

EDA Members:

Dan Roe,
President
Wayne Groff,
Vice President
Robert Willmus,
Treasurer
Jason Etten
Julie Strahan



**Economic Development Authority
Meeting Agenda
Monday, July 19, 2021
6:00pm**

Members of the public who wish to speak during public comment or an agenda item during this meeting can do so in person or virtually by registering at

www.cityofroseville.com/attendmeeting

Address:

2660 Civic Center Dr.
Roseville, MN 55113

Phone:

651 - 792 - 7000

Website:

www.growroseville.com

1. 6:00 P.M. Roll Call
Voting & Seating Order: Groff, Willmus, Strahan, Etten, and Roe
2. 6:02 P.M. Pledge Of Allegiance
3. 6:03 P.M. Approve Agenda
4. 6:04 P.M. Public Comment
5. Business Items (Action Items)
 - 5.A. 6:05 PM Consider Adoption Of Contract For Private Development With Roseville Housing Group II, LLC (Edison Apartments Phase II)

Documents:

[5A REPORT AND ATTACHMENTS.PDF](#)
 - 5.B. 6:15 PM Consider Authorizing An Amendment To The Contract For Services With Center For Energy & Environment (CEE) For Administration Of New Housing Loan And Down Payment Assistance Programs

Documents:

[5B REPORT AND ATTACHMENTS.PDF](#)
 - 5.C. 6:30 PM Consider Authorizing Contract For Professional Services With Metropolitan Consortium Of Community Developers For Administration Of The Roseville Business Assistance Loan Program

Documents:

[5C REPORT AND ATTACHMENTS.PDF](#)

5.D. 6:45 PM Discussion Regarding The Budget And Preliminary Levy Collectible In 2022

Documents:

[5D REPORT AND ATTACHMENTS.PDF](#)

6. 7:00 P.M. Adjourn To City Council



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: July 19, 2021
Item No.: 5.a

Department Approval

Executive Director Approval

Janeé Gundlach

Paula Trujillo

Item Description: Consider Resolutions authorizing entering into a Contract for Private Redevelopment and approving the Subordination of the Contract for Private Redevelopment for Roseville Housing Group II, LLC (Edison Apartments Phase II)

BACKGROUND

On May 13, 2019 the Roseville Economic Development Authority (REDA) authorized providing Sewer Access Charges (SAC) of \$2,000 per unit not to exceed \$118,000 for financial assistance for the development of 59 affordable housing units, known as Edison Apartments phase II (Attachment A). Additionally, the REDA serves as the pass through agent for environmental grants received from the Metropolitan Council’s Tax Base Revitalization Account (TBRA) in the amount of \$633,000 and from the Department Employment and Economic Development’s (DEED) Contamination Clean-Up grant in the amount of \$325,000. The TBRA funds will be provided as a deferred loan. The Contract for Private Redevelopment memorializes the commitment of the City’s SAC credits and the two environmental grants (Attachment B) towards the development of the proposed 59 units of affordable apartments. In addition, the REDA is being asked to authorize a Master Subordination Agreement for the Contract for Private Redevelopment and the TBRA deferred loan (Attachment D).

Martha Ingram from Kennedy Graven has worked with the developer, and developer’s agents, regarding these agreements and will address any questions the REDA may have as it relates to these actions and documents. This type of financing for affordable housing developments is very complicated, so there is language within the resolutions that provides for minor revisions to these documents, after EDA authorization, but at the discretion of the REDA attorney so long as those revisions do not alter the substance of the transaction or offer substantive changes to the overall project or commitments of the REDA.

STAFF RECOMMENDATION

By two separate actions, staff recommends adoption of the following two resolutions:

1. Approve Contract for Private Redevelopment with Roseville Housing Group II, LLC (Attachment C).
2. Approve Subordinations of Contract for Private Redevelopment between the REDA, and Roseville Housing Group II, LLC for the benefit of Wells Fargo Bank, National Association (Attachment F).

REQUESTED REDA ACTION

Motion to adopt the following resolutions:

1. Approve Contract for Private Redevelopment with Roseville Housing Group II, LLC.
2. Approve Subordinations of Contract for Private Redevelopment between the REDA, and Roseville

33 Housing Group II, LLC for the benefit of Wells Fargo Bank, National Association.

34

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

Attachments A: Resolution #41 – financial support for SAC
 B: Contract for Private Redevelopment
 C: Resolution authorizing the Contract for Private Redevelopment
 D: Master Subordination Agreement
 E: TBRA loan documents
 F: Resolution authorizing Master Subordination Agreement

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

* * * * *

Pursuant to due call and notice thereof, a special meeting of the Board of Commissioners (the “Board”) of the Roseville Economic Development Authority (the “Authority”) was duly held on the 13th day of May, 2019, at 6:00 p.m.

The following members were present: Willmus, Groff, Etten, Laliberte, and Roe
and the following were absent: None.

Commissioner Etten introduced the following resolution and moved its adoption:

Resolution No. 41

**RESOLUTION IN SUPPORT OF CITY OF ROSEVILLE SEWER ACCESS CHARGE
CREDITS FOR THE DEVELOPMENT OF EDISON APARTMENTS**

WHEREAS, Edison Apartments, LLC (the “Developer”) and the Roseville Economic Development Authority (the “Authority”) have previously entered into a Contract for Private Development (the “Contract”), providing for grant assistance to the Developer in connection with the development of a phased multifamily rental housing facility (the “Facility”), to be located at 3090 Old Highway 8 in the City of Roseville (the “City”); and

WHEREAS, to finance a portion of the costs to develop the second phase of the Facility, which includes approximately 59 units of workforce housing, the Developer has requested certain financial assistance from the Authority; and

WHEREAS, the Authority is willing to support financial assistance upon certain conditions;

NOW THEREFORE BE IT RESOLVED THAT

1. The Roseville Economic Development Authority hereby supports the request by the Developer to finance a portion of the costs of the proposed second phase of the Facility, in the amount of \$2,000 in sewer access charge (SAC) credits per unit of workforce housing, up to a total of not to exceed \$118,000.
2. Authority staff and consultants are hereby authorized and directed to negotiate an amendment to the Contract memorializing the terms set forth in this resolution, to be brought before the Board of Commissioners of the Authority for approval at a future meeting.

Adopted by the Board of the Authority this 13th day of May, 2019.

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 specially held meeting thereof on May 13, 2019.

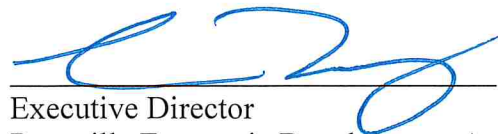
I further certify that Commissioner Etten introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner Groff, and that upon roll call vote being taken thereon, the following Commissioners voted in favor thereof:

Willmus, Groff, Etten, Laliberte, and Roe

and the following voted against the same: None

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this 14th day of May, 2019



Executive Director
Roseville Economic Development Authority



Third draft, July 12, 2021

CONTRACT FOR PRIVATE DEVELOPMENT

By and Among

ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

and

ROSEVILLE HOUSING GROUP II, LLC

and

ROSEVILLE EDISON II, LLC

Dated as of: _____, 2021

This document was drafted by:
KENNEDY & GRAVEN, Chartered (MNI)
150 South 5th Street, Suite 700
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 _____, 2021, by and among 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 (hereinafter referred to as the “Act”); and ROSEVILLE EDISON II, LLC, a Minnesota limited liability company (the “Owner”); and ROSEVILLE HOUSING GROUP II, LLC, a Minnesota limited liability company (the “Developer”).

WITNESSETH:

WHEREAS, the City of Roseville (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; 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 (the “Act”), and has transferred the control and administration of the Development District to the Authority; and

WHEREAS, pursuant to the Act and to Minnesota Statutes, Sections 469.001 to 469.047 (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 Owner intends to acquire a leasehold interest in certain property described in Schedule A (the “Development Property”) within the Development District, and the Developer intends to construct, or cause to be constructed, a 60-unit multifamily rental housing facility for residents with incomes at or less than 60% of the area median income, incorporating supportive services for individuals or families formerly experiencing long-term homelessness (the “Minimum Improvements”) on the Development Property; and

WHEREAS, the Owner and Developer have requested that the Authority apply for grant assistance from various grantors to finance a portion of the costs associated with the Minimum Improvements and have represented that but for the grant funds, the Owner will not be able to construct the Minimum Improvements; and

WHEREAS, the parties desire to establish the terms of disbursement of all 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 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 the Owner, 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.

“Closing” has the meaning provided in Section 3.3(b).

“Construction Plans” means the plans, specifications, drawings and related documents on the construction work to be performed by Developer or Owner 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; (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.

“DEED” means the State Department of Employment and Economic Development.

“DEED Grant” means the Contamination Cleanup Grant from DEED to the Developer in the amount of \$325,000.

“DEED Grant Agreement” means the agreement so described in Section 3.3(a)(1) hereof.

“Developer” means Roseville Housing Group II, LLC or its permitted successors and assigns.

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

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

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

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

“Grant Agreements” means collectively the DEED Grant Agreement and the TBRA Grant Agreement.

“Grants” means collectively the DEED Grant and the TBRA Grant.

“Holder” means the owner of a Mortgage.

“Met Council” means the Metropolitan Council.

“Minimum Improvements” means the development on the Development Property of a 60-unit multifamily rental housing facility for residents with incomes at or below 60% of the area median income, incorporating supportive services for individuals or families formerly experiencing long-term homelessness, to be known as Edison 2.

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

“Owner” means Roseville Edison II, LLC or its permitted successors and assigns.

“State” means the State of Minnesota.

“TBRA Grant” means the Tax Base Revitalization Account Contamination Cleanup Grant from the Met Council, in the amount of \$633,000, to be loaned to the Owner.

“TBRA Grant Agreement” means the agreement so described in Section 3.3(a)(2) hereof.

“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 the date of completion by the Developer of the Minimum Improvements or 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, 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 Developer or Owner, (x) national or regional emergency declared as a result of disease, pandemic, or epidemic, and (xi) any other cause or force majeure beyond the control of Owner or Developer which directly results in delays.

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

ARTICLE II

Representations and Warranties

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

(a) The Authority is 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 provide varied housing options within the City.

(c) The Authority will cooperate with Developer in obtaining all necessary permits from the City related to construction of the Minimum Improvements.

(d) 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.

(e) Authority has received no written notice or communication from any local, state or federal official that the activities of the Authority, Owner, or Developer in the Development District are in violation of any environmental law or regulation. 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.

(f) Authority has been awarded the Grants, and upon performance by Developer, will use the Grant funds solely for the purposes permitted under the Grant Agreements.

Section 2.2. Representations and Warranties by Developer and Owner. Developer and Owner represent and warrant that:

(a) Developer is a limited liability company duly established and in good standing under the laws of the State of Minnesota, 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 members.

(b) Owner is a limited liability company duly established and in good standing under the laws of the State of Minnesota, 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 members.

(c) 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, building code and public health laws and regulations).

(d) Neither Developer nor Owner has received written notice or communication from any local, state or federal official that the activities of Developer, Owner, 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). Neither Developer nor Owner is aware of any 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.

(e) Developer will construct, or cause to be constructed, the Minimum Improvements in accordance with all local, state or federal energy-conservation laws or regulations.

(f) Developer or Owner 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.

(g) To the best of 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 Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(h) To the best of Owner'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 Owner is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(i) But for the assistance provided under the Grants, the Developer and Owner would be unable to construct the Minimum Improvements.

ARTICLE III

Status of Development Property

Section 3.1. Status of the Property. As of the date of this Agreement, the Owner, or an Affiliate of the Owner, has entered into a ground lease option agreement with a third party to enter into a 65-year ground lease on the Development Property described in Schedule A. The Authority has no obligation to purchase the Development Property or any portion thereof.

Section 3.2. Soils, Environmental Conditions. The Owner and Developer acknowledge 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 Owner and Developer further agree that they 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 during Owner's ownership and use of the Property.

Section 3.3. Grant Disbursement.

(a) The Authority has obtained the following grants to finance soil remediation costs ("Grant-Eligible Costs") related to qualified environmental investigation; RAP development and implementation; excavation, transportation & disposal of backfill and contaminated soils; and environmental oversight, testing and reporting (the "Grant-Eligible Activities"):

(1) To finance a portion of the Grant-Eligible Activities on the Development Property, the Authority has received the DEED Grant from DEED, as memorialized in the Contamination Cleanup Grant Contract for Grant No. CCGP-18-0036-Z-FY19, Roseville EDA – Edison Project between DEED and the Authority, dated as of December 21, 2018 (the "DEED Grant Agreement").

(2) To finance a portion of the Grant-Eligible Activities on the Development Property, the Authority has received the TBRA Grant from Met Council, as memorialized in the Metropolitan Livable Communities Act Grant Agreement for Grant No. SG-11665 between Met Council and the Authority, dated as of January 9, 2019 (the "TBRA Grant Agreement").

(b) The Authority will pay or reimburse the Developer for Grant-Eligible Costs from and to the extent of grant proceeds received in accordance with the terms of the respective approved and executed Grant Agreements and the terms of this Section; provided that any reimbursement pursuant to the TBRA Grant by the Authority under this Section will be in the form of a deferred loan to the Owner, as provided in the forms of Loan Agreement Regarding Metropolitan Council Grant, mortgage and promissory note 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 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 the applicable Grant Agreement); (b) that each item for which the payment is proposed is a Grant-Eligible Cost, including a statement specifying which Grant is the eligible funding source; 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.

(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 each grantor 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 and Owner, as applicable, have performed all of their agreements and complied with all requirements theretofore to be performed or complied with hereunder, including satisfaction of all applicable conditions precedent contained in Article III hereof, 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, upon receipt of grant proceeds from the respective agency, as the case may be. Each disbursement shall be paid from the grant designated by the Authority at its discretion, subject to the Authority's determination that the relevant Grant-Eligible Cost is payable from the designated source under the respective grant agreement.

(f) The making of the final disbursement by the Authority under this Section shall be subject to the condition precedent that the Developer and Owner, as applicable, shall be in compliance with all conditions set forth in this Section and further, that the following conditions shall have been satisfied:

(1) The Developer or Owner shall have received a certificate of completion from the MPCA pursuant to Minnesota Statutes, Section 115B.175, subdivision 5, clause (b), or a No Further Action letter issued by the MPCA confirming that the Development Property has been remediated, as approved by the MPCA, and that no additional remediation is required; 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 Activities.

(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.

(h) The Developer agrees to enter into any subrecipient agreements or loan agreements in connection with the Grants deemed necessary by the Authority, and to pay or reimburse the Authority for all reasonable Authority costs incurred in connection with the Grants, including without limitation any Authority match required pursuant to the Grant Agreements.

Section 3.4. Other Assistance. (a) In addition to the Grants, the Authority shall provide additional assistance to the Developer from available funds in the Authority's development account (the "Authority Funds") to pay a portion of Developer's sewer access connection ("SAC") charges. Authority Funds shall be disbursed in an amount equal to \$2,000 per rental unit actually constructed, up to a total of 59 rental units, for a maximum aggregate disbursement of Authority Funds in the amount of \$118,000. Notwithstanding anything to the contrary herein, if actual SAC charges exceed the amount to be reimbursed under this Section, such excess shall be the sole responsibility of the Developer.

(b) The disbursement of Authority Funds will be made subject to the conditions precedent that on the date of such disbursement:

(1) The Authority has received from the Developer's authorized representative evidence of SAC charges actually assessed against the Development Property, and that the Authority Funds do not exceed such actual SAC charges.

(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.

(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 Article III hereof, the Authority shall make a disbursement of Authority Funds to the Developer in the amount of the requested disbursement or such lesser amount as shall be approved, within twenty Business Days after the date of the Authority's receipt of the evidence of actual SAC charges.

(d) 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 3.5. No Business Subsidy. The parties agree and understand that the transaction 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. Each of the Developer and Owner 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 grants set forth in Section 3.3 hereof, the negotiation and preparation of this Agreement and other incidental agreements and documents 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 \$6,500, 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.

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ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Minimum Improvements. Subject to all other terms and conditions of this Agreement including Developer's use of the Grants, 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. (a) Before commencement of construction of the Minimum Improvements, Developer shall submit to the Authority Construction Plans. 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 Developer for construction of the Minimum Improvements; and (vi) no Event of Default has occurred. No approval by the Authority shall relieve 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 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 therefore, 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 30 days after written notification to 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. 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.

