 165 S. Owasso Boulevard, Roseville, Minnesota (the “Project”) on property legally described on EXHIBIT C attached hereto (the “Property”); and

WHEREAS, to assist with the costs of the Project, the Authority, on behalf of the Borrower, applied for and received a Livable Communities Demonstration Account (LCDA) grant in the total sum of \$645,000.00, which will be allocated to the Project (the “LCDA Grant”), from the Metropolitan Council (“Council”); and

WHEREAS, on December 11, 2019 the Council and the Authority entered into a Metropolitan Livable Communities Act Grant Agreement, with an expiration date of December 31, 2022 (“Grant Agreement”) attached hereto as EXHIBIT B; and

WHEREAS, the Authority and the City entered into that certain Contract for Private Development (the “Development Contract”) dated as of the date hereof, providing for the proceeds of the LCDA Grant to be used for eligible components of the Project as set forth in EXHIBIT A attached hereto and as further described in the Grant Agreement and the Development Contract (the “Grant-Eligible Costs”) and providing for the proceeds of the LCDA Grant to be loaned to the Borrower by the Authority; and

WHEREAS, the Authority and the Borrower desire to enter into this Agreement for the purpose of setting forth their respective responsibilities with respect to the loan of the LCDA Grant.

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:

DEFINITIONS

As used in this Agreement, the following terms shall have the following meaning:

Grant-Eligible Costs: the activities on the Property funded in full or in part by the LCDA Grant, as set forth in EXHIBIT A and set forth in the Development Contract and the Grant Agreement.

Project: has the meaning set forth in the recitals above.

Loan: the sum of \$645,000.00 to be loaned by the Authority to the Borrower under the terms of this Agreement.

Loan Documents: collectively, this Agreement, the Mortgage, and the Note.

Mortgage: the Combination Mortgage and Security Agreement of even date herewith from the Borrower to the Authority securing repayment of the Note.

Note: the Note of even date herewith from the Borrower to the Authority in the amount of the Loan evidencing Borrower's obligation to repay the Loan.

Grant Agreement and Development Contract Definitions: The definitions set forth in the Grant Agreement and Development Contract shall apply to this Loan Agreement to the extent applicable.

TERM OF AGREEMENT

This Agreement shall take effect and be in force from and after the Effective Date, and shall remain in effect until the Borrower has performed all of its obligations under this Agreement, the Loan Documents, and the Grant Agreement, unless earlier terminated as provided in this Agreement or the Grant Agreement.

THE LOAN

Subject to the terms and conditions of this Agreement, the Authority will make the Loan to the Borrower to be used for payment of Grant-Eligible Costs, which Loan shall be disbursed pursuant to this Agreement. In consideration for the Loan, the Borrower agrees to perform all of its obligations under this Agreement. The Loan shall be evidenced by the Note payable by the

Borrower to the Lender which shall be dated as of the date of closing on the Loan. Proceeds of the Loan shall be disbursed in accordance with Articles V and VI hereof.

STATEMENT OF WORK

The Borrower shall construct all improvements described on EXHIBIT A at the Property in accordance with the terms set forth herein. The Borrower will commence construction of the Minimum Improvements, as defined in the Development Contract, and pay the Grant-Eligible Costs prior to December 31, 2022.

CONDITIONS OF DISBURSEMENT

The obligation of the Authority to make or cause to be made disbursements of the proceeds of the Loan pursuant to Article VI hereof shall be subject to the conditions precedent as provided in Section 3.3(c) of the Development Contract.

REQUESTS FOR DISBURSEMENT

The Authority and the Borrower agree that the Loan shall be disbursed from the Authority to the Borrower, or the Borrower's agent or designee, in disbursements, as further provided in Section 3.3(d) of the Development Contract. Notwithstanding anything to the contrary contained herein, the Authority shall only be obligated to make the disbursements hereunder to pay Grant-Eligible Costs in an amount up to or equal to the lesser of the amount of the Loan or the amount actually disbursed by the Council to the Authority under the Grant Agreement.

BORROWER'S COVENANTS, REPRESENTATIONS, WARRANTIES AND AGREEMENTS

The Borrower covenants, represents, warrants and agrees that:

The Borrower is a limited partnership duly organized and validly existing under the laws of the State of Minnesota, is duly authorized to operate in the State of

Minnesota, has the power to enter into and execute this Agreement and by appropriate action has authorized the execution and delivery of this Agreement.

The Loan Documents will not result in any breach of or constitute a default under any other mortgage, lease, loan, grant or credit agreement, organizational documents, or other instrument to which the Borrower is a party or by which it may be bound or affected.

The Loan Documents will constitute valid, legal and binding obligations of the Borrower enforceable against the Borrower.

The Borrower has or will have all necessary approvals, licenses and permits required for construction and operation of the Project except those which cannot be obtained until completion of the work constituting the Grant-Eligible Costs or the Project, as the case may be.

The Borrower shall obey and comply with all federal, state and local laws, rules and regulations in connection with the Project.

The Authority's actions in approving the Loan shall not be construed as an approval by the Authority of providing any additional funds for the Project or other improvements to the Property.

Borrower is bound by all the terms and conditions of the Grant Agreement and Development Contract to the same extent as the Authority.

Borrower shall comply with all requirements of the Grant Agreement and Development Contract applicable to the Borrower.

DEFAULT

Any one or more of the following shall constitute an event of default (an "Event of Default") under this Agreement:

The Borrower shall default in the performance or observance of any agreement, covenant or condition required to be performed or observed by the Borrower under the terms of this Agreement, the other Loan Documents, the Grant Agreement, or the Development Contract to the extent such obligations exist, and such default shall not be remedied within the applicable cure periods provided in the Grant Agreement or Development Contract or, if not otherwise specified, within thirty (30) days after written notice to the Borrower from the Authority specifying such default.

Any representation or warranty made by the Borrower herein or any document or certificate furnished to the Authority shall prove at any time to be incorrect or misleading as of the date made.

The Borrower's investor limited partner, NHT Equity, LLC, or its affiliate, shall have an opportunity, but not an obligation, to cure any defaults under this Agreement, and such cure shall be accepted by the Authority as if cured by the Borrower itself.

The Borrower's construction and permanent lender, Minnesota Housing Finance Agency, or its affiliate, shall have an opportunity, but not an obligation, to cure any defaults under this Agreement, and such cure shall be accepted by the Authority as if cured by the Borrower itself.

REMEDIES

Whenever any Event of Default shall have happened and is continuing beyond any applicable cure period any one or more of the following remedial steps may be taken by the Authority:

The Authority may terminate this Agreement;

The Authority may suspend or terminate any further disbursements to be made under this Agreement;

The Authority may suspend its performance under this Agreement during the continuance of the Event of Default; and/or

The Authority may take whatever action at law or in equity may be necessary or appropriate to seek repayment or reimbursement of the Loan funds disbursed to the Borrower, to enforce performance and observance of any obligation, agreement, covenant, representation or warranty of the Borrower under this Agreement, or any related instrument; or to otherwise compensate the Authority for any damages on account of such Event of Default.

No remedy conferred upon or reserved to the Authority 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 Event of Default shall impair any such right or power, nor shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required or be required by law.

AMENDMENT

This Agreement shall not be amended or modified without the prior written approval of the Authority and the Borrower.

INCORPORATION OF GRANT AGREEMENT

The Borrower acknowledges and agrees that all terms, conditions and obligations contained in the Grant Agreement are incorporated herein, and made a part of this Agreement. In addition to the terms, conditions and obligations described herein, the Borrower further acknowledges, accepts and assumes all of the Authority's obligations described in the Grant Agreement, unless such obligations can only be reasonably performed by the Authority.

MISCELLANEOUS

Notices. All notices provided for herein shall be in writing and shall be deemed to have been given when delivered personally or when deposited in the United States mail, registered or certified, postage prepaid, addressed as follows:

If to Borrower: CB Owasso Gardens Limited Partnership
c/o CommonBond Communities
1080 Montreal Street
St. Paul, Minnesota 55116
Attention: Executive Vice President of Real Estate

and a copy to: Erin E. Mathern, Esq.
Winthrop & Weinstine, P.A.
Capella Tower, Suite 3500
225 South Sixth Street
Minneapolis, MN 55402-4629

NHT Equity, LLC
2245 North Bank Drive
Suite 200
Columbus, Ohio 43221
Attn: President and General Counsel

Minnesota Housing Finance Agency
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102.

If to Authority: Roseville Economic Development Authority
2660 Civic Center Drive
Roseville, Minnesota 55113
Attn: Executive Director

or addressed to any such party at such other address as such party shall hereafter furnish by notice to the other parties as above provided.

Binding Effect; Waiver. The provisions of this Agreement shall inure to the benefit of and be binding upon the Borrower and the Authority and their respective successors and assigns. No delay on the part of the Authority in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege constitute such waiver nor exhaust the same, which shall be continuing. The rights and remedies of the Authority specified in this Agreement shall be in addition to and not exclusive of any other right and remedies which the Authority, by operation of law, would otherwise have.

Survival of Agreements, Representations and Warranties. All agreements, representations and warranties made in this Agreement by the Borrower shall survive its termination.

Governing Law. This Agreement and the attachments are to be construed and enforced according to and governed by the laws of the State of Minnesota.

Counterparts, Electronic Signatures. This Agreement may be executed in any number of counterparts, all of which shall constitute a single agreement, any one of which bearing signatures of all parties shall be deemed an original. An electronic or facsimile signature is deemed to be the same as an original signature.

Time. Time is of the essence in the performance of this Agreement.

Entire Agreement. This Agreement contains the entire agreement of the parties hereto on the matters covered herein. No other agreement, statement or promise made by any party or by any employee, officer or agent of any party hereto that is not in writing and signed by all the parties to this Agreement shall be binding.

No Joint Venture. The relationship between the Authority and the Borrower is solely that of grantor and grantee and the relationship by and between the Authority and the Borrower is not, nor shall it be deemed to create, a partnership or joint venture in the Project.

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 of Minnesota, and the

Borrower agrees that all legal actions initiated by the Borrower with respect to or arising from any provision contained in this Agreement shall be initiated, filed and venued exclusively in the State of Minnesota, Ramsey County, District Court.

Attorneys' Fees and Expenses. In the event of a default under any of the provisions of this Agreement and subsequent action by the non-defaulting party for enforcement of performance of any obligation or agreement on the part of the defaulting party, the defaulting party shall be responsible for the reasonable attorneys' fees and costs of the non-defaulting party, but only in the event the non-defaulting party prevails in pursuing such claims.

Assignment. This Agreement may not be assigned by the Borrower without the prior written consent of Authority, which consent shall not be unreasonably withheld, conditioned or delayed.

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

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year first above written.

CB Owasso Gardens Limited Partnership, a
Minnesota limited partnership

By: CB Owasso Gardens GP LLC
Its: General Partner

By: _____
Its: Cecile Bedor
Chief Manager/President

**ROSEVILLE ECONOMIC DEVELOPMENT
AUTHORITY**

By: _____
Name: _____
Title: _____

EXHIBIT A TO LCDA LOAN AGREEMENT

Grant-Eligible Costs include those costs outlined in the Grant Agreement, and subject to reallocation as provided in the Grant Agreement, including:

\$275,000 Site Preparation: Demolition; Grading and/or Soil Correction;

\$350,000 Site Acquisition After the Date of Award;

\$20,000 Community Engagement

EXHIBIT B TO LCDA LOAN AGREEMENT

Grant Agreement

[To be inserted]

EXHIBIT C TO LCDA LOAN AGREEMENT

LEGAL DESCRIPTION

The land referred to is situated in the State of Minnesota, County of Ramsey, and is described as follows:

Lot 1, Block 1, Owasso Gardens

19512763v4

FORM OF LCDA PROMISSORY NOTE

\$645,000.00

Roseville, Minnesota
July 20, 2020

FOR VALUE RECEIVED, the undersigned (herein called the "Borrower"), promises to pay to the order of the Roseville Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota (the "Lender") or its assigns, the sum of Six Hundred Forty Five Thousand and No/100 Dollars (\$645,000.00) (the "Loan"). Said sum was made available to the Borrower pursuant to the terms of a Loan Agreement of even date herewith (the "Loan Agreement") between the Lender and the Borrower to enable the Borrower to undertake the development of the Project (as defined in the Loan Agreement) on the Property (as defined in the Loan Agreement) located in the City of Roseville, Minnesota.

This Note shall not bear interest.

The principal and accrued interest on the Loan shall be due and payable in one lump sum on the earlier of: (a) December 31, 2062, (b) upon the sale of any portion of the Property by the Borrower without the Lender's prior consent, or (c) upon the Borrower's default under the Loan Agreement or Combination Mortgage and Security Agreement of even date herewith (the "Mortgage") from the Borrower to the Lender (the "Maturity Date"), at which time all unpaid principal and interest is due and payable. The Note may be prepaid at any time without penalty.

If suit is instituted by Lender, or its successors or assigns, to recover on this Note, the Borrower agrees to pay all costs of such collection actually incurred, including reasonable attorney's fees and court costs. If this Note be reduced to judgment, such judgment shall bear the lawful interest rate pertaining to judgments, but not to exceed 6% per annum.

The Borrower hereby waives presentment, demand, protest and notice of demand, protest and nonpayment of this Note.

This Note is given pursuant to the Loan Agreement and the Mortgage delivered by the Borrower. This Note is secured by the Mortgage and such Mortgage describes the rights of the Lender as to the acceleration of the indebtedness evidenced by this Note.

All of the agreements, conditions, covenants, provisions, and stipulations contained in the Loan Agreement, the Mortgage, or any other instrument securing this Note are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If an Event of Default occurs under the Loan Agreement, the Mortgage, or any other instrument securing this Note, then the Lender may at its right and option, without notice, declare immediately due and payable the principal balance of this Note and interest accrued thereon, together with reasonable attorneys' fees and expenses incurred by the Lender in collecting or enforcing payment hereof, whether by lawsuit or otherwise, and all other sums due hereunder or any instrument securing this Note.

The remedies of the Lender as provided herein and in the Loan Agreement, the Mortgage, or any other instrument securing this Note shall be cumulative and concurrent and may be

pursued singly, successively, or together, and, at the sole discretion of the Lender, may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Lender shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Lender and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

If any term of this Note, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

This Note shall be governed by and construed in accordance with the laws of the State of Minnesota.

Neither the Borrower nor any partner shall have any personal liability for the Borrower's obligations hereunder, it being recognized by the Lender the obligations of the Borrower hereunder are non-recourse obligations and that the remedies of the Lender are limited to the collateral security provided in connection with the Loan.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, this Note has been duly executed by the undersigned, as of the day and year above first written.

**CB Owasso Gardens Limited Partnership, a
Minnesota limited partnership**

By: CB Owasso Gardens GP LLC
Its: General Partner

By: _____
Its: Cecile Bedor
Chief Manager/President

COMBINATION MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE SECURES A LOAN MADE UNDER AN AFFORDABLE HOUSING PROGRAM BY A STATE OR LOCAL GOVERNMENT AGENCY, AND AS SUCH IS EXEMPT FROM MORTGAGE REGISTRATION TAX PURSUANT TO MINNESOTA STATUTES SECTION 287.04(F).

THIS COMBINATION MORTGAGE AND SECURITY AGREEMENT (hereinafter referred to as the “Mortgage”) is made and given as of the 20th day of July, 2020, by CB OWASSO GARDENS LIMITED PARTNERSHIP, a Minnesota limited partnership (the “Mortgagor”) in favor of ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and political subdivision of the State of Minnesota (hereinafter designated as “Mortgagee”).

RECITALS:

WHEREAS, Mortgagor hereby mortgages and conveys to Mortgagee the real property and improvements situated in the County of Ramsey State of Minnesota, and legally described on EXHIBIT A attached hereto and made a part hereof, the leases and rents with respect to the real property and improvements and all personal property and equipment, and all products and proceeds thereof owned by Mortgagor and used in the operation of the Project (as defined in the Loan Agreement) (herein, collectively the “Property”); and

WHEREAS, this Mortgage, together with the Loan Agreement (the “Loan Agreement”) of even date herewith between the Mortgagor and the Mortgagee and all other documents securing the Loan as defined below (collectively, the “Loan Documents”) are given in consideration of and as security for the payment of Six Hundred Forty Five Thousand and No/100 Dollars (\$645,000.00) (the “Loan”), receipt of which is hereby acknowledged and which is made to enable Mortgagor to develop the Project (as defined in the Loan Agreement). The Loan is evidenced by a Promissory Note (the “Note”) in the amount of Six Hundred Forty Five Thousand and No/100 Dollars (\$645,000.00) executed by the Mortgagor, to the order of the Mortgagee of even date herewith. The unpaid principal sum shall be due and payable by the Mortgagor in full on December 31, 2062 (the “Maturity Date”) or as otherwise provided in the Note.

AGREEMENTS:

NOW, THEREFORE, to secure (a) the due and punctual payment of principal on the Note and the obligations of Mortgagor under the Loan Agreement and all renewals, extensions and modifications thereof any agreements or obligations issued in substitution therefore (provided the principal amount secured by this Mortgage shall not exceed \$645,000.00) and (b) the performance of all the covenants and agreements of Mortgagor herein, in the Loan Agreement and in any other agreement now or hereafter entered into between the Mortgagor and Mortgagee in connection with the Loan Agreement or the Grant-Eligible Costs contemplated therein (the payment and other obligations evidenced by the Loan Agreement, this Mortgage and all such other agreements are hereinafter collectively referred to as the "Indebtedness"), the Mortgagor does hereby mortgage, grant, bargain, sell, assign, transfer and convey unto the Mortgagee forever, with power of sale the following:

All of Mortgagor's right, title and interest in and to the Property and the buildings, structures, other improvements, fixtures and personal property now standing or at any time hereafter constructed or placed upon the Property (the "Improvements"), including but not limited to (i) all building materials, supplies and equipment now or hereafter located on the Property and suitable or intended to be incorporated in any Improvements located or to be erected on the Property, (ii) all heating, plumbing and lighting apparatus, motors, engines and machinery, electrical equipment, incinerator apparatus, air-conditioning equipment, water and gas apparatus, pipes, faucets, and all other fixtures of every description which are now or may hereafter be placed or used upon the Property or in any of the Improvements now or hereafter located thereon, (iii) all additions, accessions, increases, parts, fittings, accessories, replacements, substitutions, betterments, repairs and proceeds to and of any and all of the foregoing, (iv) all hereditaments, easements, appurtenances; estates, and other rights and interests now or hereafter belonging to or in any way pertaining to the Property or to any of the Improvements now or hereafter located thereof, and (v) all tangible personal property owned by the Mortgagor and now or at any time hereafter located on or relating to the Property.

All rents, issues, profits, condemnation awards, revenues and income arising from the ownership, operation or sale of the Property and the Improvements and all proceeds and products thereof (herein collectively called "Revenues and Income").

To Have and to hold the Property and the Improvements (together the "Mortgaged Property"), and the Revenues and Income unto the Mortgagee forever; provided, nevertheless, that this Mortgage is granted upon the express condition that if the Mortgagor shall cause to be paid to the Mortgagee as and when due and payable the Indebtedness, and shall also keep and perform each and every covenant and agreement of Mortgagor herein contained, then, this Mortgage and the estate hereby granted shall cease and be and become void and shall be released of record at the expense of the Mortgagor; otherwise this Mortgage shall be and remain in full force and effect.

The Mortgagor represents, warrants and covenants to and with the Mortgagee that Mortgagor is lawfully seized of the Property and has good right and full power and authority to execute this Mortgage and to mortgage the Mortgaged Property; that the Mortgagor owns the Mortgaged Property free from all liens; security interests and encumbrances except as agreed to by Mortgagee (the "Permitted Encumbrances"); that the Mortgagor will warrant and defend the title to the Mortgaged Property and the lien and priority of this Mortgage against all claims and demands of all persons whomsoever, whether now existing or hereafter arising, except the Permitted Encumbrances. The covenants and warranties of this paragraph shall survive foreclosure of this Mortgage and shall run with the Property.

The Mortgagor further covenants and agrees as follows:

Payment of the Indebtedness and Compliance with Other Agreements.

Mortgagor will cause the principal on the Indebtedness to be duly and punctually paid in accordance with the terms of the Note, the Loan Agreement and this Mortgage, when and as due and payable. The provisions of the Note and Loan Agreement are hereby incorporated by reference into this Mortgage as fully as if set forth at length herein.

Mortgagor will duly and punctually perform each and every obligation under the Loan Agreement and any other agreement on or hereafter entered into by the Mortgagor and Mortgagee in connection with the Loan Agreement or the Grant-Eligible Costs contemplated therein.

Payment of Taxes, Assessments and Other Charges; Escrow. Subject to paragraph 6 relating to contests, the Mortgagor shall pay before a penalty might attach for nonpayment thereof, all taxes and assessments and all other charges whatsoever levied upon or assessed or placed against the Mortgaged Property, except that assessments may be paid in installments so long as no fine or penalty is added to any installment for the nonpayment thereof. Mortgagor shall likewise pay all taxes, assessments and other charges, levied upon or assessed, placed or made against, or measured by, this Mortgage, or the recordation hereof, or the Indebtedness secured hereby, provided that the Mortgagor shall not be obliged to pay such tax, assessment or charge if such payment would be contrary to law or would result in the payment of an unlawful rate of interest on the Indebtedness secured hereby; and provided further that nothing herein contained shall be construed as requiring Mortgagor to pay any net income, profits or revenues taxes of the Mortgagee. Mortgagor shall promptly furnish to the Mortgagee all notices received by the Mortgagor of amounts due under this paragraph and shall furnish receipts evidencing such payments within 10 days after such payments are made.

Payment of Utility Charges. Subject to paragraph 6 relating to contests, the Mortgagor shall pay all charges made by utility companies, whether public or private, for electricity, gas, heat, water, or sewer, furnished or used in connection with the Mortgaged Property or any part thereof, and will upon written request of Mortgagee, furnish proper receipts evidencing such payment.

Liens. Subject to paragraph 6 hereof relating to contests, the Mortgagor shall not create, incur or suffer to exist any lien, encumbrance or charge on the Mortgaged Property or Revenues

and Income or any part thereof which may have priority over the lien hereof, other than the lien of current real estate taxes and installments of special assessments with respect to which no penalty is yet payable, any lien granted in connection with the current financing secured by the Property, Permitted Encumbrances, and as otherwise provided in the Amended and Restated Agreement of Limited Partnership of the Mortgagor (the "Mortgagor's LPA"). Subject to paragraph 6 relating to contests, Mortgagor shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the Mortgaged Property.

Compliance with Laws. Subject to paragraph 6 relating to contests, Mortgagor shall comply with all present and future statutes, laws, rules, orders, regulations and ordinances affecting the Mortgaged Property, any part thereof or the use thereof. Mortgagor shall not use or occupy nor permit the use and occupancy of the Property without a current Certificate of Occupancy issued by the City of Roseville.

Permitted Contests. The Mortgagor shall not be required to (i) pay any tax, assessment or other charge referred to in paragraph 2 hereof, (ii) pay any charges referred to in paragraph 3 hereof, (iii) discharge or remove any lien, encumbrance or charge referred to in paragraph 4 hereof, or (iv) comply with any statute, law, rule, order, regulation or ordinance referred to in paragraph 5 hereof, so long as Mortgagor shall (a) contest, in good faith, the existence, or the validity thereof, the amount of damages caused thereby or the extent of Mortgagor's liability therefor, by appropriate proceedings which shall operate during the pendency thereof to prevent (A) the collection of, or other realization upon the tax, assessment, charge or lien, encumbrance or charge so contested, (B) the sale, forfeiture or loss of the Mortgaged Property or any part thereof, and (C) any interference with the use or occupancy of the Mortgaged Property or any part thereof, and (b) shall give such security to the Mortgagee as may be reasonably demanded by the Mortgagee to insure compliance with the foregoing provisions of this paragraph 6. Mortgagor shall give prompt written notice to Mortgagee of the commencement of any contest referred to in this paragraph 6.

Insurance. The Mortgagor shall keep the improvements now existing or hereafter erected on the Mortgaged Property insured against loss by fire and any other hazards for which the Mortgagee requires insurance for full replacement value of the improvements. This insurance shall be maintained in the amounts and for the periods as required under the terms of the Loan Agreement. If the Mortgagor fails to maintain coverage described above, the Mortgagee may, at the Mortgagee's option, obtain coverage to protect the Mortgagee's rights in the Mortgaged Property in accordance with paragraph 6.

All insurance policies and renewals shall be reasonably acceptable to the Mortgagee and shall include a standard mortgage clause. If the Mortgagee requires, the Mortgagor shall promptly give to the Mortgagee all receipts of paid premiums and renewal notices. In the event of loss, the Mortgagor shall give prompt notice to the insurance carrier and the Mortgagee. The Mortgagee may make proof of loss if not made promptly by the Mortgagor.

If the Mortgaged Property is acquired by the Mortgagee, the Mortgagor's rights to any insurance policies and proceeds resulting from damage to the Mortgaged Property prior to the acquisition shall pass to the Mortgagee to the extent of the sums secured by this Mortgage immediately prior to the acquisition.

Preservation and Maintenance of Mortgaged Property. Mortgagor (i) shall keep the buildings and other Improvements hereafter erected as part of the Project on the Property in safe and good repair and condition, ordinary wear and tear and damage by insured casualty excepted (provided that Mortgagor may proceed to demolish the existing buildings when vacant), (ii) shall reasonably maintain the parking and landscaped areas of the Mortgaged Property, (iii) shall not commit waste or permit impairment or deterioration of the Mortgaged Property, and (iv) shall not remove from the Property any of the fixtures and personal property included in the Mortgaged Property unless the same is immediately replaced with like property of at least equal value and utility (provided that Mortgagor may proceed to demolish and remove all existing personal property and fixtures located on the Property).

Inspection. The Mortgagee, or its agents, shall have the right at all reasonable times, to enter upon the Mortgaged Property for the purposes of inspecting the Mortgaged Property or any part thereof. The Mortgagee shall, however, have no duty to make such inspection.

Protection of Mortgagee's Security. Subject to the rights of the Mortgagor under paragraph 6 hereof, if the Mortgagor fail to perform any of the covenants and agreements contained in this Mortgage or if any action or proceeding is commenced which affects the Mortgaged Property or the interest of the Mortgagee therein, or the title thereto, then the Mortgagee, at Mortgagee's option, upon advance written notice to Mortgagor, may perform such covenants and agreements, defend against and/or investigate such action or proceeding, and take such other action as the Mortgagee deems necessary to protect the Mortgagee's interest. Mortgagee shall be the sole judge of the legality, validity and priority of any claim, lien, encumbrance, tax assessment, charge and premium paid by it and of the amount necessary to be paid in satisfaction thereof. Mortgagee is hereby given the irrevocable power of attorney (which power is coupled with an interest and is irrevocable) effective upon the occurrence of an Event of Default, to enter upon the Mortgaged Property as the Mortgagor's agent in the Mortgagor's name to perform any and all covenants and agreement to be performed by the Mortgagor as herein provided. Any amounts disbursed or incurred by the Mortgagee pursuant to this paragraph 10, shall become additional Indebtedness of the Mortgagor secured by this Mortgage. Unless Mortgagor and Mortgagee agree in writing to other terms of repayment, such amounts shall be immediately due and payable. Mortgagee shall, at its option, be subrogated to the lien of any mortgage or other lien discharged in whole or in part by the Indebtedness or by the Mortgagee under the provisions hereof, and any such subrogation rights shall be additional and cumulative security for this Mortgage. Nothing contained in this paragraph 10 shall require the Mortgagee to incur any expense or do any act hereunder, and the Mortgagee shall not be liable to the Mortgagor for any damages or claims arising out of action taken by the Mortgagee pursuant to this paragraph 10.