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 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.

(b) If Developer desires to make any material change in the Construction Plans after their approval by the Authority, Developer shall submit (or shall cause Owner to submit) the proposed change to the Authority for its approval. A material change means a change in the Construction Plans that, in the reasonable opinion of the Authority, adversely affects the general design, appearance, or quality of the Minimum Improvements. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section 4.2 of this Agreement with respect to such previously approved Construction Plans, the Authority shall approve the proposed change and notify Developer in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the Authority unless rejected, in whole or in part, by written notice by the Authority to Developer, setting forth in detail the reasons therefor. Such rejection shall be made within ten (10) days after receipt of the notice of such change. The Authority's approval of any such change in the Construction Plans will not be unreasonably withheld.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, extensions of time requested by the Developer and reasonably agreed to by the Authority, or any delay otherwise permitted under this Agreement, the Developer shall commence, or cause to commence, construction of the Minimum Improvements by November 1, 2021, and substantially complete, or cause to be completed, construction of the Minimum Improvements by December 31, 2022. 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 Developer and approved by the Authority. For purposes of this Agreement, commencement of construction shall mean commencement of 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 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 4.3 of this Agreement. Until construction of the Minimum Improvements has been completed, 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 Developer with respect to such construction.

Section 4.4. Certificate of Completion. (a) Promptly after substantial completion of the Minimum Improvements in accordance with those provisions of the Agreement relating solely to the obligations of Developer to construct the Minimum Improvements (including the dates for commencement and completion thereof), the Authority will furnish Developer (and Owner, upon Owner's request) with an appropriate instrument so certifying, in substantially the form attached as Schedule B. Such certification by the Authority shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement with respect to the obligations of 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 Developer or Owner 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) Each certificate provided for in this Section 4.4 of this Agreement shall be in such form as will enable it to be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Development Property. If the Authority shall refuse or fail to provide any certification in accordance with the provisions of this Section 4.4 of this Agreement, the Authority shall, within thirty (30) days after written request by Developer or Owner, provide Developer or Owner with a written statement, indicating in adequate detail in what respects Developer has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Authority, for Developer (or Owner, on Developer's behalf) to take or perform in order to obtain such certification.

(c) The construction of the Minimum Improvements shall be deemed to be substantially completed when Developer or Owner has received a certificate of occupancy issued by the City for the rental units related to the Minimum Improvements, and when the Authority has received and approved Developer's final request for payment of Grant-Eligible Costs.

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ARTICLE V

Insurance

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

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

(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) Property 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, in an amount not less than actual replacement cost.

(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 additional insured. An umbrella excess liability policy may be used to accomplish the above-required limits.

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

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

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

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ARTICLE VI

Delinquent Taxes and Review of Taxes

[Intentionally omitted.]

ARTICLE VII

Financing

Section 7.1. [Reserved.]

Section 7.2. Mortgage Financing. (a) Before submission of any Draw Request for reimbursement of Grant-Eligible Costs, the Developer shall submit to the Authority evidence of one or more commitments for mortgage financing which, together with committed equity for such construction, is sufficient for the construction of the Minimum Improvements. Such commitments may be submitted as short term financing, long term mortgage financing, a bridge loan with a long-term take-out financing commitment, or any combination of the foregoing. Such commitment or commitments for short term or long term mortgage financing shall be subject only to such conditions as are normal and customary in the mortgage banking industry.

Section 7.3. Authority's Option to Cure Default on Mortgage. In the event that there occurs a default under any Mortgage, Developer shall cause the Authority to receive copies of any notice of default received by Developer from the holder of such Mortgage. Thereafter, the Authority shall have the right, but not the obligation, to cure any such default on behalf of Developer within such cure periods as are available to Developer under the Mortgage documents.

Section 7.4. 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 Agreement with respect to the rights of the Authority, 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 hereof or of a subordination agreement in a form reasonably acceptable to the Authority. The Authority shall further agree to a collateral assignment of this Agreement and the Grant to the Holder of any Mortgage as collateral for its construction financing, in accordance with the terms of a collateral assignment in a form reasonably acceptable to the Authority.

ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

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

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

(a) Neither the Owner nor the Developer has 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, the Minimum Improvements, 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 or delayed, unless Developer and Owner remain liable and bound by this Agreement, in which event, notwithstanding anything in this Agreement 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 Developer or any successor in interest to the Development Property, or any part thereof, to construct the Minimum Improvements, (ii) a foreclosure or the acceptance of a deed in lieu of foreclosure by the Holder of a Mortgage, or (iii) any lease, license, easement or similar arrangement entered into in the ordinary course of business related to operation of the Minimum Improvements. Notwithstanding anything to the contrary set forth herein, prior approval by the Authority is not required for any Transfer: (1) of the Development Property or the rights of Developer under this Agreement to an Affiliate so long as the proposed transferee expressly assumes the obligations of Developer; (2) of membership interests within the Owner; (3) that results from the removal of the Manager of the Owner for cause pursuant to the terms of Owner's operating agreement and the replacement with a Manager selected by the investor member of Owner; or (4) that is involuntary resulting from the death or disability or parties in control of the members of Owner or Developer.

(b) If either of Owner or 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 Developer (or Owner, as applicable) 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 Developer (or Owner, as applicable) 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 Developer (or Owner, as applicable) 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 or leasehold interest 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 Owner, Developer, or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Minimum Improvements, from any of its obligations with respect thereto.

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

(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 Developer (or Owner, as applicable) 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.

Section 8.3. Release and Indemnification Covenants. (a) Each of Owner and 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, each of Owner and Developer agrees (if timely tendered by the Authority to Owner or Developer, as applicable) 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 Owner, Developer or their 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.

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

- (a) Suspend its performance under the Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under the Agreement.
- (b) Cancel and rescind or terminate the Agreement.
- (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.

The Authority agrees that any Affiliate of the Developer or Owner, any Holder of a Mortgage, or the investor member of Owner shall have the right, but not the obligation, to cure any Event of Default on behalf of the Developer or Owner.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority, Owner, or 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 IX.

Section 9.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by another 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.

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ARTICLE X

Additional Provisions

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

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

Section 10.3. Restrictions on Use. Developer agrees that until the Termination Date, 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 or any improvements erected or to be erected thereon, or any part thereof.

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

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

Section 10.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by 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; and

(a) in the case of Developer, is addressed to or delivered personally to Developer at 366 South Tenth Avenue, Waite Park, Minnesota 56387, Attn: President, with a copy to Wells Fargo Affordable Housing Community Development Corporation, MAC D1053-170, 301 South College Street, 17th Floor, Charlotte, NC 28288, Attn: Director of Asset Management;

(b) in the case of Owner, is addressed to or delivered personally to Owner at 366 South Tenth Avenue, Waite Park, Minnesota 56387, Attn: Secretary/Treasurer, with a copy to Wells Fargo Affordable Housing Community Development Corporation, MAC D1053-170, 301 South College Street, 17th Floor, Charlotte, NC 28288, Attn: Director of Asset Management; and

(c) in the case of the Authority, is addressed to or delivered personally to the Authority at 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. 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 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 of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, 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.

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 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 _____ 2021, by _____ and _____, the President and Executive Director, respectively, 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

OWNER:

ROSEVILLE EDISON II, LLC

By: ROSEVILLE HOUSING GROUP II, LLC, its
Manager

By _____
Its Secretary/Treasurer

STATE OF MINNESOTA)) SS.
COUNTY OF STEARNS)

The foregoing instrument was acknowledged before me this _____ day of _____, 2021 by Jamie J. Thelen, the Secretary/Treasurer of Roseville Housing Group II, LLC, a Minnesota limited liability company, as Manager of Roseville Edison II, LLC, a Minnesota limited liability company, on behalf of the limited liability company.

Notary Public

DEVELOPER:

ROSEVILLE HOUSING GROUP II, LLC

By _____
Its Secretary/Treasurer

STATE OF MINNESOTA)

) SS.

COUNTY OF STEARNS)

The foregoing instrument was acknowledged before me this _____ day of _____, 2021 by Jamie J. Thelen, the Secretary/Treasurer of Roseville Housing Group II, LLC, a Minnesota limited liability company.

Notary Public

SCHEDULE A**DEVELOPMENT PROPERTY**

That part of the following described property having a street address of 3080 Old Highway 8:

That part of the Northwest Quarter of Section 5, Township 29, Range 23, Ramsey County, Minnesota, lying Southeasterly of the center line of Trunk Highway No. 8 and Northwesterly of the Northwesterly line of Highway 8-63 as relocated and lying South of a line parallel with and distant 210.76 feet South of the North line of said Northwest Quarter, and lying Northerly of a line described as follows: Beginning at a point on said center line of Trunk Highway No. 8, distant 1053.34 feet Southwest of its intersection with said North line of Northwest Quarter; thence Southeast at right angles to said center line on Northeast line of land conveyed to Northern States Power Co., 403 feet; thence at right angles Northeast 109.3 feet to a point hereinafter known as point "A"; thence 620.2 feet more or less, to a point on the East line of said Northwest Quarter distant 978.76 feet South of the Northeast corner thereof, together with the right, shared with Clara Jacobs to full use of one of the three crossings across the land conveyed to Northern States Power Co. as reserved and described in deed recorded "904" Deeds 386; and subject to highway easement for Trunk Highway No. 8 and subject to easement for driveway or roadway granted to Clara Jacobs over the Southwesterly 30 feet, except the Northwesterly 40 feet thereof, of tract herein conveyed.

Described as follows: Commencing at the northwest corner of the above described property; thence easterly along the northerly line thereof, a distance of 211.42 feet; thence southerly deflecting to the right 90 degrees 00 minutes 00 seconds, a distance of 98.65 feet; thence southwesterly, deflecting to the right 38 degrees 27 minutes 42 seconds, a distance of 146.16 feet; thence southwesterly deflecting to the left 8 degrees 54 minutes 17 seconds, a distance of 243.20 feet; thence southwesterly deflecting to the right 8 degrees 54 minutes 17 seconds, a distance of 127.25 feet to a point hereinafter known as point "A"; thence northwesterly, deflecting to the right 90 degrees 00 minutes 00 seconds, a distance of 224.55 feet to a line which lies 40.00 feet southeasterly of the northwesterly line of the above described property and the point of beginning of the property to be described; thence southeasterly deflecting to the right 180 degrees 00 minutes 00 seconds, a distance of 224.55 feet to to said point "A"; thence southeasterly, on the continuation of the last described line, a distance of 31.90 feet; thence southerly deflecting to the right, 55 degrees 52 minutes 01 seconds, a distance of 189.88 feet; thence southwesterly, deflecting to the right, 34 degrees 07 minutes 59 seconds, a distance of 57.68 feet to a corner on the southerly line of the above described property; thence southerly, on the continuation of the last described line and a southerly line of the above described property, a distance of 109.30 feet to a corner on the southerly line of the above described property; thence northwesterly along said southerly line, a distance of 363.00 feet to said line which lies 40.00 feet southeasterly of the northwesterly line of the above described property; thence northeasterly along said line a distance of 324.15 feet to the point of beginning and there terminating.

SCHEDULE B
FORM OF CERTIFICATE OF COMPLETION

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CERTIFICATE OF COMPLETION

WHEREAS, the Roseville Economic Development Authority (the “Authority”), Roseville Housing Group II, LLC (the “Developer”), and Roseville Edison II, LLC (the “Owner”) entered into a certain Contract for Private Development, dated _____, 2021 (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 Activities; and

WHEREAS, each of the Developer and Owner 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 and Owner have been completed and the agreements and covenants of the Developer and Owner in Articles III and IV of the Contract have been performed by the Developer and Owner, and this Certificate is intended to be a conclusive determination of the satisfactory termination of the Developer’s and Owner’s covenants and conditions in Articles III and IV of the Contract related to completion of the Minimum Improvements.

Dated: _____, 20__.

**ROSEVILLE ECONOMIC DEVELOPMENT
AUTHORITY**

By _____
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)
150 South 5th Street, Suite 700
Minneapolis, Minnesota 55402
Telephone: 612-337-9300

SCHEDULE C
TBRA LOAN DOCUMENTS

1 **EXTRACT OF MINUTES OF MEETING**
 2 **OF THE**
 3 **ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**
 4

5 * * * * *

6
 7 Pursuant to due call and notice thereof, a special meeting of the Board of Commissioners
 8 (the “Board”) of the Roseville Economic Development Authority (“REDA”) was duly
 9 held on the 19th day of July, 2021, at 6:00 p.m.

10
 11 The following members were present:

12
 13 and the following were absent: .

14
 15 Member introduced the following resolution and moved its adoption:
 16

17 **RESOLUTION No.**

18
 19 **RESOLUTION APPROVING CONTRACT FOR**
 20 **PRIVATE DEVELOPMENT BETWEEN THE**
 21 **ROSEVILLE ECONOMIC DEVELOPMENT**
 22 **AUTHORITY AND ROSEVILLE HOUSING GROUP II,**
 23 **LLC**

24
 25 WHEREAS, REDA previously approved certain grant assistance to Edison Apartments,
 26 LLC (“Edison”) in connection with the construction of a multifamily rental
 27 development and associated parking (the “Minimum Improvements”) on
 28 certain property in the City of Roseville; and
 29

30 WHEREAS, Edison has requested negotiation and execution of a new Contract for Private
 31 Development (the “Agreement”) concerning a proposed second phase of the
 32 Minimum Improvements (“Phase 2”) to be constructed by Roseville
 33 Housing Group II, LLC (the “Developer”) and clarifying the source and
 34 purpose of grant funding for such Phase 2 as set forth in (a) a Tax Base
 35 Revitalization Account Contamination Cleanup Grant Agreement between
 36 REDA and the Metropolitan Council for the grant described therein (the
 37 “TBRA Grant”), and (b) a Contamination Cleanup Grant Agreement
 38 between REDA and the Minnesota Department of Employment and
 39 Economic Development (together, the “Grant Agreements”); to establish the
 40 required completion date for Phase 2; to provide for the TBRA Grant to be in
 41 the form of a deferred loan; and to incorporate certain other terms in order to
 42 conform the Agreement to the terms of the Grant Agreements, and REDA
 43 legal counsel has prepared the Agreement for REDA consideration;
 44

45 NOW, THEREFORE, BE IT RESOLVED as follows:

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1. The Agreement as presented to the Board 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 Agreement by such officials shall be conclusive evidence of approval. The President and Executive Director are hereby authorized to execute, on behalf of REDA, the Agreement and any documents to which REDA is a party referenced in the Agreement and necessary to give effect to the transaction contemplated under the Agreement, including without limitation the loan documents in connection with the TBRA Grant.

2. REDA staff and officials are authorized to take all actions necessary to perform REDA’s obligations under the Agreement, all as described in the Agreement.

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

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

and the following voted against the same:

WHEREUPON said resolution was declared duly passed and adopted.

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 special meeting thereof on July 19, 2021.

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, 2021.

Patrick Trudgeon, Executive Director
Roseville Economic Development
Authority

Document Prepared by and When Recorded,
Return to:

Micah J. Halverson, Esq.
Kutak Rock LLP
1801 California Street, Suite 3000
Denver, CO 80202

MASTER SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE

THIS MASTER SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE (this “**Agreement**”) shall have an effective date of September [___], 2021 and is made and entered into by and among ROSEVILLE EDISON II, LLC, a Minnesota limited liability company, with its offices located at 366 South Tenth Avenue, Waite Park, MN 56387 (the “**Borrower**”), ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and political subdivision of the State of Minnesota, with offices located at 2660 Civic Center Drive, Roseville, Minnesota 55113 (“**EDA Lender**”), ROSEVILLE HOUSING GROUP II, LLC, a Minnesota limited liability company (“**Deed Lender**”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, with offices located at 600 South 4th Street, 8th Floor, MAC# N9300-085, Minneapolis, Minnesota 55415 (the “**Bank**”).