Condemnation.

Mortgagor hereby irrevocably assigns to the Mortgagee any award or payment which becomes payable by reason of any taking of the Mortgaged Property, or any part thereof, whether directly or indirectly or temporarily or permanently, in or by condemnation or other eminent domain proceedings or by reason of sale under threat thereof, or in anticipation of the exercise of the right of condemnation or other eminent domain proceedings (hereinafter called "Taking"). Forthwith upon receipt by Mortgagor of notice of the institution of any proceeding or

negotiations for a Taking, Mortgagor shall give notice thereof to Mortgagee. Mortgagee may appear in any such proceedings and participate in any such negotiations and may be represented by counsel. Mortgagor, notwithstanding that Mortgagee may not be a party to any such proceeding, will promptly give to Mortgagee copies of all notices, pleadings, judgments, determinations, and other papers received by Mortgagor therein. Mortgagor will not enter into any agreement permitting or consenting to the Taking of the Mortgaged Property, or any part thereof, or providing for the conveyance thereof in lieu of condemnation, with anyone authorized to acquire the same in condemnation or by eminent domain unless Mortgagee shall first have consented thereto in writing, which consent will not be unreasonably withheld. All awards payable as a result of a Taking shall be paid to Mortgagee, which may, at its option, apply them after first deducting Mortgagee's expenses incurred in the collection thereof, to the payment of the Indebtedness, whether or not due and in such order of application as Mortgagee may determine, or to the repair or restoration of the Mortgaged Property, in such manner as Mortgagee may determine. Any application of Taking awards to principal of the Indebtedness shall not extend or postpone the due date of the installments payable under the Indebtedness or change the amount of such installments.

If the Taking involves a taking of any building or other Improvements now or hereafter located on the Property, Mortgagor shall proceed, with reasonable diligence, to demolish and remove any ruins and complete repair or restoration of the Mortgaged Property as nearly as possible to its size, type and character immediately prior to the Taking, but only to the extent that the condemnation awards are available or adequate to complete such repair or restoration.

Mortgagor shall promptly reimburse Mortgagee upon demand for all of Mortgagee's expense (including reasonable attorneys' fees) incurred in the collection of awards.

Information; Books and Records. Mortgagor will prepare or cause to be prepared at Mortgagor's expense and deliver to Mortgagee immediately upon becoming aware of the existence of any condition or event which constitutes, or which after notice or lapse of time or both would constitute, an Event of Default, written notice specifying the nature and period of existence thereof and what action Mortgagor have taken, is taking or proposes to take with respect thereto. Mortgagor shall keep and maintain at all times at Mortgagor's address stated below or at such other place as Mortgagee may approve in writing, complete and accurate books of accounts and records in sufficient detail to reflect correctly the receipts and expenses in connection with the acquisition, construction, operation and/or sale of the Mortgaged Property and copies of all written contracts, leases and other instruments which affect the Mortgaged Property. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection by the Mortgagee or its representative during ordinary business hours.

Indemnification by the Mortgagor. The Mortgagor shall bear all loss, expense (including reasonable attorneys' fees) and damage in connection with, and agrees to indemnify and hold harmless the Mortgagee and its agents, servants and employees (the "Indemnified Parties") from, all claims, demands and judgments made or recovered against the Indemnified Parties because of bodily injuries, including death at any time resulting therefrom, and/or because of damages to property of the Mortgagee or others (including loss of use) from any cause whatsoever, arising

out of, incidental to, or in connection with the construction and/or operation of the Improvements prior to appointment of a receiver or foreclosure of this Mortgage or arising by reason of the presence of hazardous or toxic substances on the Property or in the Improvements or releases thereof from the Mortgaged Property, whether or not due to any act of omission or commission, including negligence of the Mortgagor or Mortgagor's employee, servants or agents. The Mortgagor's liability hereunder shall not be limited to the extent of insurance carried by or provided by the Mortgagor or subject to any exclusion from coverage in any insurance policy. The obligations of the Mortgagor under this paragraph shall survive the payment of the Note. Provided, however, that Mortgagor shall not be required to indemnify, defend, and hold harmless the Indemnified Parties from and against any of the foregoing if such claims, demands, losses, expenses, and/or judgements made or recovered against or suffered by the Indemnified Parties are the result of the gross negligence of intentional misconduct of such Indemnified Parties or are a result of conditions first originating on the Property after the date of any foreclosure of this Mortgage or giving of a deed in lieu of foreclosure.

Security Interest. This Mortgage shall constitute a security agreement with respect to (and the Mortgagor hereby grants the Mortgagee a security interest in) the tangible personal property and fixtures included in the Mortgaged Property (as more particularly described in Granting Clause I of this Mortgage) and the Revenues and Income (as more particularly described in Granting Clause II). The Mortgagor will from time to time, at the request of the Mortgagee, execute any and all financing statements covering such personal property and fixtures (in a form satisfactory to the Mortgagee) which the Mortgagee may reasonably consider necessary or appropriate to perfect its interest.

Events of Default. Each of the following occurrences shall constitute an event of default hereunder (herein called an "Event of Default"):

Mortgagor shall fail to duly and punctually pay any obligation payable under the Note or Loan Agreement which is not cured within ten (10) business days after written notice from Mortgagee.

Mortgagor shall fail duly to perform or observe any of the covenants or agreements contained in this Mortgage (other than default in the performance, or breach, of any covenant of the Mortgagor in paragraph 1(a) hereof) and such failure shall continue for a period of sixty (60) days after the Mortgagee has given written notice to the Mortgagor specifying such default or breach.

Mortgagor shall make assignment for the benefit of Mortgagor's creditors, or shall admit in writing Mortgagor's inability to pay Mortgagor's debts as they become due, or shall file a petition in bankruptcy, or shall become or be adjudicated bankrupt or insolvent, however defined, or shall file a petition seeking any reorganization, dissolution, liquidation, arrangement, composition, readjustment or similar relief under any present or future bankruptcy or insolvency statute, law or regulation or shall file an answer admitting to or not contesting the material allegations of petition filed against the Mortgagor in such proceedings, or shall not, within 90 days after the filing of such petition against the Mortgagor, have same dismissed or vacated, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of a material part of the Mortgagor's properties or of the Mortgaged Property or shall

not, within 90 days after the appointment (without the Mortgagor's consent or acquiescence) of a trustee, receiver or liquidator of any material part of the Mortgagor's properties or of the Mortgaged Property, have such appointment vacated.

An Event of Default under the Loan Agreement (as defined in the Loan Agreement) or Note shall have occurred and be continuing or the Mortgagor shall be in default under any other agreement now or hereafter entered into by the Mortgagor and the Mortgagee in connection with the Loan Agreement or the Project contemplated therein after expiration of any applicable cure periods.

The Mortgagor's investor limited partner, NHT Equity, LLC or its affiliate, shall have an opportunity, but not an obligation, to cure any defaults under this Mortgage, and such cure shall be accepted by the Mortgagee as if cured by the Mortgagor itself.

The Mortgagor's construction and permanent lender, Minnesota Housing Finance Agency, shall have an opportunity, but not an obligation, to cure any defaults under this Mortgage, and such cure shall be accepted by the Mortgagee as if cured by the Mortgagor itself.

Remedies. Whenever any Event of Default shall have occurred and be subsisting, the Mortgagee may, at its option, exercise one or more of the following rights and remedies (and/or any other rights and remedies available to it):

Mortgagee may, by written notice to the Mortgagor, declare immediately due and payable all Indebtedness secured by this Mortgage, and the same shall thereupon be immediately due and payable, without further notice or demand.

Mortgagee shall have and may exercise with respect to all personal property and fixtures which are part of the Mortgaged Property and with respect to the Revenues and Income all the rights and remedies accorded upon default to a secured party under the Uniform Commercial Code, as in effect in the State of Minnesota. If notice to the Mortgagor of the intended disposition of such property is required by law in a particular instance, such notice shall be deemed commercially reasonable if given to Mortgagor (in the manner specified in paragraph 20) at least ten (10) calendar days prior to the date of intended disposition. Mortgagor shall pay on demand all costs and expenses incurred by Mortgagee in exercising such rights and remedies, including without limitation, reasonable attorneys' fees and legal expenses.

Mortgagee may (and is hereby authorized and empowered to) foreclose this Mortgage by action or advertisement, pursuant to the statutes of the State of Minnesota in such case made and provided, power being expressly granted to sell the Mortgaged Property at public auction and convey the same to the purchaser in tenant interest or in fee simple as the case may be of the Mortgagor's interest in the Property at the time of such sale and, out of the proceeds arising from such sale, to pay all Indebtedness secured hereby, and all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law, which costs, charges and fees the Mortgagor agree to pay.

THE MORTGAGOR HEREBY CONSENTS TO AND ACKNOWLEDGES THE RIGHT OF THE MORTGAGEE, AT MORTGAGEE'S OPTION, TO ACT TO FORECLOSE THIS MORTGAGE BY ACTION OR ADVERTISEMENT PURSUANT TO MINNESOTA

STATUTES CHAPTERS 580 OR 581. A POWER OF SALE BEING HEREIN EXPRESSLY GRANTED WHICH SHALL ALLOW THE MORTGAGEE TO SELL AT PUBLIC AUCTION AFTER SERVICE OF NOTICE THEREOF UPON THE OCCUPANT OF THE MORTGAGED PROPERTY, MORTGAGOR ACKNOWLEDGES THAT SUCH SERVICE NEED NOT BE MADE ON THE MORTGAGOR PERSONALLY UNLESS THE MORTGAGOR IS AN OCCUPANT OF THE MORTGAGED PROPERTY AND THAT NO HEARING IS REQUIRED IN CONNECTION WITH THE SALE. MORTGAGOR EXPRESSLY WAIVES ANY AND ALL RIGHTS TO PRIOR NOTICE OF SALE AND ANY AND ALL RIGHTS TO PRIOR HEARING IN CONNECTION WITH THE SALE. OUT OF THE PROCEEDS OF SUCH SALE THE PRINCIPAL AMOUNT OF THE LOAN SHALL BE PAID TOGETHER WITH ALL LEGAL COSTS AND CHARGES OF FORECLOSURE WITH MAXIMUM ATTORNEY'S FEES PERMITTED BY LAW.

The Mortgagee shall be entitled, without notice and without any showing of waste of the Mortgaged Property, inadequacy of the Mortgaged Property as security for the Indebtedness, or insolvency of the Mortgagor, to the appointment of a receiver of the rents and profits of the Mortgaged Property, including those past due.

Mortgagee may pursue one or more of the remedies provided for in the Loan Agreement or any other agreement now or hereafter entered into between the Mortgagor and Mortgagee in connection with the Loan Agreement or the Grant-Eligible Costs contemplated therein.

Estoppel Certificate. Mortgagor agrees at any time and from time to time, upon not less than fifteen (15) days' prior notice by Mortgagee, to execute, acknowledge and deliver, without charge, to Mortgagee or to any person designated by Mortgagee, a statement in writing certifying, to the best of its knowledge, that this Mortgage is unmodified (or if there have been modifications, identifying the same by the date thereof and specifying the nature thereof), the principal amount then secured hereby, that Mortgagor has not received any notice of default or notice of acceleration or foreclosure of this Mortgage (or if Mortgagor has received such a notice, that it has been revoked, if such be the case), that to the knowledge of Mortgagor no Event of Default exists hereunder (or if any such Event of Default does exist, specifying the same and stating that the same has been cured, if such be the case), the Mortgagor to Mortgagor's knowledge have no claims or offsets against Mortgagee (or if Mortgagor have any such claims, specifying the same), and the dates to which the principal and the other sums and charges payable by Mortgagor pursuant to the Loan Agreement have been paid. In the event Mortgagor fails to execute, acknowledge and deliver such statement within the time above required, Mortgagor hereby appoint and constitute Mortgagee as Mortgagor's attorney-in-fact to do so (which power of attorney is coupled with an interest and is irrevocable), the Mortgagor shall be fully bound by any such statement executed by Mortgagee on Mortgagor's behalf to the same extent as if Mortgagor had executed, acknowledged and delivered the same. Mortgagee agrees to provide statements of the principal balance payable pursuant to the Note from time to time upon request of Mortgagor.

Forbearance Not a Waiver, Rights and Remedies Cumulative. No delay by the Mortgagee in exercising any right shall be deemed a waiver of or preclude the exercise of such right or remedy, and no waiver by the Mortgagee of any particular provision of this Mortgage

shall be deemed effective unless in writing signed by the Mortgagee. All such rights and remedies provided for herein or which the Mortgagee may have otherwise, at law or in equity, shall be distinct, separate and cumulative and may be exercised concurrently, independently or successively in any order whatsoever, and as often as the occasion therefor arises. The Mortgagee's taking action pursuant to paragraph 10 or receiving proceeds, awards or damages pursuant to paragraph 7 or 11 shall not impair any right or remedy available to the Mortgagee under paragraph 16 hereof. Acceleration of maturity of the Indebtedness, once claimed hereunder by the Mortgagee, may, at the option of Mortgagee, be rescinded by written acknowledgment to that effect by Mortgagee, but the tender and acceptance of partial payments alone shall not in any way affect or rescind such acceleration of maturity of the Indebtedness.