STATEMENTS OF FACT

WHEREAS, the Borrower has applied to and obtained certain loans from parties hereto and will use the proceeds of such loans and additional equity to fund the acquisition and construction of a 60-unit multi-family affordable housing apartment project (hereinafter referred to as the “**Development**”), which will be situated on that certain real property located in the County of Ramsey, State of Minnesota, and legally described in **Exhibit A** attached hereto and incorporated herein by reference (the “**Real Property**”); and

WHEREAS, the following is a listing and description of the loans that the Borrower has obtained from the parties hereto (collectively, the “**Loans**”), which will be used to fund the acquisition and construction of the Development and the repayment of which will be secured by liens on the Real Property, and a listing of the documents that evidence and secure the repayment of such Loans (collectively, the “**Loan Documents**”):

<u>Description of Loan</u>	<u>Amount of Loan</u>	<u>Documents Evidencing and Securing Repayment</u>
Loan from the Bank	[\$14,672,442]	Those documents set forth on <u>Exhibit B</u> attached hereto.
Loan from EDA Lender	[\$633,000]	Those documents set forth on <u>Exhibit C</u> attached hereto.
Loan from DEED Lender	[\$325,000]	Those documents set forth on <u>Exhibit D</u> attached hereto.

WHEREAS, it is intended that the Loans, the corresponding Loan Documents, and other documents referred to herein shall have a certain order of priority; and

WHEREAS, it is further intended that the parties hereto wish to specify how the terms and conditions contained in the Loan Documents shall be interpreted in the event of a conflict or inconsistency therein.

AGREEMENTS

NOW, THEREFORE, in consideration of One Dollar (\$1.00) and other good and valuable consideration, and in further consideration of the parties hereto making and entering into the loans referred to herein, the parties hereto do hereby agree as follows:

1. **Definitions.** The definitions set forth hereinabove are hereby incorporated into this Section 1 by reference. The following terms shall have the respective meanings set forth below and such meaning shall be equally applicable to the singular and plural forms of the terms defined:

(a) “Bank Loan” – means a mortgage loan from the Bank in the original principal amount of [Fourteen Million Six Hundred Seventy-Two Thousand Four Hundred Forty-Two and No/100 Dollars (\$14,672,442)].

(b) “Bank Loan Documents” – means those documents set forth on Exhibit B attached hereto.

(c) “Event of Default” – means a default or event of default as defined in the applicable Loan Documents as the context requires.

(d) “EDA Loan” – means a mortgage loan from EDA Lender in the original principal amount of [\$633,000].

(e) “EDA Loan Documents” – means those documents set forth on Exhibit C attached hereto.

(f) “DEED Loan” – means a loan from DEED Lender in the original principal amount of [\$325,000].

(g) “DEED Loan Documents” – means those documents set forth on Exhibit D attached hereto.

(h) “Subordinate Lender(s)” – means, individually or collectively as the context requires, the EDA Lender with respect to the EDA Loan, and DEED Lender with respect to the DEED Loan.

(i) “Subordinate Lender Loan(s)” – means, individually or collectively as the context requires, the EDA Loan and the DEED Loan.

2. **Consent to Loans, Liens and Encumbrances.** Each of the parties hereto consents and agrees to the making and borrowing of all of the Loans and further agrees that all of the liens and/or encumbrances created by the Loan Documents shall be deemed to be permitted encumbrances under the respective Loan Documents. The parties hereto further agree to execute any and all documents that any party hereto may reasonably request in order to document that such liens and/or encumbrances are permitted encumbrances under their respective Loan Documents.

3. **Use of Documents.** The parties hereto agree and consent to the use of the Loan Documents set forth in the Exhibits attached hereto in conjunction with the Loan referenced in each Exhibit.

In addition, each party hereto, as to the Loan Documents that correspond to one of its Loans, does hereby covenant, warrant, consent and agree that (i) the described Loan Documents are all of the documents that the party has entered into regarding the corresponding Loan, (ii) there are no documents relating to such Loan other than the described Loan Documents for such Loan, (iii) it will not enter into any other documents for such Loan that would adversely impact any other party or parties hereto without the prior written consent of such party or parties, (iv) any existing document or documents that may come into existence in the future to which a party hereto is or becomes a party or from which a party hereto obtains a benefit that is different from the benefits that the other parties hereto have received or will receive, and that is not listed in the Loan Documents set forth herein for such Loan, shall be of no force or effect until approved and consented to in writing by all of the parties hereto upon which such document has, or will have, an adverse effect, and upon such written approval, such document has, or will have, an adverse effect, and upon such written approval, such document(s) shall be automatically considered to be included in the Exhibit hereto setting forth the Loan Documents for such Loan. The other parties hereto shall execute any document that may reasonably be requested in order to include such document in such exhibit.

4. **Subordination of Loans and Loan Documents.** Except as specifically provided below, each party hereto agrees to the following priority for the provisions contained in the Loan Documents and any and all liens and/or encumbrances created thereby and subordinates its respective Documents and liens and/or encumbrances created thereby to those Documents and liens and/or encumbrances that are listed as having a priority over its Documents and liens and/or encumbrances created thereby:

Documents and Liens and/or Encumbrances Created Thereby	Party to the Documents and Holder of Liens and/or Encumbrances Created Thereby	Order of Priority
Bank Loan Documents	Bank	First
EDA Loan Documents	EDA Lender	Second
DEED Loan Documents	DEED Lender	Third

The parties hereto acknowledge that the Development is intended to receive the benefits of Low Income Housing Tax Credits (the “Credits”) pursuant to Section 42 of the Internal Revenue Code (“Section 42”) and that it is a condition of the receipt of the Credits that the Borrower will file a Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits (the “Declaration”) substantially in the form delivered to and approved by Bank prior to the date hereof. The Bank, the Borrower, and the Subordinate Lenders hereby consent to the terms of the Declaration as required by [Section 2(c)] of the Declaration and further agree that the Declaration is subordinate to the Loans and the Loan Documents, except to the extent required by the Declaration.

5. **Bank Priority.** In the event of the bankruptcy of, or the appointment of a trustee, receiver or other representative or liquidator for any of the property of the Borrower, or in the event the Borrower shall become the subject of any proceeding of any nature under any federal or state bankruptcy or insolvency act or law, all monies and other property allocated or allocable to the Subordinate Lender Loans and which would be payable or deliverable to any of the Subordinate Lenders in the absence of the provisions of this Agreement shall be paid and delivered directly to the Bank for application by the Bank to the Bank Loan, in such order as the Bank shall elect, until full payment of the Bank Loan with the excess, if any, to be paid to the Subordinate Lenders, in the order of priority as set forth herein, regardless of whether any of the Subordinate Lenders or the Bank or both file a claim on behalf of the Subordinate Lenders in any such proceeding. As collateral securing payment of the Bank Loan, the Subordinate Lenders hereby transfer and assign to the Bank all collateral security therefor to which the Subordinate Lenders may be entitled, provided that such transfer and assignment shall be effective (i) only in the event of a bankruptcy of, or the appointment of a trustee, receiver or other representative or liquidator for any of the property of the Borrower, (ii) in the order of priority set forth herein, and (iii) only in the amount necessary for the full payment of the Bank Loan. The Bank is authorized to file one or more financing statements concerning any security interest hereby created without the signature of any of the Subordinate Lenders.

6. **Consent to Permanent Loan.** The parties hereto acknowledge that Minnesota Housing Finance Agency, a public body corporate and politic of the State of Minnesota (“Permanent Lender”), and the Borrower have executed and delivered, or will execute and deliver, a commitment letter dated [_____], 2021, pursuant to which Permanent Lender commits to loan to the Borrower, and the Borrower commits to borrow from Permanent Lender, a permanent loan in the original principal amount of [\$4,867,000] (the “Permanent Loan”) following construction of the Development and fulfillment of the conditions set forth therein. The Permanent Loan will be used for the purpose of repaying the Bank Loan. Each of the Subordinate

Lenders hereby consents to the making and borrowing of the Permanent Loan and agrees that the Permanent Loan will be secured by a first-lien mortgage on the Real Property. In connection with the closing of the Permanent Loan, the parties hereto agree to execute an amendment to this Agreement evidencing the making of the Permanent Loan and subordinating the Subordinate Lender Loans thereto, and such other matters as Permanent Lender or the other parties hereto may reasonably request.

7. **Limitations of Payment.** None of the Subordinate Lenders will receive, nor take action to collect or enforce, payment from the Borrower, and the Borrower will not make payment to any of the Subordinate Lenders, of any amounts outstanding under the Subordinate Lender Loans or any part thereof; except that the Borrower may pay regularly scheduled installments of principal and accrued interest under the Subordinate Lender Loans as long as, but only in the event that, no Event of Default then exists with respect to the Bank Loan or the Subordinate Lender Loans, and any such regularly scheduled installments of principal and accrued interest may be retained by such Subordinate Lenders. Upon the occurrence of an Event of Default that is not cured within the applicable cure period, each of the Subordinate Lenders agrees that it will not, without the prior written consent of the Bank, receive or take any action to collect or enforce payment of any of the Loan Documents under the Subordinate Lender Loans or any part thereof from any trustee in bankruptcy, receiver, or other liquidator of any part of the Borrower's property, or from any other person. Until payment in full of the Bank Loan, any payment received by any of the Subordinate Lenders in contravention of the immediately preceding sentence shall promptly be delivered to the Bank for application to the Bank Loan, in such order as the Bank shall elect. The Subordinate Lenders and the Bank agree to notify the others at the respective addresses set forth on the first page of this Agreement, within a reasonable time period, of their knowledge of an Event of Default under their respective Loan Documents.

8. **Pay Over of Monies.** In the event that any of the Subordinate Lenders receives any payment of any part of the Subordinate Lender Loans in violation of the terms of this Agreement, any such payments shall be held in trust by the Subordinate Lender and the Subordinate Lender will promptly pay over or deliver the same to the Bank to be held by the Bank as cash collateral securing the Bank Loan.

9. **Subordinate Lenders' Agreement to Standstill.** If an Event of Default occurs and is continuing, the Subordinate Lenders agree that, without the Senior Lender's prior written consent, it will not accelerate the Subordinate Lender Loans, commence foreclosure proceedings with respect to the Property, collect rents, appoint (or seek the appointment of) a receiver or institute any other collection or enforcement action.

10. **Interpretation.** The parties hereto are entering into and executing this Agreement in order to establish the subordination and priority of the loans and documents referred to herein, and to resolve any inconsistencies or conflicts in such documents and, accordingly, such parties hereby agree, understand and acknowledge that the enforceability of this Agreement is not, and shall not, be restricted, limited, or impaired by the fact that not all of such parties are signatories to each or any of the documents referred to and incorporated by reference herein.

11. **Control by Most Stringent Requirements.** Notwithstanding any provision to the contrary contained herein, if any of the provisions contained in the Loan Documents impose

requirements that are inconsistent with any other requirement contained in such documents, then the most stringent provision contained in such documents shall control.

12. **Compliance with Closing Requirements and Absence of Events of Default.** Each party hereto states, represents, and warrants that as to each of its individual Loans, (i) such Loans have been duly closed or will be closed in connection with the delivery of this Agreement, (ii) there are no Events of Default, or events that with the passage of time could constitute an Event of Default, currently existing with respect to any of its Loans, and (iii) all of its Loans are in good standing.

13. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[No further text on this page.]

IN WITNESS WHEREOF, the parties hereto have executed this Master Subordination Agreement and Estoppel Certificate on the date indicated immediately below their signatures.

BORROWER:

ROSEVILLE EDISON II, LLC, a Minnesota limited liability company

By: **ROSEVILLE HOUSING GROUP II, LLC**,
a Minnesota limited liability company,
its Manager

By: _____
James J. Thelen, Secretary/Treasurer

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2021 by James J. Thelen, the Secretary/Treasurer of Roseville Housing Group II, LLC, a Minnesota limited liability company, as Manager of Roseville Edison II, LLC, a Minnesota limited liability company, for and on behalf of said limited liability company.

Witness my hand and official seal.

Notary Public

My commission expires:_____.

[Signature Page 1 of 4 to Master Subordination Agreement and Estoppel Certificate]

EDA LENDER:

ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and political subdivision of the State of Minnesota

By: _____
Dan Roe, President

By: _____
Patrick Trudgeon, Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this ____ day of _____, 2021 by Dan Roe and Patrick Trudgeon, the President and Executive Director, respectively, 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.

Witness my hand and official seal.

Notary Public

My commission expires: _____.

[Signature Page 2 of 4 to Master Subordination Agreement and Estoppel Certificate]

DEED LENDER:

ROSEVILLE HOUSING GROUP II, LLC, a
Minnesota limited liability company

By: _____
James J. Thelen, Secretary/Treasurer

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____,
2021 by James J. Thelen, the Secretary/Treasurer of Roseville Housing Group II, LLC, a
Minnesota limited liability company, for and on behalf of said limited liability company.

Witness my hand and official seal.

Notary Public

My commission expires: _____.

[Signature Page 3 of 4 to Master Subordination Agreement and Estoppel Certificate]

BANK:

WELLS FARGO BANK NATIONAL ASSOCIATION, a national banking association

By: _____
Travis J. O'Hara, Vice President

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2021, by Travis J. O'Hara, the Vice President of Wells Fargo Bank, National Association, a national banking association, on behalf of said banking association.

Witness my hand and official seal.

Notary Public

My commission expires: _____.

This instrument was drafted by:
Kutak Rock LLP
Micah J. Halverson, Esq.
1801 California Street, Suite 3000
Denver, CO 80202

[Signature Page 4 of 4 to Master Subordination Agreement and Estoppel Certificate]

EXHIBIT A

LEGAL DESCRIPTION

All that certain real property located in the County of Ramsey, State of Minnesota, described as follows:

[That part of the following described property:

That part of the Northwest Quarter of Section 5, Township 29, Range 23, Ramsey County, Minnesota, lying Southeasterly of the center line of Trunk Highway No. 8 and Northwesterly of the Northwesterly line of Highway 8-63 as relocated and lying South of a line parallel with and distant 210.76 feet South of the North line of said Northwest Quarter, and lying Northerly of a line described as follows: Beginning at a point on said center line of Trunk Highway No. 8, distant 1053.34 feet Southwest of its intersection with said North line of Northwest Quarter; thence Southeast at right angles to said center line on Northeast line of land conveyed to Northern States Power Co., 403 feet; thence at right angles Northeast 109.3 feet to a point hereinafter known as point "A"; thence 620.2 feet more or less, to a point on the East line of said Northwest Quarter distant 978.76 feet South of the Northeast corner thereof, together with the right, shared with Clara Jacobs to full use of one of the three crossings across the land conveyed to Northern States Power Co. as reserved and described in deed recorded "904" Deeds 386; and subject to highway easement for Trunk Highway No. 8 and subject to easement for driveway or roadway granted to Clara Jacobs over the Southwesterly 30 feet, except the Northwesterly 40 feet thereof, of tract herein conveyed.

Described as follows: Commencing at the northwest corner of the above described property; thence easterly along the northerly line thereof, a distance of 211.42 feet; thence southerly deflecting to the right 90 degrees 00 minutes 00 seconds, a distance of 98.65 feet; thence southwesterly, deflecting to the right 38 degrees 27 minutes 42 seconds, a distance of 146.16 feet; thence southwesterly deflecting to the left 8 degrees 54 minutes 17 seconds, a distance of 243.20 feet; thence southwesterly deflecting to the right 8 degrees 54 minutes 17 seconds, a distance of 127.25 feet to a point hereinafter known as point "A"; thence northwesterly, deflecting to the right 90 degrees 00 minutes 00 seconds, a distance of 224.55 feet to a line which lies 40.00 feet southeasterly of the northwesterly line of the above described property and the point of beginning of the property to be described; thence southeasterly deflecting to the right 180 degrees 00 minutes 00 seconds, a distance of 224.55 feet to to said point "A"; thence southeasterly, on the continuation of the last described line, a distance of 31.90 feet; thence southerly deflecting to the right, 55 degrees 52 minutes 01 seconds, a distance of 189.88 feet; thence southwesterly, deflecting to the right, 34 degrees 07 minutes 59 seconds, a distance of 57.68 feet to a corner on the southerly line of the above described property; thence southerly, on the continuation of the last described line and a southerly line of the above described property, a distance of 109.30 feet to a corner on the southerly line of the above described property; thence northwesterly along said southerly line, a distance of 363.00 feet to said line which lies 40.00 feet southeasterly of the northwesterly line of the above described property; thence northeasterly along said line a distance of 324.15 feet to the point of beginning and there terminating.]