Successors and Assigns Bound; Number; Gender; Agents; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective heirs, legal representatives, successors and assignees of the Mortgagee and the Mortgagor. Wherever used, the singular number shall include the plural, and the plural the singular, and the use of any gender shall apply to all genders. In exercising any rights hereunder or taking any actions provided for herein, Mortgagee may act through its employees, agents or independent contractor as authorized by Mortgagee. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

Notice. Any notice from the Mortgagee to the Mortgagor under this Mortgage shall be deemed to have been given by the Mortgagee and received by the Mortgagor when mailed by certified mail by the Mortgagee or its agents to the Mortgagor at the address set forth in paragraph 26(a) below or at such other address as the Mortgagor may designate in writing to the Mortgagee. Any notice from the Mortgagee to the Mortgagor shall also be provided to Mortgagor's investor limited partner and special limited partner.

Governing Law; Severability. This Mortgage shall be governed by the laws of the State of Minnesota. In the event that any provision or clause of this Mortgage conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage which can be given effect without the conflicting provisions and to this end the provisions of the Mortgage are declared to be severable.

Counterparts. This Mortgage may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

Waiver of Marshaling. Mortgagor, any party who consents to this Mortgage and any party who now or hereafter acquires a lien on the Mortgaged Property and who has actual or constructive notice of this Mortgage hereby waives any and all right to require the marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein and waives any right to have the Mortgaged Property sold in separate tracts pursuant to Section 580.08, Minnesota Statute.

Construction Mortgage. This Mortgage secures an obligation incurred for the construction of an improvement on land and is a construction mortgage.

Application of Rents. Notwithstanding anything to the contrary herein, all Rents collected by the Mortgagee or any receiver each month shall be applied as determined by Mortgagor, or as otherwise determined by applicable law.

Fixture Filing. From the date of its recording, this Mortgage shall be effective as a financing statement filed as a fixture filing with respect to all goods constituting part of the Mortgaged Property (as more particularly described in Granting Clause I of this Mortgage) which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

Name and Address of Mortgagor:

CB Owasso Gardens Limited Partnership
c/o CommonBond Communities
1080 Montreal Street
St. Paul, Minnesota 55116
Attention: Executive Vice President of Real Estate

and a copy to:

Winthrop & Weinstine, P.A.
Capella Tower, Suite 3500
225 South Sixth Street
Minneapolis, MN 55402-4629
Attention: Erin E. Mathern

and a copy to:

NHT Equity, LLC
2245 North Bank Drive
Suite 200
Columbus, Ohio 43221
Attn: President and General Counsel

and a copy to:

Minnesota Housing Finance Agency
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102.

Name and Address of Secured Party:

Roseville Economic Development Authority
2660 Civic Center Drive
Roseville, Minnesota 55113
Attn: Executive Director

This document covers goods which are or are to become fixtures.

The Mortgagor's federal organizational identification number is 84-3983190

Additional Provisions.

Mortgagee agrees, notwithstanding any other provision herein to the contrary, that in the event of a foreclosure of the Property, that no tenant may be evicted or tenancy terminated (other than for good cause), and the rent on no apartment unit may be increased, for the three year period following foreclosure if such eviction, termination of tenancy or increase in rent would be contrary to the provisions of Section 42(h)(6)(E) of the Internal Revenue Code of 1986, as amended. This Mortgage is expressly subordinate to this provision.

This Mortgage and the Note shall be construed according to the laws of the State of Minnesota.

In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part hereof, Mortgagor shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that no material default then exists under the Loan Documents. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to Mortgagee for repayment of the remaining balance of the Loan.

The Mortgagor will permit the Mortgagee's authorized representatives to enter the Property at all times during normal business hours for the purpose of inspecting the same; provided the Mortgagee shall have no duty to make such inspections and shall not incur any liability or obligation for making or not making any such inspections.

Mortgagor hereby agrees to defend, indemnify, and hold harmless Mortgagee from and against any and all claims, losses, damages, liabilities, costs, and expenses (including without limitation reasonable attorneys' fees) incurred by Mortgagee as a result of any hazardous materials or substances which are on the Property in violation of applicable environmental laws at any time during which Mortgagor shall be in custody or control of the Property; and this indemnification shall remain in full force and effect and shall survive the repayment of the Loan and the exercise of any remedy by the Mortgagee hereunder including a foreclosure of the Mortgage or the acceptance of a deed in lieu of foreclosure.

Mortgagor shall have the right and privilege, but not the obligation, to borrow additional funds and to further encumber the security and collateral given and pledged to Mortgagee hereunder at any time, from time to time, and as often as Mortgagor shall determine, but only with the prior written consent of the Mortgagee, which consent shall not be unreasonably withheld, delayed and conditioned, except for the Permitted Encumbrances identified in EXHIBIT B.

If the Mortgagor fails to perform any of the covenants and agreements contained in this Mortgage, subject to any applicable cure periods and rights of Mortgagor's partners to cure, or if any action or proceeding is commenced which effects the Property or the interest of

the Mortgagee therein, or the title thereto, then the Mortgagee, at Mortgagee's option, upon sixty (60) days advance written notice to Mortgagor, may perform such covenants and agreements to defend against and/or investigate such action or proceeding, and take such other action as the Mortgagee deems necessary to protect the Mortgagee's interest. Mortgagee shall be the sole judge of the legality, validity and priority of any claim, lien, encumbrance, tax assessment, charge and premium paid by it and of the amount necessary to be paid in satisfaction thereof. Mortgagee is hereby given the irrevocable power of attorney (which power is coupled with an interest and is irrevocable) effective sixty (60) days after written notice, to enter upon the Property as the Mortgagor's agent in the Mortgagor's name to perform any and all covenants and agreements to be performed by the Mortgagor as herein provided. Any amounts disbursed or incurred by the Mortgagee pursuant to this paragraph shall become additional indebtedness of the Mortgagor secured by this Mortgage. Unless Mortgagor and Mortgagee agree in writing to other terms of repayment, such amounts shall be immediately due and payable. Mortgagee shall, at its option, be subrogated to the lien of any mortgage or other lien discharged in whole or in part by the indebtedness or by the Mortgagee under the provisions hereof, and any such subrogation rights shall require the Mortgagee to incur any expense or do any act hereunder, and the Mortgagee shall not be liable to the Mortgagor for any damages or claims arising out of action taken by the Mortgagee pursuant to this paragraph.

Removal of General Partner. Notwithstanding anything to the contrary contained in the Loan Documents, the removal, or withdrawal in lieu of removal, of Mortgagor's general partner and/or limited partner, for cause shall be permitted as set forth in accordance with the Mortgagor's LPA and shall not constitute a default under the Loan Documents and any amendment to Mortgagor's LPA to effectuate such transfers shall not require Mortgagee consent

Assignment of Limited Partner Interest. Notwithstanding anything to the contrary contained in the Loan Documents, the interest of the Mortgagor's investor limited partner shall be freely transferable and any amendment to Mortgagor's LPA to effectuate such transfers shall not require Mortgagee consent.

Subordination. The Mortgagee agrees to subordinate its rights under this Mortgage to the holder of any mortgage securing the Property relating to the construction or permanent financing, under terms and conditions reasonably acceptable to the Mortgagee.

MORTGAGOR ACKNOWLEDGES THAT THIS IS A LEGAL DOCUMENT AND THAT BEFORE SIGNING MORTGAGOR HAS FULLY UNDERSTOOD THE TERMS AND CONDITIONS HEREIN, AND THE RIGHTS WAIVED HEREBY AND THE EFFECT OF SUCH WAIVER OR HAS SOUGHT LEGAL COUNSEL TO EXPLAIN SUCH TERMS AND CONDITIONS, RIGHTS AND THE WAIVER OF SUCH RIGHTS.

EXHIBIT A TO LCDA MORTGAGE

LEGAL DESCRIPTION

The land referred to is situated in the State of Minnesota, County of Ramsey, and is described as follows:

Lot 1, Block 1, Owasso Gardens

EXHIBIT B TO LCDA MORTGAGE
PERMITTED ENCUMBRANCES

- A. Liens for taxes and special assessments not then delinquent, or delinquent but being contested by the Borrower.
- B. Utility, access and other easements and rights-of-way, restrictions and exceptions that the Borrower certifies will not interfere with or impair the operation of the Project.
- C. Any mechanic's, laborer's, materialman's, supplier's, or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with the Loan Documents.
- D. Any building, zoning and subdivision ordinances and any other applicable development, pollution control, water conservation and other laws, regulations, rules and ordinances of the Federal Government and State of Minnesota and respective agencies thereof and the political subdivisions in which the Project is located.

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LOAN AGREEMENT

THIS LOAN AGREEMENT (the “Agreement”) is made and entered into this 20th day of July, 2020 (“Effective Date”) by and between the ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and political subdivision of the State of Minnesota (the “Authority”), and CB OWASSO GARDENS LIMITED PARTNERSHIP, a Minnesota limited partnership (the “Borrower”).

WITNESSETH:

WHEREAS, the Borrower intends to develop approximately sixty (60) affordable senior housing apartment units to be located at or about 165 S. Owasso Boulevard, Roseville, Minnesota (the “Project”) on property legally described on EXHIBIT C attached hereto (the “Property”); and

WHEREAS, to assist with the costs of the Project, the Authority, on behalf of the Borrower, applied for and received a Livable Communities Demonstration Account (LCDA) grant in the total sum of \$645,000.00, which will be allocated to the Project (the “LCDA Grant”), from the Metropolitan Council (“Council”); and

WHEREAS, on December 11, 2019 the Council and the Authority entered into a Metropolitan Livable Communities Act Grant Agreement, with an expiration date of December 31, 2022 (“Grant Agreement”) attached hereto as EXHIBIT B; and

WHEREAS, the Authority and the City entered into that certain Contract for Private Development (the “Development Contract”) dated as of the date hereof, providing for the proceeds of the LCDA Grant to be used for eligible components of the Project as set forth in EXHIBIT A attached hereto and as further described in the Grant Agreement and the Development Contract (the “Grant-Eligible Costs”) and providing for the proceeds of the LCDA Grant to be loaned to the Borrower by the Authority; and

WHEREAS, the Authority and the Borrower desire to enter into this Agreement for the purpose of setting forth their respective responsibilities with respect to the loan of the LCDA Grant.

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

As used in this Agreement, the following terms shall have the following meaning:

Grant-Eligible Costs: the activities on the Property funded in full or in part by the LCDA Grant, as set forth in EXHIBIT A and set forth in the Development Contract and the Grant Agreement.

Project: has the meaning set forth in the recitals above.

Loan: the sum of \$645,000.00 to be loaned by the Authority to the Borrower under the terms of this Agreement.

Loan Documents: collectively, this Agreement, the Mortgage, and the Note.

Mortgage: the Combination Mortgage and Security Agreement of even date herewith from the Borrower to the Authority securing repayment of the Note.

Note: the Note of even date herewith from the Borrower to the Authority in the amount of the Loan evidencing Borrower's obligation to repay the Loan.

Grant Agreement and Development Contract Definitions: The definitions set forth in the Grant Agreement and Development Contract shall apply to this Loan Agreement to the extent applicable.

ARTICLE II

TERM OF AGREEMENT

This Agreement shall take effect and be in force from and after the Effective Date, and shall remain in effect until the Borrower has performed all of its obligations under this Agreement, the Loan Documents, and the Grant Agreement, unless earlier terminated as provided in this Agreement or the Grant Agreement.

ARTICLE III

THE LOAN

Subject to the terms and conditions of this Agreement, the Authority will make the Loan to the Borrower to be used for payment of Grant-Eligible Costs, which Loan shall be disbursed pursuant to this Agreement. In consideration for the Loan, the Borrower agrees to perform all of its obligations under this Agreement. The Loan shall be evidenced by the Note payable by the Borrower to the Lender which shall be dated as of the date of closing on the Loan. Proceeds of the Loan shall be disbursed in accordance with Articles V and VI hereof.

ARTICLE IV

STATEMENT OF WORK

The Borrower shall construct all improvements described on EXHIBIT A at the Property in accordance with the terms set forth herein. The Borrower will commence construction of the Minimum Improvements, as defined in the Development Contract, and pay the Grant-Eligible Costs prior to December 31, 2022.

ARTICLE V

CONDITIONS OF DISBURSEMENT

The obligation of the Authority to make or cause to be made disbursements of the proceeds of the Loan pursuant to Article VI hereof shall be subject to the conditions precedent as provided in Section 3.3(c) of the Development Contract.

ARTICLE VI

REQUESTS FOR DISBURSEMENT

The Authority and the Borrower agree that the Loan shall be disbursed from the Authority to the Borrower, or the Borrower's agent or designee, in disbursements, as further provided in Section 3.3(d) of the Development Contract. Notwithstanding anything to the contrary contained herein, the Authority shall only be obligated to make the disbursements hereunder to pay Grant-Eligible Costs in an amount up to or equal to the lesser of the amount of the Loan or the amount actually disbursed by the Council to the Authority under the Grant Agreement.

ARTICLE VII

BORROWER'S COVENANTS, REPRESENTATIONS, WARRANTIES AND AGREEMENTS

The Borrower covenants, represents, warrants and agrees that:

- a. The Borrower is a limited partnership duly organized and validly existing under the laws of the State of Minnesota, is duly authorized to operate in the State of Minnesota, has the power to enter into and execute this Agreement and by appropriate action has authorized the execution and delivery of this Agreement.
- b. The Loan Documents will not result in any breach of or constitute a default under any other mortgage, lease, loan, grant or credit agreement, organizational documents, or other instrument to which the Borrower is a party or by which it may be bound or affected.
- c. The Loan Documents will constitute valid, legal and binding obligations of the Borrower enforceable against the Borrower.
- d. The Borrower has or will have all necessary approvals, licenses and permits required for construction and operation of the Project except those which cannot be obtained until completion of the work constituting the Grant-Eligible Costs or the Project, as the case may be.
- e. The Borrower shall obey and comply with all federal, state and local laws, rules and regulations in connection with the Project.

f. The Authority's actions in approving the Loan shall not be construed as an approval by the Authority of providing any additional funds for the Project or other improvements to the Property.

g. Borrower is bound by all the terms and conditions of the Grant Agreement and Development Contract to the same extent as the Authority.

h. Borrower shall comply with all requirements of the Grant Agreement and Development Contract applicable to the Borrower.