EXHIBIT B

BANK LOAN DOCUMENTS

1. Master Subordination Agreement and Estoppel Certificate of even date herewith by and among Roseville Edison II, LLC, the Roseville Economic Development Authority, Roseville Housing Group II, LLC, and Wells Fargo Bank, National Association.
2. Building Loan Agreement of even date herewith by and between Roseville Edison II, LLC and Wells Fargo Bank, National Association.
3. Promissory Note Secured by Mortgage of even date herewith made by Roseville Edison II, LLC to the order of Wells Fargo Bank, National Association.
4. Construction Leasehold Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Financing Statement of even date herewith made by Roseville Edison II, LLC for the benefit of Wells Fargo Bank, National Association.
5. Assignment of Architectural Agreements and Plans and Specifications of even date herewith made by Roseville Edison II, LLC in favor of Wells Fargo Bank, National Association.
6. Assignment of Construction Agreements of even date herewith made by Roseville Edison II, LLC in favor of Wells Fargo Bank, National Association.
7. Assignment of Management Agreement of even date herewith by and among Roseville Edison II, LLC, Sand Property Management, LLC, and Wells Fargo Bank, National Association.
8. Pledge and Security Agreement of even date herewith made by Roseville Edison II, LLC and Roseville Housing Group II, LLC in favor of Wells Fargo Bank, National Association.
9. Assignment and Subordination of Development Agreement of even date herewith by and among Roseville Housing Group II, LLC, Access Development, LLC, and Wells Fargo Bank, National Association.
10. Hazardous Materials Indemnity Agreement of even date herewith made by Roseville Edison II, LLC, Roseville Housing Group II, LLC, Access Development, LLC, Sand Properties, Inc., James J. Thelen, James W. Sand, John E. Belisle and Sarah B. Nieters for the benefit of Wells Fargo Bank, National Association.
11. Repayment and Completion Guaranty of even date herewith made by Roseville Housing Group II, LLC, Access Development, LLC, Sand Properties, Inc., Sand Construction, LLC, James J. Thelen, James W. Sand, John E. Belisle and Sarah B. Nieters for the benefit of Wells Fargo Bank, National Association.

12. Disbursing Agreement of even date herewith by and among Roseville Edison II, LLC, Wells Fargo Bank, National Association, and First American Title Insurance Company, a Nebraska corporation, doing business as Tri-County Abstract and Title Guaranty.
13. UCC-1 financing statement (Pledge and Security Agreement) naming Roseville Edison II, LLC, as debtor and Wells Fargo Bank, National Association, as secured party, to be filed with the Minnesota secretary of State.
14. UCC-1 financing statement (Mortgage) naming Roseville Edison II, LLC and Roseville Housing Group II, LLC, as debtors, and Wells Fargo Bank, National Association, as secured party, to be recorded with Recorder of Deeds of Ramsey County, Minnesota.
15. UCC-1 financing statement (Mortgage) naming Roseville Edison II, LLC and Roseville Housing Group II, LLC, as debtors, and Wells Fargo Bank, National Association, as secured party, to be filed with the Minnesota secretary of State.
16. Nondisturbance, Attornment and Covenant Agreement Regarding Ground Lease of even date herewith executed by and among Edison Land, LLC, Roseville Edison II, LLC, and Wells Fargo Bank, National Association.
17. [Assignment/Pledge of Agreement to Enter into a Section 811 Rental Assistance Contract of even date herewith executed by Roseville Edison II, LLC in favor of Wells Fargo Bank, National Association.]
18. Assignment/Pledge of Agreement to Enter into a Housing Assistance Payments Contract, Housing Assistance Payments Contract, and Housing Assistance Payments of even date herewith executed by Roseville Edison II, LLC in favor of Wells Fargo Bank, National Association.
19. Consent to Assignment/Pledge of Housing Assistance Payments Contract, Housing Assistance Payments Contract, and Housing Assistance Payments of even date herewith executed by Roseville Edison II, LLC and Metropolitan Council Housing and Redevelopment Authority, a Minnesota housing authority, in favor of Wells Fargo Bank, National Association.
20. Disbursement Instructions Agreement executed by Borrower.
21. Escrow Closing Instructions letter of even date herewith by and among Roseville Edison II, LLC, Wells Fargo Bank, National Association, and First American Title Insurance Company, a Nebraska corporation, doing business as Tri-County Abstract and Title Guaranty.

EXHIBIT C

EDA LOAN DOCUMENTS

1. Leasehold Mortgage, Assignment of Rents, Security Agreement, and Fixture Financing Statement executed by Roseville Edison II, LLC, for the benefit of the Roseville Economic Development Authority, securing the repayment of a loan in an original principal amount of [\$633,000].
2. Promissory Note in the original principal amount of [\$633,000] made by Roseville Edison II, LLC to the order of the Roseville Economic Development Authority.
3. Loan Agreement between Roseville Edison II, LLC and the Roseville Economic Development Authority.
4. [Declaration of Covenants and Restrictions executed by Roseville Edison II, LLC.]

EXHIBIT D

DEED LOAN DOCUMENTS

1. Promissory Note in the original principal amount of [\$325,000] made by Roseville Edison II, LLC to the order of Roseville Housing Group II, LLC.
2. Loan Agreement between Borrower and the Roseville Housing Group II, LLC.

**LOAN AGREEMENT
REGARDING METROPOLITAN COUNCIL GRANT**

THIS LOAN AGREEMENT (“Agreement”) dated as of [___] day of [_____], 2021, by and between ROSEVILLE EDISON II, LLC, a Minnesota limited liability company (“Borrower”) and ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and political subdivision of the State of Minnesota (“Lender”).

RECITALS

WHEREAS, Lender applied for and received a Tax Base Revitalization Account grant (“Council Grant”) from the Metropolitan Council to specifically fund a portion of soil remediation costs for the Edison apartment project located in Roseville; and

WHEREAS, Borrower plans to construct, operate and maintain a 60-unit rental residential facility on certain property located in the City of Roseville, Minnesota and legally described on the attached Exhibit A (“Property”); and

WHEREAS, Lender has entered into a grant agreement with the Metropolitan Council under its Tax Base Revitalization Account program whereby the grant funds are made available to Borrower to fund a portion of qualifying (i) soil environmental investigation, (ii) RAP development and implementation, (iii) excavation transportation and disposal of backfill and contaminated soils, and (iv) environmental oversight, testing & reporting (“TBRA Grant Activities”); and

WHEREAS, Lender is agreeable to lending Borrower the amount of the grant funds, subject to compliance with the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the making of the loan and other good and valuable consideration, the receipt of which is hereby acknowledged by the parties hereto, the parties hereto agree as follows:

1. **Definitions.** The following terms shall have the following meanings:

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

Borrower means Roseville Edison II, LLC, a Minnesota limited liability company.

City means the City of Roseville, Minnesota.

Completion Date means midnight local time on December 31, 2022.

Council means the Metropolitan Council.

Event of Default means any of the events described in Section 9 hereof.

Fair Housing Policy means a written statement committing to fair housing which includes a purpose statement, procedures for compliant identification and referral, a designated fair housing officer and an outline of internal and external actions to undertake the advance of fair housing.

Lender means Roseville Economic Development Authority.

Improvements means the development on the Property of a 60-unit multifamily rental housing facility for residents with incomes at or below 60% of the area median income, incorporating supportive services for four (4) units for individuals or families formerly experiencing long-term homelessness, to be known as Edison 2. The Improvements are a qualified low-income housing project under Section 42 of the Internal Revenue Code 1986, as amended.

Loan means the loan to be made in the amount of Six Hundred Thirty-Three Thousand and No/100 Dollars (\$633,000.00) and repayable in accordance with the terms set forth herein and in the Note.

Loan Documents means the Note, Mortgage and this Agreement.

TBRA Grant Agreement means the Metropolitan Livable Communities Act Grant Agreement for Grant No. SG-11665 between Met Council and the Lender, dated as of January 9, 2019, attached hereto as Exhibit B.

Mortgage means the Leasehold Mortgage, Assignment of Rents, Security Agreement, and Fixture Financing Statement of even date herewith to be executed and delivered by Borrower to Lender and mortgaging the Property to Lender as security for repayment of the Loan and Borrower's performance of its obligations in the Loan Documents.

Note means the promissory note of even date herewith, in the amount of \$633,000.00 made by Borrower and payable to the order of Lender to evidence of the Loan.

Project means the construction of the Improvements on the Property.

Property means the real property with an address of 3080 Old Highway 8 in the City and legally described in the Exhibit A attached to this Agreement, together with all Improvements thereon.

Unavoidable Delays means unexpected delays which are the direct result of: (i) adverse weather conditions, (ii) shortages of materials, (iii) strikes, other labor troubles, (iv) fire or other casualty to the 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 Improvements that result in delays, (viii) delays caused by the discovery of any adverse soil or environmental condition on or within the 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 Developer, (x) national or regional emergency, disease,

pandemics or epidemics and (xi) any other cause or force majeure beyond the control of Developer which directly results in delays.

2. **The Loan.** Subject to and upon the terms and conditions of this Agreement, Lender agrees to loan to Borrower, and Borrower agrees to borrow from Lender, the Loan. Borrower shall use loan funds solely for TBRA Grant Activities. Borrower may not use the Loan for grants or loans to subrecipients or to replace other funding sources. Notwithstanding anything herein to the contrary, Borrower understands and agrees that any reduction or termination of the TBRA Grant Agreement may result in a like reduction or termination of the Loan.

3. **Repayment of Loan.** The Loan, or so much thereof as has been advanced hereunder, shall bear interest at the rate and shall be repaid in accordance with the terms of the Note and Loan Documents. All accrued and unpaid interest and all unpaid principal and all other amounts due under this Agreement shall be due and payable on the earlier of the following: (i) thirty (30) days after written notification by Lender to Borrower of the occurrence of an Event of Default which remains uncured within such thirty (30) days, or (ii) ten (10) days after Borrower makes or allows to be made any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of the Improvements or the 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 Lender, which shall not be unreasonably withheld or delayed.

The term Transfer excludes the following: (i) encumbrances made or granted by way of security for the purpose of obtaining construction, interim or permanent financing necessary to enable Borrower or any successor in interest to the Property, or any part thereof, to construct, operate or maintain the Improvements, (ii) any lease, license, easement or similar arrangement entered into in the ordinary course of business related to operation of the Improvements, (iii) the involuntary transfer of a member's interest within the Borrower resulting from the death or disability or parties in control of the members of Borrower, or (iv) any transfers outlined in Section 5.6 of the Mortgage, all which does not require prior Lender approval.

Notwithstanding any contrary provision of this Agreement, due to any act or omission of Borrower, the Council requires the Lender to repay any or all of the funds from the TBRA Grant Agreement, Borrower unconditionally agrees that it will repay whatever funds are required to be returned to the Council within one hundred eighty (180) days of written notification of the Council's requirement.

4. **Time of Performance.** Subject to Unavoidable Delays, extensions of time requested by the Borrower and reasonably agreed to by the Lender, or any delay otherwise permitted under this Agreement, the Borrower shall commence, or cause to commence, construction of the Improvements by [November] 1, 2021, and substantially complete, or cause to be completed, construction of the Improvements by December 31, 2022. All work with respect to the Improvements to be constructed on the Property shall substantially conform to the Construction Plans as submitted by Developer and approved by the Lender. For purposes of this Agreement, commencement of construction shall mean a building foundation is being constructed or other tangible work on a structure has been initiated.

5. **Conditions Precedent to Disbursement.** The following requirements are conditions precedent to disbursement of the Loan:

- (a) Borrower shall have leasehold title and possession of the Property.
- (b) Borrower shall have delivered, without expense to the Lender, duly executed originals of the Note and Mortgage to the Lender.
- (c) Borrower shall have delivered an affirmative fair housing marketing plan for the Project to the Lender.
- (d) All filing fees for the Mortgage, if any, shall have been paid by Borrower.
- (e) Borrower shall have provided the Lender with a certificate of insurance meeting the insurance requirements of Section 13 herein.
- (f) Lender shall have received a written statement from the Borrower's authorized representative certifying with respect to the disbursement: (i) that none of the items for which the payment is proposed to be made has formed the basis for any payment previously made under the Loan, and (ii) that each item for which the payment is proposed is an eligible cost under the TBRA Grant Agreement.
- (g) Borrower shall have submitted to the Lender for its review a draw request in a form approved by the Council.
- (h) 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.
- (i) No license or permit necessary for undertaking the Improvements shall have been revoked or the issuance thereof subjected to challenge before any court or other governmental authority having or asserting jurisdiction thereover.

6. **Disbursement.** It is expressly agreed and understood that the total amount to be disbursed by the Lender under this Agreement will not exceed \$633,000 for the TBRA Grant Activities. Lender shall bear no responsibility for cost overruns which may be incurred by Borrower. The Lender will make cost incurred disbursements no more often than every thirty (30) days and only upon receipt of a written disbursement request from Borrower in a form approved by the Council and accompanied by itemized invoices from each provider to be paid or cost to be reimbursed.

Lender shall, upon its approval of a disbursement request, forward the disbursement request and supporting invoices to the Council for approval. The Council is the final arbiter of what costs are eligible for reimbursement. Upon Council approval and disbursement of the approved amounts of TBRA Grant Agreement funds to Lender, Lender shall disburse the approved

amount of Loan funds to Tri-County Abstract and Title Guaranty, Inc. (“Title Company”). Title Company shall disburse the Loan funds in accordance with the information provided in the disbursement request and pursuant a disbursing agreement among Lender, Borrower, Title Company and the other lenders.

The making of the final disbursement by the Lender under this Loan shall be subject to the condition precedent that the Borrower shall be in compliance with all conditions set forth in this Agreement and further, that the following conditions shall have been satisfied: (i) Borrower shall have received a certificate of completion from the Minnesota Pollution Control Agency (“MPCA”) pursuant to Minnesota Statutes, Section 115B.175, subdivision 5, clause or receipt of a no further action letter from the MPCA that confirms the Property has been remediated and no additional cleanup is required, and (ii) Lender shall have received a lien waiver from each contractor for all work done and for all materials furnished by the Loan.

7. **Indemnity.** Borrower shall indemnify, defend and save harmless the Lender, its governing body and its officers, agents, employees and contractors (“Indemnified Parties”) from any and all claims or causes of action and all costs and expenses, including all reasonable attorneys’ fees, in any way resulting from or arising out of, or allegedly resulting from or arising out of, the condition or use of the Property or the undertaking and completing of the Project, including operations of contractors and acts or omissions of employees or agents of contractors, or otherwise in connection with this Agreement; provided that (i) the Borrower shall not be required to indemnify any Indemnified Parties for claims arising from the gross negligence or intentional or willful misconduct of such Indemnified Parties; and (ii) the foregoing indemnity shall not relate to the condition or use of the Property or the undertaking and completion of the Project if and to the extent that such condition, use, undertaking and completion are introduced or performed with respect to the Property after the date the Lender or any third-party purchaser acquires title to the Property as a result of foreclosure or deed in lieu of foreclosure (any such date being hereinafter referred to as “Transfer Date”), except that the Borrower shall bear the burden of proof that such introduction or performance: (a) occurred subsequent to the Transfer Date; (b) did not occur as a result of any action of the Borrower, and (c) with respect to any Hazardous Substances, did not occur as a result of continuing migration or release of any Hazardous Substances introduced prior to the Transfer Date, but exclusively during Borrower’s period of ownership or leasehold ownership of the Property, in, on, under or near the Property. “Hazardous Substances” shall mean asbestos, polychlorinated biphenyls, mold, radon, petroleum products and any other hazardous or toxic waste, substance or constituent.

Claims included in this indemnification include, without limitation, any claims asserted pursuant to the Minnesota Environmental Response and Liability Act (MERLA), Minnesota Statutes, Chapter 115B, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) as amended, United States Code, title 42, Sections 9601 et. seq., and the Federal Resource Conservation and Recovery Act of 1976 (RCRA) as amended, United States Code, title 42, Sections 6901 et. seq. This indemnification shall not be construed as a waiver on the part of either the Lender or the Council of any immunities or limits on liability provided by Minnesota Statutes, Chapter 466 or other applicable State or Federal law.

8. **Representations and Warranties.** Borrower represents, warrants, and covenants

to Lender that:

(a) Borrower is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Minnesota.

(b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the Borrower and no other proceedings on the part of Borrower are necessary to authorize its officers to perform this Agreement and the transactions contemplated hereby.