ARTICLE VIII

DEFAULT

Any one or more of the following shall constitute an event of default (an "Event of Default") under this Agreement:

a. The Borrower shall default in the performance or observance of any agreement, covenant or condition required to be performed or observed by the Borrower under the terms of this Agreement, the other Loan Documents, the Grant Agreement, or the Development Contract to the extent such obligations exist, and such default shall not be remedied within the applicable cure periods provided in the Grant Agreement or Development Contract or, if not otherwise specified, within thirty (30) days after written notice to the Borrower from the Authority specifying such default.

b. Any representation or warranty made by the Borrower herein or any document or certificate furnished to the Authority shall prove at any time to be incorrect or misleading as of the date made.

The Borrower's investor limited partner, NHT Equity, LLC, or its affiliate, shall have an opportunity, but not an obligation, to cure any defaults under this Agreement, and such cure shall be accepted by the Authority as if cured by the Borrower itself.

The Borrower's construction and permanent lender, Minnesota Housing Finance Agency, or its affiliate, shall have an opportunity, but not an obligation, to cure any defaults under this Agreement, and such cure shall be accepted by the Authority as if cured by the Borrower itself.

ARTICLE IX

REMEDIES

Whenever any Event of Default shall have happened and is continuing beyond any applicable cure period any one or more of the following remedial steps may be taken by the Authority:

a. The Authority may terminate this Agreement;

b. The Authority may suspend or terminate any further disbursements to be made under this Agreement;

c. The Authority may suspend its performance under this Agreement during the continuance of the Event of Default; and/or

d. The Authority may take whatever action at law or in equity may be necessary or appropriate to seek repayment or reimbursement of the Loan funds disbursed to the Borrower, to enforce performance and observance of any obligation, agreement, covenant, representation or warranty of the Borrower under this Agreement, or any related instrument; or to otherwise compensate the Authority for any damages on account of such Event of Default.

No remedy conferred upon or reserved to the Authority 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 Event of Default shall impair any such right or power, nor shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required or be required by law.

ARTICLE X

AMENDMENT

This Agreement shall not be amended or modified without the prior written approval of the Authority and the Borrower.

ARTICLE XI

INCORPORATION OF GRANT AGREEMENT

The Borrower acknowledges and agrees that all terms, conditions and obligations contained in the Grant Agreement are incorporated herein, and made a part of this Agreement. In addition to the terms, conditions and obligations described herein, the Borrower further acknowledges, accepts and assumes all of the Authority's obligations described in the Grant Agreement, unless such obligations can only be reasonably performed by the Authority.

ARTICLE XII

MISCELLANEOUS

a. Notices. All notices provided for herein shall be in writing and shall be deemed to have been given when delivered personally or when deposited in the United States mail, registered or certified, postage prepaid, addressed as follows:

If to Borrower: CB Owasso Gardens Limited Partnership
c/o CommonBond Communities
1080 Montreal Street
St. Paul, Minnesota 55116
Attention: Executive Vice President of Real Estate

and a copy to: Erin E. Mathern, Esq.
Winthrop & Weinstine, P.A.
Capella Tower, Suite 3500
225 South Sixth Street
Minneapolis, MN 55402-4629

NHT Equity, LLC
2245 North Bank Drive
Suite 200
Columbus, Ohio 43221
Attn: President and General Counsel

Minnesota Housing Finance Agency
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102.

If to Authority: Roseville Economic Development Authority
2660 Civic Center Drive
Roseville, Minnesota 55113
Attn: Executive Director

or addressed to any such party at such other address as such party shall hereafter furnish by notice to the other parties as above provided.

b. Binding Effect; Waiver. The provisions of this Agreement shall inure to the benefit of and be binding upon the Borrower and the Authority and their respective successors and assigns. No delay on the part of the Authority in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege constitute such waiver nor exhaust the same, which shall be continuing. The rights and remedies of the Authority specified in this Agreement shall be

in addition to and not exclusive of any other right and remedies which the Authority, by operation of law, would otherwise have.

c. Survival of Agreements, Representations and Warranties. All agreements, representations and warranties made in this Agreement by the Borrower shall survive its termination.

d. Governing Law. This Agreement and the attachments are to be construed and enforced according to and governed by the laws of the State of Minnesota.

e. Counterparts, Electronic Signatures. This Agreement may be executed in any number of counterparts, all of which shall constitute a single agreement, any one of which bearing signatures of all parties shall be deemed an original. An electronic or facsimile signature is deemed to be the same as an original signature.

f. Time. Time is of the essence in the performance of this Agreement.

g. Entire Agreement. This Agreement contains the entire agreement of the parties hereto on the matters covered herein. No other agreement, statement or promise made by any party or by any employee, officer or agent of any party hereto that is not in writing and signed by all the parties to this Agreement shall be binding.

h. No Joint Venture. The relationship between the Authority and the Borrower is solely that of grantor and grantee and the relationship by and between the Authority and the Borrower is not, nor shall it be deemed to create, a partnership or joint venture in the Project.

i. 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 of Minnesota, and the Borrower agrees that all legal actions initiated by the Borrower with respect to or arising from any provision contained in this Agreement shall be initiated, filed and venued exclusively in the State of Minnesota, Ramsey County, District Court.

j. Attorneys' Fees and Expenses. In the event of a default under any of the provisions of this Agreement and subsequent action by the non-defaulting party for enforcement of performance of any obligation or agreement on the part of the defaulting party, the defaulting party shall be responsible for the reasonable attorneys' fees and costs of the non-defaulting party, but only in the event the non-defaulting party prevails in pursuing such claims.

k. Assignment. This Agreement may not be assigned by the Borrower without the prior written consent of Authority, which consent shall not be unreasonably withheld, conditioned or delayed.

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

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year first above written.

CB Owasso Gardens Limited Partnership, a
Minnesota limited partnership

By: CB Owasso Gardens GP LLC
Its: General Partner

By: _____
Its: Cecile Bedor
Chief Manager/President

**ROSEVILLE ECONOMIC DEVELOPMENT
AUTHORITY**

By: _____
Name: _____
Title: _____

EXHIBIT A

Grant-Eligible Costs include those costs outlined in the Grant Agreement, and subject to reallocation as provided in the Grant Agreement, including:

- (1) \$275,000 Site Preparation: Demolition; Grading and/or Soil Correction;
- (2) \$350,000 Site Acquisition After the Date of Award;
- (3) \$20,000 Community Engagement

EXHIBIT B

Grant Agreement

[To be inserted]

EXHIBIT C

LEGAL DESCRIPTION

The land referred to is situated in the State of Minnesota, County of Ramsey, and is described as follows:

Lot 1, Block 1, Owasso Gardens

19512763v4

(Space Above Reserved for Recording Information)

SUBORDINATION AGREEMENT

This SUBORDINATION AGREEMENT (this “Agreement”) is effective as of _____, 2020, by and among CB Owasso Gardens Limited Partnership, a Minnesota limited partnership (“Owner”), the Minnesota Housing Finance Agency, a public body corporate and politic of the State of Minnesota (“MHFA”), and the Roseville Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota (the “EDA”).

RECITALS:

A. Owner is the fee owner of certain real property located in the City of Roseville, County of Ramsey, State of Minnesota as legally described on Exhibit A attached hereto and incorporated herein by reference (the “Property”).

B. Owner and the EDA entered into: (1) that certain Contract for Private Development recorded in the Office of the Registrar of Titles, Ramsey County, Minnesota, on _____, as Document No. _____ (the “Development Agreement”); (2) that certain Loan Agreement dated _____ (the “LCDA Loan Agreement”); (3) that certain Combination Mortgage and Security Agreement dated _____ recorded in the Office of the Registrar of Titles, Ramsey County, Minnesota, on _____, as Document No. _____ (the “LCDA Mortgage”), and (4) the Promissory Note dated _____ (the “LCDA Note” and, collectively with the LCDA Loan Agreement, and the LCDA Mortgage the “LCDA Documents” and, together with the Development Agreement, the “EDA Documents”).

C. MHFA has agreed to make a loan to Owner in the approximate principal amount of [\$_____] (the “LMIR Loan”), a loan in the approximate principal amount of [\$_____] (the “LMIR Bridge Loan”) and a loan in the approximate principal amount of [\$_____] (the “HIB Loan” and, collectively with the LMIR Loan and the LMIR Bridge Loan, the “Loans”).

D. The LMIR Loan will be evidenced by those documents set forth on Exhibit B to this Agreement (the “LMIR Loan Documents”). The LMIR Bridge Loan will be evidenced by

those documents set forth on Exhibit C to this Agreement (the “LMIR Bridge Loan Documents”). The HIB Loan will be evidenced by those documents set forth on Exhibit D to this Agreement (the “HIB Loan Documents” and, collectively with the LMIR Loan Documents and the LMIR Bridge Loan Documents, the “Loan Documents.”

E. As a condition to the making of the Loans to Owner, Lender requires that the EDA Documents be subordinated to the Loans and the Loan Documents.

NOW, THEREFORE, in consideration of foregoing recitals and of the mutual covenants and agreements hereinafter set forth, Owner, MHFA, and the EDA expressly agree as follows:

1. Subordination. Notwithstanding anything to the contrary, the EDA Documents are expressly subordinate to the Loans and the Loan Documents. Notwithstanding anything herein to the contrary, this Agreement shall in no way limit any of the EDA’s rights and remedies under the EDA Documents.
2. No Default. The EDA states, represents, and warrants that, to its actual knowledge as of the date of this Agreement, there are no Events of Default (as defined in the EDA Documents), or events which with the passage of time could constitute an Event of Default, currently existing under the EDA Documents and that, to its actual knowledge, the EDA and Owner both have complied with and satisfied all of the requirements imposed under EDA Documents to date.
3. Successors and Assigns. Each agreement, and each and every covenant, agreement, and other provisions hereof shall be binding upon each of the parties hereto and their successors and assigns
4. Governing Law. This Agreement is made and executed in the State of Minnesota and shall be governed by the laws of said State.
5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall, be deemed an original, but all of which shall constitute one instrument.

[Signature Pages to Follow]

EDA:

**ROSEVILLE ECONOMIC DEVELOPMENT
AUTHORITY**

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this _____, 2020, by _____, the _____ of the Roseville Economic Development Authority, a public body corporate and politic organized under the laws of the State of Minnesota, on behalf of the Authority.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this _____, 2020, by _____, the _____ of the Roseville Economic Development Authority, a public body corporate and politic organized under the laws of the State of Minnesota, on behalf of the Authority.

Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

The land referred to is situated in the State of Minnesota, County of Ramsey, and is described as follows:

Lot 1, Block 1, Owasso Gardens

EXHIBIT B
LMIR LOAN DOCUMENTS

Exhibit C

LMIR BRIDGE LOAN DOCUMENTS

Exhibit D
HIB LOAN DOCUMENTS

19553601v2

**EXTRACT OF MINUTES OF MEETING OF THE
ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**

* * * * *

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners (the “Board”) of the Roseville Economic Development Authority (the “Authority”) was duly held on the 20th day of July, 2020, at 6:00 p.m.

The following members were present:

and the following were absent:

Commissioner _____ introduced the following resolution and moved its adoption:

Resolution No. XX

**RESOLUTION APPROVING CONTRACT FOR PRIVATE
DEVELOPMENT AND LCDA LOAN DOCUMENTS WITH
CB OWASSO GARDENS LIMITED PARTNERSHIP**

WHEREAS, there has been presented before the Roseville Economic Development Authority (the “Authority”) a Contract for Private Development ("Contract") between the Authority and CB Owasso Gardens Limited Partnership (the “Developer”), pursuant to which among other things the Authority will provide certain sewer access charge (“SAC”) credit assistance in connection with the construction by the Developer of a multifamily rental senior housing facility (the “Project”) on certain property within the City of Roseville (the “City”); and

WHEREAS, the Authority has previously applied for and received an LCDA grant from the Metropolitan Council in the amount of \$645,000 in connection with the Developer’s construction of the Project, and approved execution of a grant agreement for the LCDA grant on June 3, 2019; and

WHEREAS, the Developer has requested and the Authority has agreed to provide the LCDA grant funding in the form of a loan, and the parties have negotiated an LCDA loan agreement, promissory note, and mortgage (the “LCDA Loan Documents”) in the form attached as Schedule C to the Contract; and

WHEREAS, the Authority has reviewed the Contract and LCDA Loan Documents and finds that the execution of the same and the Authority's performance of its obligations thereunder are in the best interest of the City and its residents.

NOW, THEREFORE, be it resolved that the Contract as presented to the Authority, including the LCDA Loan Documents attached thereto, is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the President and Executive Director; provided that execution of the Contract by such officials shall be conclusive evidence of their approval.

Be it further resolved that the President and Executive Director are hereby authorized to execute the Contract and the LCDA Loan Documents on behalf of the Authority and to carry out, on behalf of the Authority, the Authority's obligations thereunder.

Adopted by the Board of the Authority this 20th day of July, 2020.

Certificate

I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, hereby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the Board of Commissioners of said Authority at a duly called and regularly held meeting thereof on July 20, 2020.

I further certify that Commissioner _____ introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner _____, and that upon roll call vote being taken thereon, the following Commissioners voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this ___ day of July, 2020.