(c) The execution and performance of this Agreement by Borrower does not violate or result in a breach of or constitute a default under any judgment, order or decree to which Borrower may be subject, nor does such execution or performance constitute a violation of or conflict with any duty to which Borrower is subject or any provision of Borrower's operating agreement or any agreement or instrument to which Borrower is a party or by which Borrower is bound.

(d) That it shall keep and maintain books, records, and other documents regarding the receipt and disbursement of Loan proceeds and that any duly authorized representative of Lender shall have, at all reasonable times and after two (2) days advanced notice, access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of Borrower respecting the Loan until the final settlement and conclusion of all issues arising out of the Loan.

(e) That it has complied with all applicable state and federal laws pertaining to its business and will continue said compliance throughout the terms of this of this Agreement. If at any time Borrower receives notice of noncompliance from any governmental entity, Borrower agrees to take any necessary action to comply with the state or federal law in question.

(f) That it will use the proceeds of the Loan made by Lender solely for the TBRA Grant Activities.

The representations and warranties made in this Agreement shall survive the closing of the transactions contemplated herein.

9. **Event of Default by Borrower.** The following shall be Events of Default under the Agreement:

(a) Any breach or failure of Borrower to perform any material term or condition of the Loan Documents and such failure shall continue for thirty (30) days after Borrower has received written notice from Lender specifying such default or breach unless Lender shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lender will not unreasonably withhold its consent to an extension of up to ninety (90) days if corrective action is instituted by Borrower within the applicable period and is being diligently pursued until the default or breach is corrected.

(b) Any material representation, warranty or covenant made by Borrower herein or in any document, instrument, or certificate given in connection with this Agreement shall be false

when made.

(c) Borrower shall be dissolved, liquidated, or wound up, or shall fail to maintain its existence as a going concern in good standing (excepting reorganizations, consolidations, and/or mergers into or with affiliates owned by, owning, or under common control of or with such entity or into the parent of such entity, providing the succeeding organization assumes and accepts such entity's obligations under the Agreement).

(d) Borrower abandons the Project or delays or ceases work thereon for a period of thirty (30) consecutive days, or delays construction or suffers construction to be delayed for any period of time for any reason whatsoever so that completion of the Improvements cannot be accomplished in the judgment of Lender on or before the Completion Date. If, however, Unavoidable Delays are the cause of the delay, then the parties shall extend the Completion Date for a reasonable period of time.

Wells Fargo Affordable Housing Community Development Corporation, the investor member of the Borrower ("Investor Member") shall have the right, but not the obligation, to cure any Event of Default by Borrower under this Agreement or any default under any of the Loan Documents, and Lender shall accept performance by Investor Member of any obligation of Borrower thereunder as though tendered by Borrower itself, provided such performance by Investor Member has occurred during the applicable cure period, if any, provided to Borrower thereunder with respect to such default or Event of Default.

Upon the occurrence of any event that would become an Event of Default hereunder if not cured within any applicable cure period set forth herein, Borrower agrees to promptly provide written notice to Lender describing such event and Borrower's plan for curing the same.

10. **Lender's Remedies upon Borrower's Default.** Upon an Event of Default by Borrower beyond any applicable notice or cure period provided for herein, and to the extent no cure period is provided herein, thirty (30) days after written notification is received by Borrower, Lender shall have the right to exercise any or all of the following remedies (and any other rights and remedies available to it):

(a) Declare the principal amount of the Loan and any accrued and unpaid interest thereon to be immediately due and payable.

(b) Suspend its performance under this Agreement.

(c) Take any action provided for at law or in equity deemed necessary or desirable by Lender to enforce compliance by Borrower with the terms of the Loan Documents.

11. **Lender's Costs of Enforcement of Agreement.** If an Event of Default has occurred and continued beyond any applicable notice or cure period as provided herein, then upon demand by Lender, Borrower will pay or reimburse Lender for all reasonable expenses, including attorney fees, incurred by Lender in connection with the enforcement of this Agreement, or in connection with the protection or enforcement of the interests of Lender in any litigation or

bankruptcy or insolvency proceeding or in any action or proceeding relating in any way to the transactions contemplated by this Agreement.

12. **Additional Covenants Relating to Project.** At all times during the term during the term of this Agreement, the Project shall also be operated in compliance with the following additional restrictions and conditions:

(a) Borrower agrees that it will maintain the Project in such a manner as to be in continuing compliance with the Lender's rental dwelling licensing ordinance. If at any time the Project is in material violation of the Lender's rental dwelling licensing ordinance, Lender may require that such violation or condition be remedied by repairing or replacing a portion of the Project. If a dispute should arise between Borrower and Lender regarding whether any such violation exists and/or the manner by which such violation or condition should be remedied, Borrower shall, at Borrower's expense, retain an independent engineer or other independent person or firm knowledgeable in construction or property maintenance as deemed appropriate by Lender, selected by Borrower and reasonably acceptable to Lender, to determine what maintenance or capital improvements are required, if any, for the Project to comply with the provisions of this paragraph and whether those improvements should be made by repairing or replacing portions of the Project, taking into account the nature of the condition or violation and life of the particular component of the Project in question. If any such improvements are required in the report of the independent engineer or other independent person or firm, Borrower shall make or cause such improvements to be made in a timely manner and pursuant to such report, which in no event shall be longer than six (6) months from the date of such report.

(b) Borrower agrees, through written instruments or otherwise, the Project shall remain affordable for a period that is the later of (i) not less than fifteen (15) years after the Completion Date, or (ii) the time that the Loan is outstanding. For the purposes of this Section 12(b), affordable shall mean 100% of the units will be available to tenants whose income does not exceed 60% of area median income, adjusted for household size, as published by the Minnesota Housing Finance Agency and/or HUD.

(c) Borrower agrees, through written instruments or otherwise, that the Project units will be made available to households participating in the federal Housing Choice Voucher program for a period that is the later of, (i) not less than fifteen (15) years after the Completion Date, or (ii) the time that the Loan is outstanding. Borrower further agrees not to refuse to lease a unit to, or discriminate against, a prospective resident based solely because the prospective resident is the holder of a Housing Choice Voucher.

13. **Insurance.**

(a) **Liability Insurance.** Borrower agrees, at its sole cost and expense, to obtain and keep in force during the term of this Agreement, commercial general liability insurance covering any injury caused by act or omission on the part of the Borrower, its officers, agents, and employees in performance of or with relation to any of the work or services performed or furnished by the Borrower under the terms of this Agreement, in the amount of at least \$1,000,000 per claim and \$2,000,000 in aggregate.

(b) Excess Liability Insurance. Borrower agrees, at its sole cost and expense, to obtain and keep in force during the term of this Agreement, umbrella or excess liability coverage, providing additional coverage beyond the limits of the commercial general liability insurance coverage set forth above, in the amount of at least \$1,000,000 policy aggregate.

Borrower shall furnish certificates of insurance evidencing compliance with this section, which certificates shall become part of this Agreement. Each insurance policy will contain a provision requiring that Lender receive thirty (30) days' notice of cancellation of the policy.

14. **Administrative Requirements.**

(a) Accounting Standards. Borrower agrees to maintain the necessary source documentation and enforce sufficient internal controls as dictated by generally accepted accounting practices to properly account for expenses incurred under this Loan Agreement.

(b) Records and Reporting. Borrower shall retain all records pertinent to expenditures incurred under this Agreement until conclusion of (i) six (6) years after the Borrower has completed the Project, or (ii) six (6) years after the Borrower has expended all proceeds of the Loan, whichever occurs earlier, or (iii) six (6) years after the resolution of all audit findings. Records for nonexpendable property acquired with funds under this Loan Agreement shall be retained for six (6) years after final disposition of such property. Borrower shall timely provide Lender with all information and reports Lender reasonably requests for Lender's reporting requirement to the Council.

15. **Personnel and Participant Conditions.**

(a) Equal Employment Opportunity. Borrower agrees that during the term of this Loan Agreement, Borrower will comply with the applicable federal, state and local laws, rules and regulations regarding equal employment opportunities.

(b) Affirmative Action. Borrower shall develop an affirmative action plan for any employees of Borrower, if applicable, and shall furnish all information and reports required hereunder to permit access to the Borrower's books after giving Borrower after two (2) days advanced notice. The Borrower shall, in all solicitations or advertisements for employees of the Borrower, state that it is an equal opportunity or affirmative action employer.

(c) Contractors and Subcontractors. Borrower shall require that all contractors and subcontracts related to the Project require compliance with all applicable state and federal laws and require contractors and subcontractors to comply with all applicable state and federal Occupational Safety and Health Act regulations.

(d) Fair Housing Policy. Lender shall have adopted and submitted a Fair Housing Policy to the Council.

(e) Affirmative Fair Housing Marketing Plan. Borrower shall have provided Lender

with a copy of its Affirmative Fair Housing Marketing Plan.

16. **Miscellaneous.**

(a) **Waiver.** The performance or observance of any promise or condition set forth in this Agreement may be waived only in writing. No delay in the exercise of any power, right or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right or remedy.

(b) **Assignment.** This Agreement shall be binding upon, and shall inure to the benefit of, the parties and their respective successors and assigns. All rights and powers specifically conferred upon Lender may be transferred or delegated by Lender to any of its successors and assigns. Borrower shall not assign or transfer any interest in this Agreement (whether by assignment or novation) without the prior written consent of the Lender; provided, however, that claims for money due or to become due to the Borrower from the Lender under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the Lender.

(c) **Law Governing; Other Matters.** This Agreement shall be governed by the substantive laws of the State of Minnesota. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery, and performance of this Agreement and the creation and payment of any indebtedness to Lender. Borrower waives notice of acceptance of this Agreement by Lender.

(d) **Notice.** All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To Borrower: Roseville Edison II, LLC
366 South Tenth Avenue
Waite Park, MN 56387
Attention: President

With Copy To: Wells Fargo Affordable Housing
Community Development Corporation
MAC D1053-170
301 South College Street, 17th Floor
Charlotte, NC 28288
Attention: Director of Asset Management

With Copy To: Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102

Attention: Robert D. Coon, Esq.

To Lender: Roseville Economic Development Authority
2660 Civic Center Drive
Roseville, MN 55113
Attention: Executive Director

(e) Recitals. The recitals and prefatory paragraphs are hereby incorporated into the body of this Agreement as if they were fully set forth herein and all terms defined therein shall have the same meaning herein.

(f) Closing Costs. All costs of closing shall be paid by Borrower.

(g) Independent Contractor. Nothing contained in this Loan Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. Borrower shall at all times remain an independent contractor with respect to the services to be performed under this Loan. The Lender shall be exempt from payment of all unemployment compensation, FICA, retirement, life and/or medical insurance and workers' compensation insurance as the Borrower is an independent contractor.

(h) Copyright. If this Loan Agreement results in any copyrightable material, the Lender and/or the Council shall have the right to royalty-free, nonexclusive and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, the work for government purposes.

(i) Religious Organization. The Borrower agrees that funds provided under this Agreement will not be utilized for religious activities, to promote religious interests, or for the benefit of a religious organization.

(j) Counterparts. This Agreement may be executed manually or electronically in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

(k) Acknowledgements. The Borrower shall acknowledge the financial assistance provided by the Lender and Council in promotional materials, press releases, reports and publications relating to the Project it participates in. Until the Project is completed, Lender and Council shall be named on all signs located at Project or construction sites that identify Project funding partners or entities providing financial support for the project.

(l) Non-Recourse. Neither the Borrower, nor any member, partner, officer, director, shareholder, employee or agent of the Borrower shall have any personal liability for Borrower's obligations hereunder or under the Note or Mortgage. It being recognized by the Lender that the obligations of Borrower hereunder and such other documents are nonrecourse obligations and that the remedies of the Lender are limited to the security provided hereunder.

17. Tax Credit Requirements. Notwithstanding any provision in the Mortgage or

other documents evidencing the Loan, Lender acknowledges that the Loan and the Mortgage are subordinate to the requirements of Section 42(h)(6)(E) of the Internal Revenue Code of 1986, as amended (“Code”) pertaining to limitations on eviction of tenants and increases in rent for the three-year period following foreclosure. Lender represents that, to the best of its knowledge, the Loan has not and will not be funded or subsidized, in whole or in part, directly or indirectly, by the proceeds of any obligation the interest on which is exempt from taxes under Code Section 103.

[The remainder of this page has been left blank intentionally.]

[Signature pages to follow]

IN WITNESS WHEREOF, the Agreement has been duly executed and delivered as of the date first above written.

BORROWER

ROSEVILLE EDISON II, LLC,
a Minnesota limited liability company

By: Roseville Housing Group II, LLC,
a Minnesota limited liability company

Its: Manager

By: _____
Name: Jamie J. Thelen
Title: Secretary/Treasurer

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____ 2021, by Jamie J. Thelen, the Secretary/Treasurer of Roseville Housing Group II, LLC, a Minnesota limited liability company, the Manager of Roseville Edison II, LLC, a Minnesota limited liability company, on behalf of said company.

Notary Public

IN WITNESS WHEREOF, the Agreement has been duly executed and delivered as of the date first above written.

LENDER

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 _____ 2021, by Dan Roe and Patrick Trudgeon, the President and Executive Director, respectively, 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

Exhibit A
Property

[_____]

Exhibit B
TBRA Grant Agreement
(Attached)

**UNITED STATES OF AMERICA
STATE OF MINNESOTA**

**ROSEVILLE EDISON II, LLC
NOTE OF [_____], 2021
(EDISON II APARTMENT PROJECT)**

PRINCIPAL AMOUNT: \$633,000.00

INTEREST RATE: 0.0%

Roseville Edison II, LLC (“Borrower”), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay to the Roseville Economic Development Authority (“Authority”), in the manner, at the times, and to the extent hereinafter provided, the principal amount stated above, from the date hereof, at the rate per annum stated above or at the “Default Rate” as provided below.

After repayment in full of the Senior Note (defined below), Borrower shall have the right of prepayment either in full or in partial payments, which right shall be without penalty.

This Note is issued pursuant to the provisions of that certain Loan Agreement Regarding Metropolitan Council Grant of even date herewith, as the same may be amended from time to time (“Agreement”), by and between the Borrower and the Authority.

The amount due under this Note shall be payable on December 31, 2063 at the offices of the Authority, 2660 Civic Center Drive, Roseville, Minnesota 55113. Upon the occurrence of any of the Events of Default as described in the Agreement (each an “Event of Default”), the principal amount outstanding hereunder shall bear interest at the rate of five percent (5.0%) per annum accruing daily (“Default Rate”). Upon the occurrence and continuance of an Event of Default beyond any applicable notice and cure period, the Authority may call the remaining principal amount of the Note immediately due and payable, and, subject to the terms of the Subordination Agreement (defined below), the Borrower shall at the time pay, by check or wire transfer to the Authority, such balance then outstanding together with any interest accrued thereon. In the event of default in payment of this Note, and if the same is submitted for collection by the Authority, its successors or assigns, the undersigned hereby agrees to pay all costs of collection, including reasonable attorney’s fees.

Neither Borrower, nor any member, partner, officer, director, employee or agent of Borrower, shall have any personal liability for the payment of any sums due under this Note or in the performance of any obligations of Borrower hereunder or in the Agreement. In any action to realize upon any security furnished under any instrument now or hereafter securing the indebtedness evidenced by this Note or to collect any amounts payable hereunder, neither Borrower nor any member, partner, officer, director, shareholder, employee or agent of Borrower shall have any personal liability for the repayment of this Note and no judgment for the repayment of this Note or interest thereon or any other sums due under this Note or for damages for failure to perform any obligations owed to Borrower hereunder will be enforced against Borrower personally or against any property of Borrower other than the security furnished under the mortgage.

The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of the indebtedness evidenced by certain promissory note (“Senior Note”) of even date herewith in the original aggregate principal amount of [\$14,672,442] issued by Borrower and payable to Wells Fargo Bank, National Association, a national banking association. (“Senior Lender”), or order, to the extent and in the manner provided in that certain Master Subordination Agreement and Estoppel Certificate of even date herewith among the Authority, Roseville Housing Group II, LLC, the Borrower, and the Senior Lender (the “Subordination Agreement”). The mortgage securing this Note is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Construction Leasehold Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Financing Statement of even date herewith securing the Senior Note as more fully set forth in the Subordination Agreement. The rights and remedies of the payee and each subsequent holder of this Note under the mortgage securing this Note are subject to the restrictions and limitations set forth in the Subordination Agreement. Each subsequent holder of this Note shall be deemed, by virtue of such holder’s acquisition of the Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by Authority under the Subordination Agreement.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution of the laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law.

IN WITNESS WHEREOF, Roseville Edison II, LLC has caused this Note to be executed and issued on and dated as of [_____], 2021.

ROSEVILLE EDISON II, LLC,
a Minnesota limited liability company

By: Roseville Housing Group II, LLC,
a Minnesota limited liability company

Its: Manager

By: _____
Name: Jamie J. Thelen
Title: Secretary/Treasurer

THIS MORTGAGE IS EXEMPT FROM MORTGAGE REGISTRATION TAX IMPOSED BY MINNESOTA STATUTES §287.035, PURSUANT TO MINNESOTA STATUTES §287.04, BECAUSE THE PRINCIPAL AMOUNT OF THE ORIGINAL MORTGAGE LOAN REFERRED TO HEREIN IS MADE UNDER A LOW AND MODERATE INCOME OR OTHER AFFORDABLE HOUSING PROGRAM.

**LEASEHOLD MORTGAGE, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT, AND FIXTURE FINANCING STATEMENT**

THIS LEASEHOLD MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FINANCING STATEMENT (“Mortgage”) is made as of [_____], 2021, by ROSEVILLE EDISON II, LLC, a Minnesota limited liability company (“Mortgagor”), having its principal office at 366 South Tenth Avenue in Waite Park, Minnesota 56387, in favor of ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and political subdivision of the State of Minnesota (“Mortgagee”), having its principal office at 2660 Civic Center Drive in Roseville, Minnesota 55113.

RECITALS

A. Mortgagee has lent, or agreed to lend, to Mortgagor the principal sum of up to Six Hundred Thirty-Three Thousand and No/100 Dollars (\$633,000.00) (“Loan”) as provided under a Loan Agreement Regarding Metropolitan Council Grant of even date herewith, between Mortgagor and Mortgagee (“Agreement”, which term shall include any amendment, modification, supplement, extension, renewal, replacement or restatement thereof). The Agreement, this Mortgage and the Note (collectively, “Loan Documents”), are hereby incorporated herein by reference, and, as any of the same may be amended, modified, supplemented, extended, renewed, replaced or restated, are sometimes collectively referred to as the Loan Documents.

B. The obligations secured by this Mortgage (“Obligations”) are prompt payment and/or performance of the following:

- (i) the principal amount of \$633,000 or so much thereof as may be advanced by Mortgagee pursuant to the Agreement; and

(ii) all other amounts payable by Mortgagor and all other agreements of Mortgagor under the Loan Documents as the same now exist or may hereafter be amended.

C. The Obligations shall mature on December 31, 2063 (“Maturity Date”).

D. The maximum principal Loan is \$633,000 plus amounts which may be advanced by Mortgagee in protection of the Mortgaged Property or this Mortgage.

NOW THEREFORE, Mortgagor, in consideration of the foregoing Recitals, which are hereby incorporated herein by reference and which are true and correct on the date hereof, and of Mortgagee making the Loan, and to secure the Loan and payment and performance of the Obligations, hereby grants, bargains, sells, conveys and mortgages to Mortgagee, its successors and assigns, forever, with power of sale, and grants to Mortgagee, its successors and assigns, a security interest in, the following, all of which is called the “Mortgaged Property”.

A. LAND AND IMPROVEMENTS

The leasehold interest in the land described in Exhibit A attached hereto and all mineral rights, hereditaments, easements and appurtenances thereto (collectively the “Land”), and all improvements and structures now or hereafter located thereon (“Improvements”); and

B. FIXTURES AND PERSONAL PROPERTY

All fixtures (“Fixtures”) and all machinery, equipment and personal property (collectively “Personal Property”) now or hereafter located on, in or under the Land and the Improvements, or usable in connection with the Land or the Improvements, and which are owned by Mortgagor or in which Mortgagor has an interest, including any construction and building materials stored on and/or to be included in the Improvements, plus any repairs, replacements and betterments to or of any of the foregoing and the proceeds and products thereof; and

C. GENERAL INTANGIBLES

All general intangibles and payment intangibles of Mortgagor which relate to any of the Land, the Improvements, the Fixtures, the Personal Property, including proceeds of insurance and condemnation or conveyance of the Land and the Improvements, accounts, trade names, contract rights, accounts receivable and bank accounts; and

D. OTHER PROPERTY

All feasibility studies, soil tests, environmental reports, engineering reports, architect’s, engineer’s and construction contracts, licenses, permits, certificates and documents relating to the Land, the Improvements, the Fixtures and the Personal Property.

E. AFTER ACQUIRED PROPERTY AND PROCEEDS

All after acquired property similar to the property herein described and conveyed which may be subsequently acquired by Mortgagor and used in connection with the Land, the Improvements, the Fixtures, the Personal Property and other property, and all cash and non-cash proceeds and products of all of the foregoing property.

TO HAVE AND TO HOLD the same, and all estate therein, together with all the rights, privileges and appurtenances thereunto belonging, to the use and benefit of Mortgagee, its successors and assigns, forever.

PROVIDED NEVERTHELESS, should Mortgagor pay and perform all the Obligations, then these presents will be of no further force and effect, and this Mortgage shall be satisfied by Mortgagee, at the expense of Mortgagor.

This Mortgage constitutes an absolute, irrevocable, currently effective assignment of rents and profits within the meaning of Minnesota Statutes, Sections 559.17 and 576.01, and is intended to comply fully with the provisions thereof, and to afford Mortgagee, to the fullest extent allowed by law, the rights and remedies of a mortgage lender or secured lender pursuant thereto; provided, however, that, prior to the occurrence of an Event of Default, Mortgagor shall have a conditional license and opportunity to collect all such rents and profits and to use the same for payment of all sums which Mortgagor is required to pay by the terms hereof and the Obligations, before using the same for any other purpose.

This Mortgage also constitutes a security agreement within the meaning of the Uniform Commercial Code as in effect in the State of Minnesota ("UCC"), with respect to all property described herein as to which a security interest may be granted and/or perfected pursuant to the UCC, and is intended to afford Mortgagee, to the fullest extent allowed by law, the rights and remedies of a secured party under the UCC.

MORTGAGOR FURTHER agrees as follows:

**ARTICLE I.
GENERAL COVENANTS, AGREEMENTS, WARRANTIES**

1.1 **OBSERVANCE OF COVENANTS.** Mortgagor shall duly and punctually perform and observe all of the covenants, agreements and provisions contained herein. Mortgagor shall pay the outstanding principal balance of the Loan plus accrued interest thereon, if any, and any other amounts due under the Note in accordance with the terms of the Note.

1.2 **MAINTENANCE; REPAIRS.** Mortgagor shall keep and maintain the Mortgaged Property in good condition, subject to ordinary wear and tear, free from any waste or misuse, and will comply with all requirements of law, municipal ordinances and regulations, restrictions and covenants affecting the Mortgaged Property and its use.

1.3 PAYMENT OF TAXES AND ASSESSMENTS. Mortgagor shall, before any penalty attaches thereto, pay or cause to be paid all taxes, assessments and levies of every nature heretofore or hereafter assessed against the Mortgaged Property and upon demand will furnish receipted bills evidencing such payment.

Nothing in this Section 1.3 shall require the payment or discharge of any obligations imposed upon Mortgagor by this Section so long as Mortgagor shall diligently and in good faith and at their own expense contest the same or the validity thereof by appropriate legal proceeding which shall operate to prevent the collection thereof or other realization thereon and the sale or forfeiture of the Mortgaged Property or any part thereof to satisfy the same; provided, however, that during such contest Mortgagor shall provide security assuring the discharge of Mortgagor's obligation under this Section and of any additional charge, penalty or expense arising from or incurred as a result of such contest; and provided further, however, that if at any time payment of any obligation imposed upon Mortgagor by this Section shall become necessary to prevent the delivery of a tax deed conveying the Land or any portion thereof because of nonpayment, then Mortgagor shall pay the same in sufficient time to prevent the delivery of such tax deed.

1.4 LIENS. Except for liens and encumbrances, if any, listed on Exhibit B attached hereto ("Permitted Encumbrances"), Mortgagor will keep the Mortgaged Property free from all liens (other than the liens hereof and liens for taxes, assessments not yet due and payable) and encumbrances of every nature whatsoever, including without limitation secondary or subsequent mortgage liens, heretofore or hereafter arising, Mortgagor will pay and procure the release of any such lien or encumbrances.

Nothing in this Section 1.4 shall require the payment or discharge of any obligations imposed upon Mortgagor by this Section so long as Mortgagor shall diligently and in good faith and at its own expense contest the same or the validity thereof by appropriate legal proceeding which shall operate to prevent the collection thereof or other realization thereon and the sale or forfeiture of the Mortgaged Property or any part thereof to satisfy the same; provided, however, that during such contest Mortgagor shall, at the reasonable request of Mortgagee, provide security satisfactory to the Mortgagee, assuring the discharge of Mortgagor's obligation under this Section and of any additional charge, penalty or expense arising from or incurred as a result of such contest; and provided further, however, that if at any time payment of any obligation imposed upon Mortgagor by this Section shall become necessary to prevent the delivery of a tax deed conveying the Land or any portion thereof because of nonpayment, or any other forfeiture or involuntary transfer of Mortgagor's interest in any of the Mortgaged Property, then Mortgagor shall pay the same in sufficient time to prevent the delivery of such tax deed, forfeiture or involuntary transfer.

1.5 COMPLIANCE WITH LAW. Mortgagor will promptly comply with all present and future laws, ordinances, rules and regulations of any governmental authority affecting the Mortgaged Property unless the same is being diligently contested by Mortgagor in good faith and by proper proceedings.

1.6 **RIGHT OF MORTGAGEE TO ENTER.** Mortgagor will permit Mortgagee and its agents to enter, and to authorize others to enter, upon any or all of the Land, at any time and from time to time after two (2) days advanced notice (except in the case of an emergency, as determined by the Mortgagee in its reasonable discretion, in which case no notice shall be required), during normal business hours, to inspect the Mortgaged Property, to perform or observe any covenants, conditions or terms hereunder which Mortgagor shall fail to perform, meet or comply with, or for any other purpose in connection with the protection or preservation of Mortgagee's security, without thereby becoming liable to Mortgagor or any person in possession under the Mortgage.

1.7 **RIGHT OF THE MORTGAGEE TO PERFORM.** If Mortgagor fails to pay all and singular any taxes, assessments, levies or other similar charges or encumbrances heretofore or hereafter assessed against the Mortgaged Property or fails to obtain the release of any lien or encumbrance (other than a Permitted Encumbrance) of any nature heretofore or hereafter arising upon the Mortgaged Property or fails to perform any other covenants and agreements contained in this Mortgage or if any action or proceeding is commenced which adversely affects or questions the title to or possession of the Mortgaged Property or the interest of Mortgagor or Mortgagee therein, then the Mortgagee, at the Mortgagee's option, without notice to Mortgagor, may perform such covenants and agreements, investigate and defend against such action or proceeding, and take such other action as the Mortgagee deems necessary to protect the Mortgagee's interest.

1.8 **FURTHER ASSURANCES.** At any time and from time to time, upon request, Mortgagor will make, execute and deliver or cause to be made, executed and delivered, any and all other further instruments, certificates and other documents as may, in the reasonable opinion of Mortgagee, be necessary or desirable in order to effectuate, complete or perfect, or to continue and preserve, the obligations of Mortgagor hereunder and under the Note and the Mortgage and security interest granted by this Mortgage.

1.9 **EXPENSES.** Mortgagor will pay for all reasonable attorney's fees, costs and expenses incurred by Mortgagee in any legal proceeding or dispute of any kind in which Mortgagee is made a part, or appears as party plaintiff or defendant, affecting the Loan, hereby, this Mortgage, the interest created herein or the Mortgaged Property, including but not limited to the exercise of the power of sale set forth in this Mortgage, any condemnation action involving the Mortgaged Property or any action to protect the security.

1.10 **SUBORDINATION TO FUTURE INDEBTEDNESS.** Mortgagee expressly agrees that its rights under the Mortgage shall be subordinate to the refinancing of any loan which is secured by a mortgage identified as a Permitted Encumbrance, and the Loan shall not be required to be repaid upon a refinancing by a loan which is secured by a mortgage identified as a Permitted Encumbrance, and agrees

to execute a separate subordination agreement at the time of any such refinancing evidencing such subordination. Mortgagee expressly agrees that the sale of the Mortgaged Property to an entity affiliated with the Manager (provided, however, that the affiliate of the Manager (“New Mortgagor”) shall satisfy all underwriting requirements of Mortgagee and Mortgagor shall be required to cause the New Mortgagor to comply with all requirements of Mortgagee with respect to the assignment and transfer of the Loan and the Loan Documents and all obligations thereunder to the New Mortgagor) will not accelerate the Maturity Date. For purposes of clarification, the repayment of the construction loan in favor of Wells Fargo Bank, National Association (“Wells Fargo”) and the closing of the permanent loan in favor of the Minnesota Housing Finance Agency, shall not be deemed a refinance. Recording of this Mortgage will evidence Mortgagee’s acceptance of this provision and the rights and remedies of the Mortgagee shall be subject to the restrictions and limitations set forth in the Master Subordination Agreement and Estoppel Certificate of even date herewith among the Mortgagee, Roseville Housing Group II, LLC, Mortgagor, and Wells Fargo.

1.11 **DUE ON SALE OR MORTGAGING, ETC.** In the event that Mortgagor shall voluntarily or involuntarily cause, suffer or permit (i) any sale, conveyance or transfer of legal or equitable title in the Mortgaged Property, except for the sale of the Mortgaged Property as permitted herein or in the Loan Documents; or (ii) any mortgage, pledge, encumbrance or lien to be imposed or remain outstanding on the Mortgaged Property or the granting of any security interest therein, except as specifically set forth in this Mortgage or any other Loan Document granted in connection with the Note and this Mortgage, without the written consent of Mortgagee being first obtained, then at the sole option of Mortgagee, Mortgagee may declare the entire amount of unpaid principal and accrued interest due on the Note and payable in full and call for payment of the same in full at once.

ARTICLE II. INSURANCE, CONDEMNATION AND USE OF PROCEEDS

2.1 **INSURANCE.** Until the Loan has been paid in full, Mortgagor shall keep any buildings, structures, fixtures and other improvements now existing or hereafter erected on the Land insured against loss by fire, vandalism, and malicious mischief, perils of extended coverage, and such other hazards, casualties and contingencies, in an amount not less than the greater of (i) the full replacement cost thereof and (ii) the full insurable value thereof, which in no event shall be less than the amount of Loan, and naming the Mortgagee as a loss payee. Mortgagee’s rights under this Section 2.1 shall be limited by the rights of senior lenders to Mortgagor.

2.2 **CONDEMNATION.** Mortgagor shall give immediate written notice of the actual or threatened commencement of any proceedings under condemnation or eminent domain affecting all or any part of the Mortgaged Property or any easement therein or appurtenance thereof subject to the Permitted Encumbrances, if all or any

part of the Mortgaged Property is damaged, taken or acquired, either temporarily or permanently, in any condemnation proceeding, or by exercise of the right of eminent domain, the amount of any award or other payment for such taking, acquisition or damages made in consideration thereof, to the extent of the full amount of the remaining unpaid indebtedness secured by this instrument, is hereby assigned to Mortgagee, who is empowered to collect and receive the same and to give proper receipts therefore in the name of Mortgagor and the same shall be paid forthwith to Mortgagee, to be applied to the Loan. Mortgagee's rights under this Section 2.2 shall be limited by the rights of senior lenders to Mortgagor.

2.3 **RESTORATION**. Notwithstanding Sections 2.1 or 2.2 of this Mortgage, Mortgagee shall not exercise Mortgagee's option to apply insurance or condemnation proceeds to the payment of the Loan but shall make such proceeds available for the restoration and repair of the Mortgaged Property if all of the following conditions are met: (i) Mortgagor is not in breach or default of any provision of this Mortgage or the Note, or Mortgagor's breach or default has been cured with the applicable cure period, and (ii) Mortgagee determines that there will be sufficient funds, through insurance or condemnation proceeds and contributions by Mortgagor, to restore and repair the Mortgaged Property to a condition as close as reasonably possible to what previously existed, due consideration given to any portion of the Mortgaged Property taken through eminent domain or condemnation.