Executive Director, Patrick Trudgeon
Roseville Economic Development Authority

45 WHEREAS, in order to receive financing for the Minimum Improvements, the
46 Developer's mortgage lender, Minnesota Housing Finance Agency (the
47 "Lender") requires a subordination of REDA's rights under the Contract
48 and of REDA's rights under LCDA Loan Agreement in favor of the
49 Lender with respect to the Minimum Improvements, as set forth in the
50 subordination agreement between the Lender, the Developer, and REDA
51 presented to REDA for review and approval (the "Subordination"); and
52

53 WHEREAS, Section 7.3 of the Contract provides for subordination of REDA's rights
54 under the Contract, so long as such subordination contains such reasonable
55 terms and conditions as are mutually agreed by REDA and Lender in
56 writing; and
57

58 WHEREAS, REDA's Board of Commissioners and legal counsel have reviewed the
59 Subordination, and find that the approval and execution of the Subordination
60 is in the best interest of the City and its residents.
61

62 NOW, THEREFORE, BE IT RESOLVED, that the Subordination as presented to the
63 Board is hereby in all respects approved, subject to modifications that do
64 not alter the substance of the transaction and that are approved by the
65 President and Executive Director, provided that execution of the
66 Subordination by such officials shall be conclusive evidence of approval.
67

68 BE IT FURTHER RESOLVED that the President and Executive Director are hereby
69 authorized to execute on behalf of REDA the Subordination, and any other
70 documents requiring execution by REDA in order to carry out the
71 transaction described in the Subordination.
72

73 BE IT FURTHER RESOLVED that REDA staff and consultants are authorized to take
74 any actions necessary to carry out the intent of this resolution.
75
76
77

78 The motion for the adoption of the foregoing resolution was duly seconded by Member
79

80 , and upon a vote being taken thereon, the following voted in favor thereof:
81

82 and the following voted against the same:
83

84 WHEREUPON said resolution was declared duly passed and adopted.
85

Certificate

I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, Minnesota, hereby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the Board of Commissioners of said Authority at a duly called and regular meeting thereof on July 20, 2020.

I further certify that Commissioner _____ introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner _____, and that upon roll call vote being taken thereon, the following Commissioners voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this ___ day of July, 2020.

Patrick Trudgeon, Executive Director
Roseville Economic Development
Authority



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: July 20, 2020
Item No.: 5.b

Department Approval

Executive Director Approval

Item Description: Discuss Roseville Business and Resident COVID relief programs

BACKGROUND

At the April 27, 2020 Roseville Economic Development Authority (REDA) meeting the board discussed the need for creating City-specific COVID relief programs and decided to defer any program creation until the County and State finalized the assistance they would be providing for businesses and residents. This decision was aimed at trying not to duplicate efforts and to cater assistance to areas that have been left-out by other programs. The discussion at that time also faced the reality of the limitation of funds available for such programming.

Since that time, the funding opportunities available to the City have changed drastically with the Governor’s release of COVID relief funding to cities. While funds are now available, the City is required to expend all funding by November 15, 2020. This leaves a very short timeframe to develop and administer programs. Additionally, the City needs to balance the short turnaround with ensuring the conditions associated with the State funding are met by our programs. To this point, while there may be a desire to cast as wide a net as possible, to help as many businesses and residents as possible, any funding will have to have a direct nexus to COVID impacts. Additionally, all assistance would come in the form of grants.

Staff has separated the below programming discussion into two parts: 1) programs offering business relief, and 2) programs offering housing relief. There is also a budget and marketing component to each program.

Business Relief

Ramsey County and the State provided funding for businesses, yet both programs have been oversubscribed. Unfortunately, many business have fallen out of eligibility because of the requirements imposed by the various programs (Attachment A). The County provided \$5 million in a first round of business COVID relief programming. Based upon what wasn’t funded in the first round, the County reworked the program and budgeted another \$7 million for a second round. The second round will focus on self-employed, gig, and creative economy workers. The second round of Ramsey County funding is anticipated to launch the week of July 27th, 2020. The State is still reviewing applications for consideration on their program.

Based upon many of the restrictions of who was not funded from Ramsey County or the State, Open to Business has recommended the City consider providing assistance for those who don’t

34 meet the criteria of the other offered programs. With Open to Business advising REDA staff,
35 staff has drafted the following outline summarizing how a Roseville business assistance program
36 could be structured, with the actual administration being done by Open to Business (Attachment
37 B). Staff will continue to refine the program, with the end goal of assisting Roseville businesses
38 that have been left out, or not provided meaningful funding from Federal, State, or County
39 programs. The costs for Open to Business to administer the program is 8% for \$250,000 in
40 grants, then 5% for grants issued in excess of \$250,000.

41 42 **Roseville Business Program Guidelines**

43 **Who/what we could fund**

- 44 • Businesses ordered to close by Governor’s executive orders
- 45 • Businesses who can demonstrate revenue loss due to COVID – including home-
46 based businesses, self-employed, and individual contractors
- 47 • Businesses needing assistance to fund operating costs, including retention of
48 employees due to loss of revenue
- 49 • Businesses needing assistance to purchase and/or be reimbursed for COVID
50 safety materials/supplies, equipment, and professional service costs associated
51 with the drafting of preparedness plans
- 52 • Businesses who do not have a physical location but the owner/operator resides in
53 the City of Roseville

54 **Who we won’t fund**

- 55 • Businesses with annual gross revenues greater than \$1 million
- 56 • Chain retail – unless a local franchisee can demonstrate no other COVID business
57 assistance funding was received
- 58 • Essential businesses not ordered to close *and* who can’t demonstrate revenue loss
- 59 • Businesses that derive income from passive investments without operational ties
60 to operational businesses
- 61 • Businesses that engage in sexually explicit goods/services
- 62 • Businesses that engage in gambling enterprises
- 63 • Businesses that engage in activities prohibited by law
- 64 • Businesses that earn revenue from pyramid schemes, lending services and/or day
65 trading/short term investments

66 67 **Residential Relief**

68 To date, a majority of renters and homeowners have been making their housing payments. This
69 is reflected in many emergency assistance programs not being able to expend COVID-related
70 relief monies. However, there is a belief this will change, effective August 1st, based upon the
71 following:

- 72
73 • HousingLink did a survey last month related to stimulus unemployment checks expiring
74 at the end of July. The results of that survey revealed that 26% of respondents believe
75 they will be unable to continue paying rent after July 31st, when the stimulus
76 unemployment payments cease. According to Roseville’s registered rental and rental
77 license data, Roseville has 567 registered rental units and 3,887 apartment units licensed,

78 for a total of 4,454 rental units. When applying HousingLink’s survey data of 26%
 79 being unable to pay rent after July 31st, Roseville could have approximately 1,158 tenants
 80 that could struggle to pay rent in August. Further exacerbating the issue, the Governor’s
 81 executive order for suspending evictions expires on August 12, 2020.

- 82 • Regarding residents who own their home, the Mortgage Banker’s Association reports that
 83 8.5% of mortgage holders in the country have requested forbearance due to COVID
 84 impacts. Forbearance is an arrangement made with a mortgage lender to defer payments
 85 on the debt. Using 2018 American Communities Survey data, there are roughly 6,051
 86 households in Roseville that have a mortgage. If the national rate of forbearance is
 87 reflected in Roseville, Roseville has 514 homeowners that are struggling to pay their
 88 mortgage due to COVID impacts.

89
 90 In an effort to respond to the approaching crises, Ramsey County’s Department of Human
 91 Services just launched a program to help with residents with incomes less than 300% of poverty
 92 level. The program is also designed to assist people who are on existing County programs,
 93 which are generally those that meet the federal guideline of having an income less than 200% of
 94 poverty level (Attachment C). In addition, the State of MN is in the process of accepting
 95 applications for grant administrators for a State-wide housing relief program that would be
 96 funded with \$100,000,000. These funds would be dispersed in a manner similar to the, just
 97 described, Ramsey County program.

98
 99 From discussions with Minnesota Homeownership Center and Community Action Partnership
 100 (CAP) of Ramsey and Washington County, should Roseville wish to establish a program for
 101 rental and mortgage assistance, such program should be developed with an intent to assist those
 102 that do not qualify for the Ramsey County program to ensure greatest success in awarding funds
 103 (Attachment D). Staff is suggesting CAP administer the grant funds on the City’s behalf,
 104 including administration of all requirements associated with the grant awards. In addition, staff
 105 and CAP suggest all awarded funds go directly to landlords, lenders, utilities, county, and/or
 106 homeowner associations depending on the party needing payment for maintaining housing
 107 stability. The program would be targeted to assist up to 400% of poverty.

| Household size | 200% Income | 300% Income | 400% Income |
|----------------|-------------|-------------|-------------|
| 1 | \$25,520 | \$38,280 | \$51,040 |
| 2 | \$34,480 | \$51,720 | \$68,960 |
| 3 | \$43,440 | \$65,160 | \$86,880 |
| 4 | \$52,400 | \$78,600 | \$104,800 |

108
 109 **Roseville Resident Program Guidelines**
 110 **Baseline Eligibility (first come-first served)**

- 111 • Roseville residents who’ve experienced a loss of income, either by loss of
 112 employment or reduction in hours, due to COVID (verified through pay stubs
 113 and/or unemployment, or attest to having no income).
- 114 • Mortgage holders who were denied mortgage relief through their lender and can
 115 provide proof of such denial.

- Renters who were not offered rental relief from their landlords and can provide proof.
- Evidence of past-due mortgage, rent, utilities (including internet), property taxes, and HOA dues.
- Residents (renters or mortgage holders) must have been current prior to April 1, 2020.
- Income level at or below 400% of poverty level (\$104,800 for family of 4) verified by 2019 tax return.

Who we won't fund

- Non-Roseville residents
- Mortgage holders who have been offered, or could obtain, mortgage relief through their lender.
- Renters who were offered rental relief from their landlords.

Budget for Funding

Funding for both business and resident relief would come from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds. Staff is suggesting the Business Relief program be provided \$250,000 of funding initially, and up to an additional \$250,000 based upon need of the program. Regarding the Resident Relief program, staff is suggesting \$500,000 of initial funding, with up to an additional \$500,000 based upon need of the program. The administration fees would be in addition of the \$1.5 million budget, but would also be funded by the City's CARES Act funds. Staff would note, the ability for the City to grant out \$1.5 million, based upon the program guidelines suggested by staff, Open to Business, and CAP, is unlikely. However, staff wanted to be sure any Roseville-specific program was supported with a meaningful amount of funding. Any funds not dispersed would have to be returned to the State.

If the REDA supports the administration of the programs and funding described herein, the City Council must adopt a resolution providing the REDA with such authority. Staff has tentatively scheduled that Resolution for consideration on the Council's July 27, 2020 consent agenda. The timeline to create and administer these programs is already challenging, so any delays could impact the City's ability to meet the November 15, 2020 deadline for funds dispersal.

Marketing of Programs

Staff will market programs through social media such as Twitter, Facebook, and Nextdoor. In addition, e-news will be sent out through the contact list the REDA maintains, as well as who has signed up on the City's list serve for news. Staff would also implore the Council to advise businesses and residents of these programs should you be contacted or become aware of anyone who could benefit from them.

STAFF RECOMMENDATION

Provide direction to staff based upon REDA discussion, and

Authorize staff to advance contract discussion and negotiation with Open for Business and CAP to administer COVID relief programs as described herein.

161

162 **REQUESTED EDA ACTION**

163 Provide direction to staff based upon REDA discussion, and

164

165 Authorize staff to advance contract discussion and negotiation with Open for Business and CAP
166 to administer COVID relief programs as described herein.

167

168

169 Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

Attachments: A: Ramsey County and State Business Relief Program

B: Draft outline of Roseville Business Relief Program

C: Ramsey County Resident Relief Program

D: Draft outline of Roseville Resident Relief Program

Minnesota Small Business Relief Grants

The Minnesota Department of Employment and Economic Development (DEED) will oversee the Minnesota Small Business Relief Grants Program approved by the Minnesota State Legislature and signed by Gov. Tim Walz on June 16, 2020.

This program will make available \$10,000 grants to Minnesotan owned and operated businesses that can demonstrate financial hardship as a result of the COVID-19 outbreak. A total of \$60.3 million is available for grant awards which will be selected through a computer-generated, randomized selection process.

Awards will be disbursed and administered by qualified local and regionally based nonprofit organizations. Grant funds received by individual businesses shall be used for working capital to support payroll expenses, rent, mortgage payments, utility bills, and other similar expenses that occur or have occurred since March 1, 2020, in the regular course of business. These are grants and no repayment will be required.

Applications for the Small Business Relief Grant Program are now open and will be accepted until 5:00 p.m. on Thursday, July 2. Please click on the application tab below to apply.

• Eligibility

To qualify, an applicant must:

- Be a private for-profit business that has a permanent physical location in Minnesota.
- Be majority owned by a permanent resident of Minnesota.
- Be in good standing with the Minnesota Secretary of State and the Minnesota Department of Revenue as of March 1, 2020.
- Employ the equivalent of 50 or fewer full-time workers.
- Be able to demonstrate financial hardship as a result of the COVID-19 outbreak.

NOTE:

- Home-based businesses - except for licensed child care providers - are not eligible.
- Businesses that received funding under the Small Business Emergency Loan Program (SBEL) are not eligible for this program. (However, businesses that received funding through the various Small Business Administration emergency loan programs are still eligible for this program.)
- See the FAQ tab for more details on eligibility.

In making awards, there are minimum set asides for various targeted groups and categories of businesses.

- 50% of funds will be available for businesses based in Greater Minnesota.
- 50% of funds will be available for businesses based in the 7-county metro area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties).
- A minimum amount of funds must be awarded as follows:
 - \$18 million for businesses with six or fewer full-time workers.
 - \$10 million for minority business enterprises.

- \$2.5 million for businesses that are majority owned and operated by veterans.
- \$2.5 million for businesses that are majority owned and operated by women.
- \$2.5 million for operators of indoor retail and food markets with an ethnic cultural emphasis.

Small Business Relief Fund **Guidelines**

May 27, 2020

To provide emergency assistance to small local businesses in Ramsey County adversely impacted by the COVID-19 pandemic, the Ramsey County Small Business Relief Fund will provide grants of up to \$7500 to small businesses most in need of support.

Funds will help businesses pay for critical expenses such as rent payments, mortgage payments, utilities, payments to suppliers, and costs associated with reopening. Providing this support will increase the capacity of small businesses with a physical location in Ramsey County to survive the current crisis and will help prevent potential future blight scenarios.