ARTICLE III. EVENT OF DEFAULT; REMEDIES

3.0 **EVENT OF DEFAULT**. "Event of Default" under this Mortgage shall have the meaning assigned to such term in the Agreement.

3.1 **REMEDIES**. Subject to the rights of any senior lenders to Mortgagor and to the notice and cure provisions set forth in the Agreement, upon the occurrence of an Event of Default beyond any applicable notice or cure period, Mortgagee may, at its option, exercise any and all of the following rights and remedies (and any other rights and remedies available to it under applicable law or any document related hereto):

(1) Mortgagee may declare immediately due and payable all indebtedness secured by this Mortgage and the same shall thereupon be immediately due and payable without presentment, demand or notice of any kind; or

(2) Proceed to protect and enforce its rights by a suit or suits in equity or at law by a court of competent jurisdiction (i) for the specific performance of any covenant or agreement contained herein or in the Agreement, or (ii) in aid of the execution of any power herein or therein granted, or (iii) for the foreclosure of this Mortgage, or (d) for the enforcement of any other appropriate legal equitable remedy; or

(3) Mortgagee shall be entitled as a matter of right to the immediate appointment of a receiver for the Mortgaged Property by a court of competent jurisdiction, without regard to (i) the then current fair market value of the Mortgaged Property, (ii) whether any waste has occurred on or about the Mortgaged Property, (iii) the solvency or financial condition of Mortgagor, or (iv) any other event, occurrence, condition or factor which may limit or restrict Mortgagee's absolute right to the appointment of such a receiver. The receiver shall collect the rents and all other income of any kind, manage the Mortgaged Property so to prevent waste, execute leases within or beyond the period of receivership, pay all expenses for normal maintenance of the Mortgaged Property, and perform the terms of this Mortgage and apply the rents, issues and profits in the following order to (i) payment of the reasonable fees of said receiver, (ii) application of tenant security deposits as required by Minnesota law, (iii) payment when due of prior or current real estate taxes or special assessments with respect to the Mortgaged Property or, if this Mortgage so requires, to the periodic escrow for the payment thereof, (iv) the payment when due of premiums for insurance of the type required by this Mortgage or, if this Mortgage so requires, to the periodic escrow for the payment thereof; and (v) as further provided in any assignment of rents executed by Mortgagor as further security for the obligations (whether included in this Mortgage or separate instrument), including but not limited to applying the same to the costs and expenses of the receivership, including reasonable attorney's fees, to the repayment of the obligations and to the operation, maintenance, upkeep and repair of the Mortgaged Property, including payment of taxes and payments of premiums of insurance. Mortgagor does hereby irrevocably consent to such appointment; or

(4) Mortgagee may foreclose this Mortgage by action or (to the extent permitted by Minnesota law) advertisement upon written notice thereof to Mortgagor, and Mortgagor hereby authorizes the Mortgagee to do so, power being herein expressly granted to sell the Mortgaged Property at public auction without any prior hearing thereof and to convey the same to the purchaser, in fee simple, pursuant to the statutes of Minnesota in such case made and provided and, out of the proceeds arising from such sale, to pay all Loan with interest, and all legal costs and charges of such foreclosure and the reasonable attorney's fees; or

(5) Take physical possession of the Mortgage Property and of the books, records, documents and accounts relating thereto and exercise, without interference from Mortgagor any and all rights which Mortgagor has with respect to the Mortgage Property, including, without limitation, the right at Mortgagor's expense to rent and lease the same, to hire a professional property manager for the Mortgage Property, and to apply any rents, royalties, income or profits collected to the reduction of the indebtedness secured by this

Mortgage without in any way curing or waiving any default. If necessary, to obtain possession as provided for above, Mortgagee may, without exposure to liability from Mortgagor or other persons, invoke any and all legal remedies permitted hereunder and/or permitted by law, to dispossess Mortgagor, including, without limitation, one or more actions of forcible entry and detainer, trespass and restitution. In connection with any action taken by Mortgagee pursuant to this subparagraph (5), Mortgagee shall not be liable for any loss sustained by Mortgagor resulting from any act or omission of Mortgagee in managing the Mortgage Property unless caused by the willful misconduct or gross negligence of Mortgagee. Mortgagor hereby agrees to indemnify, hold harmless and defend Mortgagee from and against any liability, loss or damage incurred by Mortgagee as a result of Mortgagee's exercise of rights or remedies under this Mortgage or the Agreement except for Mortgagee's willful misconduct or gross negligence. Should Mortgagee incur any such liability, the amount thereof shall be secured hereby, and Mortgagor shall reimburse Mortgagee immediately upon demand, and said amount shall bear interest at the rate specified in the Note until repaid; or

(6) Mortgagee may exercise any of the remedies made available to a secured party under the Uniform Commercial Code in effect in the State of Minnesota, or other applicable law, with respect to any of the Mortgaged Property which constitutes personal property, including without limitation the right to take possession thereof, proceeding without judicial process or by judicial process (without a prior hearing or notice thereof, which Mortgagor hereby waives), and the right to sell, lease or otherwise dispose of or use any or all of such personal property. Mortgagee may require Mortgagor to assemble such personal property and make it available to Mortgagee at a place designated by Mortgagee which is reasonably convenient to both Mortgagor and Mortgagee. If notice to Mortgagor of any intended disposition of any of the Mortgaged Property constituting personal property or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given at least thirty (30) calendar days prior to the date of intended disposition or other action; and

(7) Exercise any and all remedies available to Mortgagee under the Agreement and any and all rights under the laws of the State of Minnesota, whether or not herein specified.

In the event of a sale under this Mortgage, any proceeds following a foreclosure remaining after payment of all outstanding loans to Mortgagor shall be returned to Mortgagor.

The exercise of any right or remedy with respect to any part of the Mortgaged Property shall not affect the availability of any other of Mortgagee's rights and remedies under other applicable law or this Mortgage. All expenses (including any receivers' fees, reasonable attorneys' fees, costs and agents' compensation) incurred by Mortgagee pursuant to the powers herein

contained shall be secured hereby and shall bear interest from the date incurred at the rate provided in the Note until paid by Mortgagor.

Wells Fargo Affordable Housing Community Development Corporation, the investor member of Mortgagor (“Investor Member”), shall have the right, but not the obligation, to cure any Event of Default by Mortgagor under this Mortgage or any default under the Note, and Mortgagee shall accept performance by Investor Member of any obligation of Mortgagor thereunder as though tendered by Mortgagor itself, provided such performance by Investor Member has occurred during the applicable cure period, if any, provided to Mortgagor thereunder with respect to such default or Event of Default.

Upon the occurrence of any event that would become an Event of Default hereunder if not cured within any applicable cure period set forth herein, Mortgagor agrees to promptly provide written notice to Mortgagee describing such event and Mortgagor’s plan for curing the same.

3.2 PURCHASE OF MORTGAGED PROPERTY. In case of any sale of the Mortgaged Property pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Mortgage, Mortgagee, its successors and assigns, may become the purchaser, and for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Note and any claims for interest, late charges and prepayment premiums matured and unpaid thereon, together with any other Loan, if any, in order that there may be credited as paid on the purchase price the sum, or any part thereof, then due, under the Note, including principal thereof and interest, late charges and prepayment premiums, if any, thereon, and any other Loan.

ARTICLE IV. ASSIGNMENT OF RENTS

4.1 ASSIGNMENT. As security in addition to the lien of this Mortgage upon the Mortgaged Property, Mortgagor hereby grants, transfers and assigns to Mortgagee all of the right, title and interest of Mortgagor in and to all leases (“Leases”) and all rents, income, profits, revenues, royalties, bonuses, rights, accounts, contract rights, general intangibles and benefits (all of which are sometimes hereinafter referred to as “Rents”), now or hereafter accruing or owing by reason of a Lease of any or all of the Mortgaged Property (collectively, this “Assignment”). Mortgagee’s rights under this Section 4.1 shall be limited by the rights of senior lenders to Mortgagor.

4.2 COVENANTS OF PERFORMANCE. To protect the security of this Assignment, Mortgagor warrants, covenants and agrees:

(1) to faithfully abide by, perform and discharge each and every obligation, covenant and agreement under any Leases to be performed by Mortgagor thereunder; to give prompt written notice to Mortgagee of any notice of default on the part of Mortgagor with respect to any Lease received from a tenant thereunder; to

enforce or secure short of termination of any Lease the performance of each and every obligation, covenant, condition and agreement of the Leases by the tenants thereunder to be performed; not to borrow against, pledge or assign any of the Rents, or anticipate the Rents (except to other mortgage lenders); not to waive, excuse, condone or in any manner release or discharge any tenant thereunder of or from the obligations, covenants, conditions and agreements to be performed under the Lease and to permit the tenant to assign its interest in the Lease unless required to do so by the terms of the Lease; not to terminate the Leases or accept a surrender thereof or a discharge of the tenant unless required to do so by the terms of the Lease; and not to consent to a subordination of the interest of the tenant thereunder to any party other than Mortgagee and then only if specifically required to do so by Mortgagee;

(2) at Mortgagor's sole cost and expense, to appear in and defend any action or proceeding arising under, growing out of or in any manner connected with the Leases or the obligations, duties or liabilities of Mortgagor and tenants thereunder; and to pay all costs and expenses of Mortgagee, including reasonable attorneys' fees, in any such action or proceeding in which Mortgagee may appear or with respect to which it may incur costs;

(3) that Mortgagor has the full right and title to assign the Rents, that at the date of this Mortgage there exist no Leases which now or in the future affect the Mortgaged Property which have not been disclosed to Mortgagee in writing, and that there is no outstanding assignment or pledge of the Leases or Rents (except to other mortgage lenders);

(4) to furnish to Mortgagee, at Mortgagee's written request, a complete list of all Leases and security deposits made thereunder as to any part of the Mortgaged Property showing the type of lease, the name of the tenant, the monthly rental, the date to which paid, the term of the Lease, the date of occupancy, and the date of expiration and any and every special premium, concession or inducement granted to the tenant.

4.3 **ASSIGNMENT ABSOLUTE**. This Assignment is absolute and is effective immediately. Notwithstanding the foregoing, until an Event of Default, as defined in ARTICLE III above, has occurred, Mortgagor may receive, collect and enjoy the Rents. Upon or at any time after an Event of Default has occurred, Mortgagee may at its option, without notice:

(1) in the name, place and stead of Mortgagor (i) enter upon, manage and operate the Mortgaged Property, or retain the services of an independent contractor to manage and operate the same, (ii) make, enforce, modify and accept surrender of the Leases, (iii) obtain or evict tenants, demand, collect, sue for, receive and give acquittances for, fix or modify Rents and enforce all rights of Mortgagor under the Leases, and (iv) perform any and all other acts that may be necessary or proper to protect the security of this Assignment; provided always, however, that until the end of any redemption period available to Mortgagor after any foreclosure of this Mortgage,

Mortgagee shall continue to deal with the Leases on the Mortgaged Property in a reasonable businesslike manner, recognizing and protecting Mortgagor's continuing rights during such period to retake possession and control of the Mortgaged Property upon paying the appropriate redemption price, and to resume the management of such Leases;

(2) give or require Mortgagor to give notice to any and all tenants under the Leases authorizing and directing the tenants to pay all Rents due under the Leases directly to Mortgagee;

(3) apply for, and Mortgagor hereby consents to, the appointment of a receiver of the Mortgaged Property.

4.4 **APPLICATION OF RENTS.** All Rents collected by Mortgagee, or by a receiver, shall be held and applied by Mortgagee in its reasonable discretion, in accordance with applicable law, including, without limitation to: (i) payment of all reasonable fees of the receiver, if any, approved by the court, (ii) the repayment when due of all tenant security deposits pursuant to the provisions of Minnesota Statutes, (iii) payment of all delinquent or current real estate taxes and special assessments payable with respect to the Mortgaged Property or, if this Mortgage so requires, to the periodic escrow for the payment thereof, (iv) payment of all premiums then due for the insurance required by the provisions of this Mortgage or, if this Mortgage so requires, to the periodic escrow for the payment thereof or (v) payment of expenses incurred for normal maintenance of the Mortgaged Property. Any amounts remaining after such application shall be applied as follows:

(1) if received prior to any foreclosure sale of the Mortgaged Property to Mortgagee for payment of the indebtedness secured by this Mortgage, but no such payment made after acceleration of the indebtedness shall affect such acceleration;

(2) if received during or with respect to a period after a foreclosure sale of the Mortgaged Property:

(a) if the purchaser at the foreclosure sale is not Mortgagee, first to Mortgagee to the extent of any deficiency of the sale proceeds to repay the indebtedness secured by this Mortgage, second to the purchaser as a credit to the redemption price, but if the Mortgaged Property is not redeemed, then to the purchaser of the Mortgaged Property;

(b) if the purchaser at the foreclosure sale is Mortgagee, first to Mortgagee to the extent of any deficiency of the sale proceeds to repay the indebtedness secured by this Mortgage and the balance to be retained by Mortgagee as a credit to the redemption price, but if the Mortgaged Property is not redeemed, then to Mortgagee, whether or not such deficiency exists.

4.5 **CONTINUING EFFECT.** The rights and powers of Mortgagee under this Assignment and the application of the Rents shall continue and remain in full force and effect both before and after commencement of any action or procedure to foreclose this Mortgage, after any foreclosure sale of Mortgagor's interest in the Mortgaged Property in connection with the foreclosure of this Mortgage, and until expiration of the period of redemption from any such foreclosure sale, whether or not any deficiency from the unpaid balance of the Obligations exists after such foreclosure sale.

4.6 **MORTGAGEE NOT OBLIGATED.** Mortgagee shall not be obligated by this Assignment for the control, care, management or repair of the Mortgaged Property, nor for the carrying out of any of the terms and conditions of the Leases; nor shall this Assignment operate to make Mortgagee responsible or liable for any waste committed on the Mortgaged Property by the tenants or any other party, or for any dangerous or defective condition of the Mortgaged Property, or for any violation of Environmental Laws or for any negligence in the management, upkeep, repair or control of the Mortgaged Property resulting in any loss or any injury or death to any person.

4.7 **HOLD HARMLESS.** Mortgagor shall and does agree to indemnify and to hold Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur under or by reason of this Assignment, and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases; provided, however, that such indemnification shall not apply if the same arises out of Leases intentionally breached by Mortgagee which were made by Mortgagor in the ordinary course of managing the Mortgaged Property and prior to the time Mortgagee obtained the right to possess and manage the Mortgaged Property, or if the same arises out of the negligent or willful act of Mortgagee in operating and using the Mortgaged Property. Should Mortgagee incur any such liability, loss or damage under any Lease or by reason of this Assignment, or in the defense of any such claims or demands, the amount thereof, including costs, expenses, and reasonable attorneys' fees, shall be secured hereby and Mortgagor shall reimburse Mortgagee therefor immediately upon demand. Mortgagee shall give Mortgagor notice of any such claim and Assignor shall have the opportunity to defend Mortgagee in connection therewith with counsel reasonably acceptable to Mortgagee; provided Mortgagee's failure to give such notice and opportunity to defend shall not affect Mortgagor's obligations under this Section except to the extent Mortgagor is actually prejudiced by such failure.

4.8 **AUTHORIZATION TO TENANTS.** The tenants under any of the Leases are hereby irrevocably authorized and directed to recognize the claims of Mortgagee or its assigns hereunder without investigating the reason for any action taken by Mortgagee, or the validity or the amount of indebtedness owing to Mortgagee, or the existence of any such event of default, or the application of the Rents to be made by

Mortgagee. Mortgagor hereby irrevocably directs and authorizes each tenant to pay to Mortgagee all sums due under its Lease and consents and directs that said sums shall be paid to Mortgagee without the necessity for a judicial determination that any such event of default has occurred or that Mortgagee is entitled to exercise its rights hereunder, and to the extent such sums are paid to Mortgagee, Mortgagor agrees that the tenants shall have no further liability to Mortgagor for the same. The sole signature of Mortgagee shall be sufficient for the exercise of any rights under this Assignment and the sole receipt of Mortgagee for any sums received shall be a full discharge and release therefor to the tenants or occupants of the Mortgaged Property.

4.9 **MORTGAGEE ATTORNEY-IN-FACT.** Mortgagor hereby irrevocably appoints Mortgagee as its agent and attorney in fact, which appointment is coupled with an interest, to exercise any rights or remedies hereunder and to execute and deliver during the term of this Assignment such instruments as Mortgagee may deem necessary to make this Assignment and any further assignment effective.