We understand there is a cost to reopening your business safely. These grant funds can be used to ensure your business can afford to operate while maintaining the social distancing guidelines for the safety of your employees and customers.

The Relief Fund will be administered by the Metropolitan Consortium of Community Developers' (MCCD), Open to Business program, which currently provides technical assistance and access to capital for businesses throughout Ramsey County. Priority outreach will be conducted in partnership with community-based organizations working in low-wealth communities, communities of color, and areas with barriers to access other small business resources.

Terms

- Up to \$7500 grant based on economic injury from COVID-19 and eligible expenses
- Funds can be used for operating expenses, including rent payments, mortgage payments, utilities, payments to suppliers, or other critical non-payroll business expenses (including expenses related to reopening) as approved by the fund administrator.

Eligible Businesses

Businesses must meet all of the following criteria as of March 1, 2020 to be eligible. A business owner's immigration status does not impact eligibility.

- Must be a locally owned and operated for-profit business with a physical establishment in Ramsey County
- Must have at least one employee in addition to the owner as of March 1, 2020 and not more than 20 employees, and under \$1 million in annual revenue
- Must have been operating for at least 12 months prior to March 1, 2020
- Must be licensed, in good standing, current on property taxes prior to May 15, 2020, if applicable

- Must demonstrate a significant loss in revenue since March 15 (no credit score or collateral requirements apply)

Certain businesses are ineligible, including:

- Home-based businesses; those without a physical establishment, (except in-home childcare providers will be eligible)
- Non-profit organizations
- Corporate chains, multi-state chains
- Individuals who have or are currently receiving assistance through the Pandemic Unemployment Assistance (PUA) program or assistance from their municipality (i.e. Saint Paul Bridge Fund, Shoreview's Small Business Emergency Assistance Program)
- Businesses in default conditions prior to February 29, 2020
- Businesses that primarily derive income from gambling
- Businesses that derive any income from adult entertainment
- Businesses that primarily sell pawned merchandise, guns, tobacco or vaping products
- Businesses that derive income from passive investments; business-to-business transactions; real estate transactions; property rentals or property management; billboards; or lobbying

In addition to the Ramsey County Small Business Relief Fund, businesses are strongly encouraged to apply for all available COVID-related funding, such as the [Small Business Administration](#) (SBA) Economic Injury Disaster Loan (EIDL) and Paycheck Protection Program (PPP), State of Minnesota Small Business Emergency Loan (SBEL), and other local programs. However, due to the limited amount of funding and in order to serve as many businesses as possible, businesses will be ineligible to receive duplicative funds from the Ramsey County Small Business Relief Fund AND city or state SBEL funds. Businesses receiving federal relief funds are still eligible for the Ramsey County Small Business Relief fund, but must use County funds for other eligible expenses than those covered by federal funds.

Application Process

- Application Forms will be accepted beginning May 27 through June 12, 2020 at noon
- Completed Application Forms can be emailed to RCCOVIDRelief@mccdmn.org.
- If applications exceed the funding available, the fund administrator Metropolitan Consortium of Community Developers (MCCD) will select grant recipients using a random selection process. The fund administrator, MCCD, will notify approved applicants by email on or before June 19, 2020.
- Upon notice of an approved application, applicants will be required to submit the following within 10 business days:
 - 2019 Federal Business Tax Return or appropriate Business Tax Schedule- based on entity type. Businesses that have not yet completed a 2019 Federal Return are eligible to apply and substitute other documentation of revenue.

- o Evidence of revenue loss related to the COVID 19 emergency. Applicants should submit documentation that best demonstrates the impact and is deemed acceptable to Program Administrator. Some examples of acceptable documentation include Sales Tax Reporting, Period Statements from 3rd-party Sales Platforms, Merchant Services Statements, and Point of Sale or Register reports.
- o Evidence of employment prior to March 1st, 2020. Acceptable documentation may include period reporting from a 3rd-party payroll processor, applicant's Federal Form 941/Employer's Quarterly Federal Tax Return, or other State or Federal payroll-related filing.
- o Any additional documentation or information deemed necessary by the fund administrator to determine eligibility, generate loan documents, disburse loan proceeds, or meet program reporting requirements.
- o Failure to submit required documentation will result in forfeiture of loan award.

Note: The Ramsey County Board reserves the right to revise these guidelines as needed to best address the impact of the current pandemic.

Total Program Funding

Minimum funding = \$250,000 (not to include Open to Business fees)

An additional \$250,000 would be provided based on demand – total program funding not to exceed \$500,000

Funding must be dispersed by November 15, 2020

Administrator will be responsible for execution of grant agreements with grant recipients

Administrator will enter into an agreement with the EDA for program administration

Minimum & Maximum Grant Amounts – grant award to be determined based on need*

\$10,000 max

\$1,500 min

*Grant award amounts will be based upon need - businesses with the most demonstrated need will receive the maximum funding and businesses not able to demonstrate need would not be funded. Grant numbers and amounts will be driven by available funding and number of applicants worthy of being funded.

Program Parameters

Business must provide the following information to assist in determining need:

- # of employees – including yourself if self-employed and any family members employed
- Amount of gross revenue loss
- Review of the business's monthly revenues & expenditures from 1-1-20 thru 4-30-20. Businesses established prior to COVID shall provide pre-COVID comparable monthly revenues & expenditures.
- Business owner/operator shall have their business located in Roseville, or for home-based businesses be a resident of City of Roseville
- Business must have been established on or before December 1, 2019
- Disclose receipt of other grant/loan funds through Federal, State or County assistance programs and how that money was spent

Actual grant awardees will not be based on a lottery or first come-first served, rather, program administrator will use discretion by prioritizing those that need funding the most based upon the pool of applicants, review of the above criteria, and demonstrated need.

Who/what we could fund

Businesses ordered to close by Governor's executive orders

Businesses who can demonstrate revenue loss due to COVID – including home-based businesses, self-employed, and individual contractors

Businesses needing assistance to fund operating costs, including retention of employees due to loss of revenue

Businesses needing assistance to purchase and/or be reimbursed for COVID safety materials/supplies, equipment, and professional service costs associated with the drafting of preparedness plans

Businesses who do not have a physical location but the owner/operator resides in the City of Roseville

Who we won't fund

Businesses with annual gross revenues greater than \$1 million

Chain retail – unless a local franchisee can demonstrate no other COVID business assistance funding was received

Essential businesses not ordered to close *and* who can't demonstrate revenue loss

Businesses that derive income from passive investments without operational ties to operational businesses

Businesses that engage in sexually explicit goods/services

Businesses that engage in gambling enterprises

Businesses that engage in activities prohibited by law

Businesses that earn revenue from pyramid schemes, lending services and/or day trading/short term investments

All of above to be adjusted based upon forthcoming MMB guidance

EMERGENCY ASSISTANCE Attachment C

Help with rent/mortgage and utilities during COVID-19.



You may be concerned about interruptions in your income and paying your bills. Ramsey County is here to help with Emergency Assistance (EA) and Emergency General Assistance (EGA).

Emergency Assistance helps adults with children, and pregnant women. Emergency General Assistance helps adults without children.

EA and EGA help with shelter, such as past due rent, a damage deposit, or to stop foreclosure. EA and EGA also help pay for utilities, when there is threat of disconnection. Utilities include electricity, heat, and water.

ASSISTANCE ELIGIBILITY

You may be eligible for EA/EGA if you do not have enough resources to resolve your crisis and you can show that you have enough income to pay bills moving forward.

APPLY FOR EMERGENCY HELP | CALL 651-266-4444

If you ARE receiving public assistance (SNAP, healthcare, or cash assistance through Ramsey County), call your caseworker or 651-266-4444 for an application. There is a short application for clients with active cases.

If you ARE NOT receiving public assistance, you can apply for EA/EGA online at applymn.dhs.mn.gov.

Financial Assistance workers can help you Monday–Friday from 8:30 a.m.– 4 p.m via phone at 651-266-4444. They cannot decide if you are eligible for emergency help, but can answer general questions and review your application. They can also send you a paper application.

For questions about eligibility or application status, call the EA/EGA hotline at 651-266-4884.

EA/EGA ELIGIBILITY UPDATES EFFECTIVE MAY 13, 2020

- ✓ EA and EGA programs have suspended the rule about how often assistance may be obtained (usually only once in a 12 month period). You can apply for EA/EGA even if you have already received help within the past 12 months.
- ✓ EA/EGA provides assistance for past due rent/mortgage, damage deposit or utilities. Those seeking help with utility bills should apply first for energy assistance through Community Action Partnership of Ramsey & Washington Counties. Visit caprw.org/get-assistance.
- ✓ Both emergency programs have maximum limits of what dollar amount can be paid; these amounts have been increased. Please speak with your financial worker about what you need; if it is still more than EA or EGA can help with, we can refer you to other community agencies who can assist with additional funds.
- ✓ Some other regular eligibility requirements have also been suspended. Your worker can explain these to you in detail.

RENTAL/MORTGAGE ASSISTANCE

Total Program Funding

\$500,000 initial + administrative costs (to be determined)

Additional funding depending on program interest – but not to exceed \$1 million (including admin costs)

Funding must be dispersed by November 15, 2020

Program administrator will be responsible for execution of grant agreements/documents with grant recipients

Program administrator will enter an agreement with the EDA for program administration

Minimum & Maximum Grant Amounts (per household)

\$10,000 maximum per household

*amount granted will be based upon meeting Baseline Eligibility and total funds needed to become current

Baseline Eligibility (first come-first served)

Roseville residents who've experienced a loss of income, either by loss of employment or reduction in hours, due to COVID (verified through pay stubs and/or unemployment, or attest to having no income).

Mortgage holders who were denied mortgage relief through their lender and can provide proof of such denial.

Renters who were not offered rental relief from their landlords and can provide proof.

Evidence of past-due mortgage, rent, utilities (including internet), property taxes, and HOA dues.

Residents (renters or mortgage holders) must have been current prior to April 1, 2020.

Income level at or below 400% of poverty level (\$104,800 for family of 4) verified by 2019 tax return.

Who we won't fund

Non-Roseville residents

Mortgage holders who have been offered, or could obtain, mortgage relief through their lender.

Renters who were offered rental relief from their landlords.

MISC

Landlords and mortgage holders would be paid directly.

Delinquent utilities are included in eligible costs – with internet being considered a utility.

Marketing the program will be key – will develop simple marketing plan.



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: July 20, 2020
Item No.: 5.c

Department Approval

Executive Director Approval

Janice Gundlach

Paul J. Trueman

Item Description: Discussion Regarding the Budget and Preliminary Levy Collectible in 2021

BACKGROUND

Per the by-laws adopted by the Roseville Economic Development Authority (REDA), the REDA must review and recommend a preliminary budget to the City Council.

To request a preliminary EDA levy, the REDA must adopt a budget for consideration by the City Council via Resolution. Once the initial EDA levy request is approved, the levy may be lowered but cannot be raised above the preliminary level. The maximum amount the REDA can levy for in 2021 is \$989,247.

A preliminary levy of \$415,310 is being proposed for 2021, a decrease of \$48,090 from the EDA's 2020 levy. When factoring in a projected valuation increase of 3.2% for 2021, the preliminary levy amount proposed would result in a decrease in annual property taxes for the same median valued home now projected to be valued at \$280,600.

STAFFING

The Community Development Director is proposing no changes to the staffing structure for 2021. Economic Development staff that are supported by the EDA levy include a full-time Economic Development and Housing Program Manager and a .5 time Economic Development Coordinator (who also holds the title of GIS Specialist). The most significant impact proposed for 2021 consists of costs associated with the Neighborhood Enhancement Program (NEP), which are proposed to be budgeted within the Community Development Fund, decreasing overall EDA expenditures for 2021.

The total cost for EDA staff in 2021 is anticipated to be: **\$192,810**

| | |
|---|---|
| <u>General REDA Expenditures and Personnel</u> | \$236,510 |
| The REDA has operating costs associated with overhead, staff, attorney fees, recording secretary services, and continuing education/training of staff. This amount reflects total operating costs and personnel costs. | <i>(includes the \$192,810 of staff-only costs)</i> |

Programming costs are provided on the next page.

30

31 **PROGRAMMING**

32 The tables below outline existing housing and economic development programs the City of Roseville’s
33 Economic Development Authority currently maintains. In addition to personnel costs, accompanying costs
34 of these programs are included herein.

35 In 2021, the following programs will continue to operate but do not require additional funds:

| | |
|--|-----|
| <u>Multi-Family Loan and Acquisition Funds</u> Offers rehabilitation loans to existing rental property owners (whose properties have 5 or more units) and also makes dollars available for energy improvements. This program is available for general redevelopment activities and has a balance of \$1,696,984*. | \$0 |
| Roseville Rehab Revolving Loan Program (consolidated home improvement loan program). This fund has a balance of \$634,958*. | \$0 |
| Abatement Assistance (payment of abatement costs for code enforcement activities). This fund has a balance of \$114,472*. | \$0 |
| Housing Replacement/Single Family Construction Fund. This fund has a balance of \$434,470*. | \$0 |

36 *fund balances noted are as-of July 13, 2020.

37

38 In 2021, the following programs are proposed to be budgeted for as follows:

| | |
|--|----------|
| <u>Ownership Rehabilitation Programs</u> Provides residents with free, comprehensive consultation services about the construction/renovation process to maintain, improve, and/or enhance their existing home, with a specific focus on energy efficiency. The program also recognizes homeowners that have done green construction or improvements to their homes and yards. This program budgets for 200 energy efficiency audits to be completed each year. This budget reflects no increase in 2021. It should also be noted that energy audits during COVID are on hold. | \$27,850 |
| <u>Marketing</u> This budget is maintained for printing and mailing of marketing materials. The Council’s Strategic Priority related to Housing calls for an updated Housing Needs Assessment in 2020 and beyond. Based on the evolution of housing studies, staff is suggesting a more robust study be undertaken, which goes beyond identifying a unit count need to examining affordability tools and equity issues. This budget reflects a \$7,000 increase over 2020’s budget. Staff intends to advance a broader discussion to the REDA related to housing sometime this fall/winter. | \$12,000 |
| <u>Economic Development</u> The Economic Development budget reflects resources to aid in outreach to existing and prospective businesses. Current efforts include partnerships with the Minnesota State Chamber, St. Paul Area Chamber of Commerce, Twin Cities North Chamber, and others to assist with quarterly educational workshop series, newsletters, and yearly networking events. Recruitment, acquisition assistance, and marketing efforts are being programmed through the assistance of economic | \$73,500 |

| | |
|--|------------------|
| development consulting (\$50,000), which includes the City's Public Finance Consultant Ehler's. Annual contract obligations for Golden Shovel Agency economic development marketing services are also included in this total (\$12,000). This budget reflects no increase in 2021. | |
| <u>Neighborhood Enhancement</u> The Neighborhood Enhancement Program (NEP) is a seasonal effort whereby a pre-determined geographic area of the City is inspected for compliance with the City's Nuisance Code. This program has been partially supported through the EDA as well-maintained neighborhoods and housing are a function of city-wide economic development. Several staff provide support for this program. To provide levy relief, these costs are proposed to be funded by the Community Development Fund in 2021, which results in a decrease of \$49,360 compared to 2020. | \$0 |
| <u>Southeast Roseville Initiatives</u> The Cities of Roseville, St. Paul and Maplewood have hired the Saint Paul Area Chamber of Commerce to begin implementation of the Rice & Larpenteur Alliance, which stemmed from completion of the Rice/Larpenteur Gateway Visioning Plan. In March of 2020, SPACC's contract was extended an additional 12 months, with the City of Roseville committing to set aside funds in support of efforts towards a long-term alliance and any other initiatives that may occur as a result of the visioning plan. The Rice & Larpenteur Alliance's Strategic Fundraising Framework programs a 20% reduction for Roseville's contributions in the fiscal year beginning in March of 2021, reducing this budget by \$10,000 compared to 2020. | \$40,000 |
| <u>Open to Business/Small Business Assistance</u> Ramsey County executed a contract with the Metropolitan Consortium of Community Developers in the 1 st quarter of 2020, bringing the Open to Business program to the City of Roseville. This program provides free business consulting services to Roseville businesses, as well as access to capital. There is no cost to the City for Open to Business. Last year, staff suggested funds be set aside as a place-holder to fund a future loan program for small businesses to be administered by Open to Business. While COVID-19 has prevented the establishment of a new program, staff believes there to be value in continuing to set aside funds for the creation of one in 2021. This budget reflects no increase in 2021. | \$48,575 |
| Total 2021 Levy Supported Program Expenses | \$201,925 |

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NON-PROPERTY TAX REVENUE

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Historically, the levy has been the sole source to funding for activities conducted by the REDA. Several years ago the University of Northwestern committed to paying the City \$23,125 annually in recognition of their tax-exempt status and continued expansion beyond their campus property. This "charitable pledge" is for economic development efforts aimed at expanding the tax base, thus they've been allocated to the REDA. This revenue is used to offset expenses. Staff continues to program this revenue towards the EDA.

44

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It's worth noting the charitable pledge payments, per the June 2014 agreement, are set to expire in 2024. In the coming years, staff would suggest engaging with Northwestern to extend the Charitable Pledge

47

48 Agreement, although there are no guarantees Northwestern will cooperate.

49

| | |
|---|--|
| Total EDA Proposed Budget: (Program Expenses + REDA Expenditures & Personnel) | <i>\$438,435*</i> |
| Minus Non-Property Tax Revenue | <i>-\$23,125</i> |
| Proposed Preliminary 2020 Levy | <i>\$415,310</i> <i>(10.4% or \$48,090 decrease from 2020)</i> |

50 *the cash balance of the EDA general fund on December 31, 2019 is \$440,974, which exceeds 35% of the
51 proposed operating budget for 2020.

52 **STAFF RECOMMENDATION**

53 Discuss the EDA's proposed 2021 Budget and Preliminary Tax Levy in the amount of \$415,310.

54

55 **REQUESTED EDA ACTION**

56 Advise staff of any requested changes to the 2021 Budget and Preliminary Tax Levy, and

57 Make a motion to adopt a Resolution requesting a Preliminary Tax Levy in 2020, collectible in 2021, in the
58 amount of \$415,310.

59 **ALTERNATIVE EDA ACTION**

60 Direct staff to schedule a subsequent discussion in August for consideration of the Resolution.

61

Prepared by: Janice Gundlach, Community Development Director
Attachments: A. Resolution
B. REDA Budget Comparison

**EXTRACT OF MINUTES OF MEETING OF THE
ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**

Pursuant to due call and notice thereof, a meeting of the Roseville Economic Development Authority, County of Ramsey, Minnesota, was duly called and held at the City Hall on Monday, the 20th day of July, 2020, at 6:00 p.m.

The following members were present:

and the following were absent:

Commissioner _____ introduced the following resolution and moved its adoption

Resolution No. XX

A Resolution Requesting A Tax Levy in 2020 Collectible in 2021

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Roseville Economic Development Authority, Minnesota (the "Authority"), as follows:

Section 1. Recitals.

1.01. The Authority is authorized by Minnesota Statutes Section 469.107 to request that the City of Roseville, Minnesota (the "City") levy a tax on all taxable property within the City, subject to approval of such tax levy by the City Council of the City, for the benefit of the Authority (the "EDA Levy").

1.02. The Authority is authorized to use the amounts collected by the EDA Levy for the purposes provided in Minnesota Statutes, Section 469.090 to 469.1081 (the "EDA Act").

Section 2. Findings

2.01. The Authority hereby finds that it is necessary and in the best interest of the City and the Authority to request that the City Council of the City adopt the EDA Levy to provide funds necessary to accomplish the goals of the Authority.

Section 3. Adoption of EDA Levy.

3.01. The Authority hereby requests that the City levy the following amount, which is no greater than 0.01813 percent of the City's estimated market value, to be levied upon the taxable property of the City for the purposes of the EDA Levy described in Section 1.02 above and collected with taxes payable in 2021:

Amount: \$415,310

41

42

Section 4. Report to City and Filing of Levies.

43

4.01. The executive director of the Authority is hereby instructed to transmit a certified copy of this Resolution to the City Council with the Authority's request that the City include the EDA Levy in its certified levy for 2021.

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46

Adopted by the Board of the Authority this 20th day of July, 2020.

47

Certificate

48 I, the undersigned, being duly appointed Executive Director of the Roseville Economic
49 Development Authority, Minnesota, hereby certify that I have carefully compared the attached
50 and foregoing resolution with the original thereof on file in my office and further certify that the
51 same is a full, true, and complete copy of a resolution which was duly adopted by the Board of
52 Commissioners of said Authority at a duly called and regularly held meeting thereof on July 20,
53 2020.

54 I further certify that Commissioner _____ introduced said resolution and moved its
55 adoption, which motion was duly seconded by Commissioner _____, and that upon
56 roll call vote being taken thereon, the following Commissioners voted in favor thereof:
57

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60 and the following voted against the same:

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63 whereupon said resolution was declared duly passed and adopted.

64 Witness my hand as the Executive Director of the Authority this 20th day of July, 2020.

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Executive Director, Patrick Trudgeon
Roseville Economic Development Authority

| City of Roseville Economic Development Authority 2021 Proposed Budget Fund 725 as of July 14, 2020 | | | | | |
|---|---|---------------------|---------------------|---------------------|----------------------|
| Account Number | Description | 2018 Adopted Budget | 2019 Adopted Budget | 2020 Adopted Budget | 2121 Proposed Budget |
| Proposed Revenues: | | Revenue | Revenue | Revenue | Revenue |
| | Investment Income | | | | |
| | Cash carry-over | | | | |
| | Cashflow Reserve | | | | |
| | Northwestern Charitable Pledge | | | \$23,125.00 | \$23,125.00 |
| | Property Tax paid late | | | | |
| | EDA Levy | \$360,150.00 | \$473,660.00 | \$463,400.00 | \$415,310.00 |
| | Total Revenue | \$360,150.00 | \$473,660.00 | \$486,525.00 | \$438,435.00 |
| Proposed Expenses: | | | | | |
| Housing Replacement/Single Family Construction Funds | | | | | |
| 71 | Funds | | | | |
| 430000 | Professional Services | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 434000 | Printing | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 448000 | Miscellaneous | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 490000 | Contractor Payments | | | | |
| 71 | Housing Replacement/Single Family Construction Funds | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 72 | Multi Family Loan & Acquisition Fund | | | | |
| 430000 | Professional Services | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 434000 | Printing | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 448000 | Rental Licensing - Manager/Owner Meeting | | | | |
| | Other Services & Charges - Acquisition | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 490000 | ECHO Project 2016 Final | | | | |
| 72 | Multi Family Loan & Acquisition Fund | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 73 | Ownership Rehab Program | | | | |
| 430000 | Professional Services-CEE | \$15,000.00 | \$15,000.00 | \$15,000.00 | \$15,000.00 |
| 433000 | Advertising | | | | |
| | Other Services & Charges Fees for Loan Closing | | | | |
| 490000 | Green Award Program | \$850.00 | \$850.00 | \$850.00 | \$850.00 |
| | Energy Efficiency Program | \$12,000.00 | \$12,000.00 | \$12,000.00 | \$12,000.00 |
| 73 | Ownership Rehab Program Total | \$27,850.00 | \$27,850.00 | \$27,850.00 | \$27,850.00 |
| 74 | First Time Buyer Program | | | | |
| 430000 | Professional Services - Educational Outreach | | | | |
| 433000 | Advertising | | | | |
| 448000 | Other Services & Charges (448000, 424000) | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 490000 | Live/work RSV program | | | | |
| 74 | First Time Buyer Program Total | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 78 | Neighborhood Enhancement Program | | | | |
| 430000 | Prof Services - City of Roseville | \$47,900.00 | \$39,920.00 | \$41,360.00 | \$0.00 |
| 433000 | Marketing -Printing and Mailing | \$3,070.00 | \$8,000.00 | \$8,000.00 | \$0.00 |
| | Other Services & Charges | \$3,580.00 | | | |
| 78 | Neighborhood Enhancement Program Total | \$54,550.00 | \$47,920.00 | \$49,360.00 | \$0.00 |
| 82 | Marketing Studies | | | | |
| 430000 | Market Research | | | | |
| 434000 | Printing Marketing Materials | \$6,500.00 | \$5,000.00 | \$5,000.00 | \$12,000.00 |
| 448000 | Miscellaneous-Postage | \$1,500.00 | \$0.00 | \$0.00 | \$0.00 |
| 82 | Marketing Studies | \$8,000.00 | \$5,000.00 | \$5,000.00 | \$12,000.00 |
| 56 | Economic Development | | | | |
| 430000 | Golden Shovel (Including Intern Assistance as needed) | \$15,000.00 | \$15,000.00 | \$15,000.00 | \$15,000.00 |
| 430000 | Economic Development Consultant On-Call | \$50,000.00 | \$50,000.00 | \$50,000.00 | \$50,000.00 |
| 433000 | BR&E Newsletter page, other outreach | \$6,000.00 | \$6,000.00 | \$6,000.00 | \$6,000.00 |
| 441000 | Business Educational Series | \$2,000.00 | \$2,000.00 | \$2,000.00 | \$2,000.00 |
| 448000 | Salesforce & Misc. | \$500.00 | \$500.00 | \$500.00 | \$500.00 |
| 56 | Economic Development Program Total | \$73,500.00 | \$73,500.00 | \$73,500.00 | \$73,500.00 |
| NA | Southeast Roseville Initiatives | | \$50,000.00 | \$50,000.00 | \$40,000.00 |
| NA | Open-to-Business Loan Program (tentative) | | | \$48,575.00 | \$48,575.00 |
| 00 | General EDA Expenditures | | | | |
| 430000 | City of Roseville Economic Development Staff | \$159,600.00 | \$174,840.00 | \$186,540.00 | \$192,810.00 |
| 430000 | Prof. Svs. (Secretary) | \$2,500.00 | \$3,500.00 | \$2,500.00 | \$2,500.00 |
| 0006 | Prof. Svs. (EDA Attorney) | \$15,000.00 | \$16,000.00 | \$17,000.00 | \$15,000.00 |
| 460001 | Admin Service Fee | \$9,650.00 | \$9,650.00 | \$12,000.00 | \$12,000.00 |
| 441000 | Education (Training/Conferences) | \$4,500.00 | \$5,500.00 | \$8,000.00 | \$8,000.00 |
| 441000 | Training for Board | \$1,500.00 | \$1,500.00 | \$1,500.00 | \$1,500.00 |
| 441000 | Office Supplies | \$0.00 | \$200.00 | \$0.00 | \$0.00 |
| 442000 | Mbrship/Subscriptions | \$1,500.00 | \$2,000.00 | \$2,000.00 | \$2,000.00 |
| 448000 | Miscellaneous | \$2,000.00 | \$4,500.00 | \$2,000.00 | \$2,000.00 |
| 432000 | Mileage Reimbursement | | \$700.00 | \$700.00 | \$700.00 |
| 453009 | Computer Equipment | | \$1,000.00 | | |
| | Operating Reserves | | \$50,000.00 | | |
| 00 | General EDA Expenditures | \$196,250.00 | \$269,390.00 | \$232,240.00 | \$236,510.00 |
| | Subtotal Expenditures | \$360,150.00 | \$423,660.00 | \$486,525.00 | \$438,435.00 |
| | Total Budgeted Expenses | \$360,150.00 | \$473,660.00 | \$486,525.00 | \$438,435.00 |