4.10 **MORTGAGEE NOT IN POSSESSION.** Nothing herein contained and no actions taken pursuant to this Assignment shall be construed as constituting Mortgagee a “Mortgagee in Possession”.

ARTICLE V. MISCELLANEOUS

5.1 **SUCCESSORS AND ASSIGNS.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Mortgagor and Mortgagee, including among Mortgagor’s assigns any purchasers or transferees of the Mortgaged Property.

5.2 **NON-RECOURSE.** Notwithstanding anything to the contrary set forth herein, neither the Mortgagor, nor any member, partner, officer, director, employee or agent of Mortgagor, shall have any personal liability for the Mortgagor’s obligations hereunder, it being recognized by Mortgagee that the obligations of the Mortgagor hereunder are non-recourse obligations and that the remedies of Mortgagee are limited to the security provided in connection with this Mortgage.

5.3 **CHOICE OF LAW.** This Mortgage is made and executed under the laws of the State of Minnesota and is intended to be governed by the laws of said State.

5.4 **TAX CREDIT REQUIREMENTS.** Notwithstanding any provision in the Mortgage or other documents evidencing the Loan, the Mortgagee acknowledges that the Loan and the Mortgage is subordinate to the requirements of Section 42(h)(6)(E) of the Internal Revenue Code pertaining to limitations on eviction of tenants and increases in rent for the three-year period following foreclosure.

5.5 **HEADINGS**. The headings of the sections contained herein are for convenience only and are not to be construed to be a part of or limit or affect the terms hereof.

5.6 **TRANSFER; REMOVAL; AMENDMENT**. Notwithstanding anything to the contrary contained in this Mortgage, the Agreement or the Note, it shall not constitute an Event of Default or trigger any acceleration or due on sale clause, and, the consent of Mortgagee is not required for: (i) the transfer of the Investor Member's interests in Mortgagor to an affiliate of Investor Member in accordance with the terms of Mortgagor's operating agreement, as such operating agreement may be amended from time to time ("Operating Agreement"), (ii) the transfer of the Investor Member's interest to the Manager or an affiliate of the Manager, (iii) the removal of the Manager for cause in accordance with the Operating Agreement by Investor Member and the replacement of the Manager with an affiliate of Investor Member, or (iv) an amendment of the Operating Agreement resulting from transfers as described above or which does not materially and adversely affect the ability of Mortgagor to perform Mortgagor's obligations under this Mortgage and the Note. Mortgagee further agrees that if its consent is required hereunder as a condition to the transfer of the Investor Member interests in Mortgagor owned by the Investor Member to a party that is not an affiliate of Investor Member, or the replacement of the Manager with a party that is not an affiliate of Investor Member, such consent shall not be unreasonably withheld, conditioned, or delayed, provided that the Mortgagee's financial consultant is provided with satisfactory evidence of the transferee's financial ability to perform the obligations under the terms of the Note and this Mortgage at least thirty (30) days prior to transfer.

5.7 **NOTICE**. Any notices to be delivered hereunder shall be delivered to the address of the appropriate party as set forth in the Agreement.

5.8 **CAPITALIZED TERMS**. Terms and words not herein expressly defined shall, to the extent the same are defined in the Agreement, have the same meaning and application ascribed thereto in the Agreement.

[The remainder of this page has been left blank intentionally.]

[Signature page to follow]

IN WITNESS WHEREOF, this Mortgage has been duly executed and delivered as of the date first above written.

MORTGAGOR

ROSEVILLE EDISON II, LLC,
a Minnesota limited liability company

By: Roseville Housing Group II, LLC,
a Minnesota limited liability company
Its: Manager

By: _____
Name: Jamie J. Thelen
Title: Secretary/Treasurer

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____ 2021, by Jamie J. Thelen, the Secretary/Treasurer of Roseville Housing Group II, LLC, a Minnesota limited liability company, the Manager of Roseville Edison II, LLC, a Minnesota limited liability company, on behalf of said company.

Notary Public

Exhibit A

Land Legal Description

[_____]

Exhibit B

Permitted Encumbrances

[_____]

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

* * * * *

Pursuant to due call and notice thereof, a special meeting of the Board of Commissioners (the “Board”) of the Roseville Economic Development Authority (“REDA”) was duly held on the 19th day of July, 2021, immediately preceding the meeting of the City Council of the City of Roseville.

The following members were present:

and the following were absent: .

Member introduced the following resolution and moved its adoption:

RESOLUTION No. ___

RESOLUTION APPROVING MASTER SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE BETWEEN THE ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY, ROSEVILLE EDISON II, LLC, ROSEVILLE HOUSING GROUP II, LLC, AND WELLS FARGO BANK, NATIONAL ASSOCIATION

WHEREAS, The Roseville Economic Development Authority (“REDA”), Roseville Housing Group II, LLC (the “Developer”) and Roseville Edison II, LLC (the “Owner”) have entered into a Contract for Private Development dated as of the date hereof (the “Contract”), regarding the development of certain property within the City of Roseville consisting of the construction of a multifamily rental housing facility (the “Minimum Improvements”), the award of certain grant proceeds to the Developer, and the making by REDA of a deferred loan of certain other grant proceeds (the “TBRA Loan”) to the Owner, as evidenced by a TBRA Loan Agreement, a promissory note, and a mortgage (together, the “Loan Documents”); and

WHEREAS, in order to receive financing for the Minimum Improvements, the Owner’s mortgage lender, Wells Fargo Bank, National Association (the “Lender”) requires a subordination of certain of REDA’s rights under the Loan Documents to the Lender, as set forth in a Master Subordination Agreement among REDA, the Developer, the Owner, and the Bank, presented to REDA for review and approval (the “Master Subordination”); and

46 WHEREAS, Section 7.3 of the Contract provides for subordination of REDA's rights
47 under the Loan Documents, so long as such subordination contains such
48 reasonable terms and conditions as are mutually agreed by REDA and
49 Lender in writing; and
50

51 WHEREAS, REDA's Board of Commissioners and legal counsel have reviewed the
52 Master Subordination and find that the approval and execution of the Master
53 Subordination are in the best interest of the City and its residents.
54

55 NOW, THEREFORE, BE IT RESOLVED, that the Master Subordination as presented to
56 the Board is hereby in all respects approved, subject to modifications that
57 do not alter the substance of the transaction and that are approved by the
58 President and Executive Director, provided that execution of the Master
59 Subordination by such officials shall be conclusive evidence of approval.
60

61 BE IT FURTHER RESOLVED that the President and Executive Director are hereby
62 authorized to execute on behalf of REDA the Master Subordination, and
63 any other documents requiring execution by REDA in order to carry out
64 the transaction described in the Master Subordination.
65

66 BE IT FURTHER RESOLVED that REDA staff and consultants are authorized to take
67 any actions necessary to carry out the intent of this resolution.
68

69
70
71 The motion for the adoption of the foregoing resolution was duly seconded by Member

72
73 , and upon a vote being taken thereon, the following voted in favor thereof:
74

75 and the following voted against the same:
76

77 WHEREUPON said resolution was declared duly passed and adopted.
78

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 special meeting thereof on July 19, 2021.

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, 2021.

Patrick Trudgeon, Executive Director
Roseville Economic Development
Authority



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: July 19, 2021
Item No.: 5.b

Department Approval

Executive Director Approval

Item Description: Consider authorizing an amendment to the Contract for Services with Center for Energy & Environment (CEE) for administration of new housing loan and down payment assistance programs.

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At the March 22, 2021 Roseville Economic Development Authority (REDA) meeting the board was provided information on the existing Residential Revolving Loan Program and several proposed loan programs the REDA could offer, including a Senior Deferred loan, a Manufactured Home Improvement loan, and a Last Resort-Emergency Deferred loan. Additionally, information was provided regarding a Down Payment Assistance Program exclusively for first generation homeownership. The REDA directed staff to proceed towards creation of all four new programs, but referred the programs to the Roseville Finance Commission first for feedback. REDA staff presented to the Finance Commission on May 11, 2021. Commission members were supportive of all programs and offered no specific feedback or changes for consideration by the REDA.

Staff has been working with the REDA attorney and CEE to finalize the programs and amend the existing contract for loan administration services. Attached is the amended contract for professional services (Attachment A). Staff seeks direction from the REDA on one remaining issue: Whether or not, related to the first generation down payment assistance program, the REDA will allow for use of other down payment assistance programs (Ramsey County & Minnesota Housing each administer such programs) on top of the REDA's. If the answer is yes, the REDA must recognize there is no certainty the REDA loan would be in 2nd position after the 1st mortgage, unless CEE is able to get the other lenders of down payment assistance to subordinate. This could impact the REDA's ability to be repaid should the mortgage default as this loan is deferred, meaning the borrower repays upon sale or refinance. It's important to remember, the REDA's down payment assistance program is exclusively for first generation home buyers and meant for under-served populations. If the REDA is willing to allow use of other down payment assistance programs, on top of theirs, it could provide opportunities for affording a higher-priced home and/or for the new home buyer to not have to pay mortgage insurance, which is a cost savings to the monthly mortgage payment for that new home owner.

The following is a summary of the programs:

Residential Revolving Loan Program

This program is existing and provides up to \$40,000 for home improvements at an interest rate of 4% over 10 year amortization. Currently program is not being utilized as interest rate is not competitive. Program will remain in place and no changes will be made to the program.

34 *Last Resort – Emergency Deferred Program*

35 This program is designed to fund an emergency, which is defined as a condition that makes the
36 house uninhabitable, extremely dangerous to the occupants, or is capable of causing severe health
37 problems. The loan would be deferred, but not forgiven, at an interest rate of 0%. The maximum
38 loan amount would be \$10,000. There is no debt-to-income ratio requirement and the loan would
39 be due upon sale of the home, or refinancing when taking cash out.

40
41 *Manufactured Home Improvement Program*

42 This program is designed to fund interior or exterior improvements to manufactured homes. The
43 loan would be amortized over a maximum term of 10 years at a 4% interest rate. The maximum
44 loan amount would be \$10,000. The loan would have debt-to-income and loan-to-value
45 requirements.

46
47 *Senior Deferred Loan Program*

48 This program is designed to fund interior and exterior improvements. Because it is targeted to
49 seniors, the loan would be deferred, but not forgiven, at an interest rate of 0%. The maximum loan
50 amount would be \$25,000. There is no debt-to-income ratio requirement, but a loan-to-value of
51 110% would apply. The loan would be due upon sale of the home. CEE would conduct an
52 inspection to prioritize improvements that should be done to the home.

53
54 *Down Payment Assistance Program*

55 The program is designed to help underserved communities who seek to be first generation home
56 owners with \$25,000 deferred loan. One of two qualifiers would be either the parents have never
57 owned a home or if the parent lost a home to foreclosure. In order to meet this criteria, the applicant
58 would sign an affidavit representing their parent's status.

59 **BUDGET IMPLICATIONS**

60 The REDA will be using existing fund balance from the Revolving Loan Program of \$784,125. If, at any
61 time, CEE determines funds to administer any of the programs are running low, they would advise staff so
62 the REDA could identify additional funds to administer the programs or whether to cease offering the
63 programs if additional funds couldn't be identified.

64 **STAFF RECOMMENDATION**

65 Recommend allowing borrowers under the Down Payment Assistance Program for first generation
66 homeownership to utilize multiple down payment assistance programs on top of the REDA's, recognizing
67 CEE will request subordination but that it wouldn't be required, and

68 Adopt the amended contract for professional services with CEE for administration of the four new loan
69 programs.

70 **REQUESTED EDA ACTION**

71 Adopt the amended contract for professional services with CEE.

72
73 Prepared by: Jeanne Kelsey, Housing & Economic Program Manager, 651-791-7086

74
75 Attachments A: Amended Contract for Professional Services with CEE

Amended and Restated Standard Agreement for Professional Services

This Agreement (“Agreement”) is made on the 19th day of July, 2021, between the Roseville Economic Development Authority, a public body corporate and politic and political subdivision of the state of Minnesota (hereinafter “REDA”), and Center for Energy and Environment, a Minnesota nonprofit corporation (hereinafter “Consultant”).

Preliminary Statement

REDA and the Consultant entered into a Standard Agreement for Professional Services dated as of January 1, 2020 (the “Prior Agreement”), pursuant to which the Consultant agreed to render certain legal, technical, and/or professional assistance in connection with REDA’s undertakings.

The Board of Commissioners of REDA has approved the establishment of certain loan programs within the City of Roseville (the “Loan Programs”) and has designated the Consultant to administer the Loan Programs in addition to the services previously designated in the Prior Agreement.

REDA has adopted a policy regarding the selection and retention of consultants to provide a variety of professional services for REDA projects. That policy requires that persons, firms, or corporations providing such services enter into written agreements with REDA. The purpose of this Agreement is to set forth the amended and restated terms and conditions for the performance of professional services by the Consultant, including the administration of the Loan Programs. The Prior Agreement is hereby amended and restated in its entirety as provided in this Agreement.

REDA and Consultant agree as follows:

- Scope of Work Proposal.** The Consultant agrees to provide the professional services described in Exhibit A attached hereto (“Work”) in consideration for the compensation set forth in Provision 3 below. The terms of this Agreement shall take precedence over and supersede any provisions and/or conditions in any proposal submitted by the Consultant.
- Term.** The term of this Agreement shall be effective upon the approval of the REDA Board of Commissioners, the date of signature by the parties notwithstanding, through the earlier of December 31, 2022, or the date of termination by REDA upon written notice thereof as provided in provision 9 hereof.
- Compensation for Services.** REDA agrees to pay the Consultant the compensation described in Exhibit B attached hereto for the Work, subject to the following:

- 45 A. Any changes in the Work which may result in an increase to the compensation due
46 the Consultant shall require prior written approval of REDA. REDA will not pay
47 additional compensation for Work that does not have such prior written approval.
48
- 49 B. Third-party independent contractors and/or subcontractors may be retained by the
50 Consultant when required by the complex or specialized nature of the Work when
51 authorized in writing by REDA. The Consultant shall be responsible for and shall
52 pay all costs and expenses payable to such third-party contractors unless otherwise
53 agreed to by the parties in writing.
54

55 4. ***REDA Representative and Special Requirements:***
56

- 57 A. Director of Lending Services shall act as REDA's representative with respect to the
58 Work to be performed under this Agreement. Such representative shall have
59 authority to transmit instructions, receive information and interpret and define
60 REDA's policies and decisions with respect to the Work to be performed under this
61 Agreement, but shall not have the right to enter into contracts or make binding
62 agreements on behalf of REDA with respect to the Work or this Agreement. REDA
63 may change REDA's representative at any time by notifying the Consultant of such
64 change in writing.
65
- 66 B. In the event that REDA requires any special conditions or requirements relating to the
67 Work and/or this Agreement, such special conditions and requirements are stated in
68 Exhibit C attached hereto. The parties agree that such special conditions and
69 requirements are incorporated into and made a binding part of this Agreement. The
70 Consultant agrees to perform the Work in accordance with, and this Agreement shall
71 be subject to, the conditions and requirements set forth in Exhibit C.
72

73 5. ***Method of Payment.*** The Consultant shall submit to REDA, on a monthly basis
74 commencing on August 1st, 2021, an itemized written invoice for Work performed under
75 this Agreement during the previous month. Invoices submitted shall be paid in the same
76 manner as other claims made to REDA. Invoices shall contain the following:
77

- 78 A. For Work reimbursed on an hourly basis, the Consultant shall indicate for each
79 employee, his or her name, job title, the number of hours worked, rate of pay for each
80 employee, a computation of amounts due for each employee, and the total amount
81 due for each project task. For all other Work, the Consultant shall provide a
82 description of the Work performed and the period to which the invoice applies. For
83 reimbursable expenses, if provided for in Exhibit A, the Consultant shall provide an
84 itemized listing and such documentation of such expenses as is reasonably required
85 by REDA. In addition to the foregoing, all invoices shall contain, if requested by
86 REDA, REDA's project number, a progress summary showing the original (or
87 amended) amount of the Agreement, the current billing, past payments, the
88 unexpended balance due under the Agreement, and such other information as REDA
89 may from time to time reasonably require.
90

91 B. To receive any payment pursuant to this Agreement, the invoice must include the
92 following statement dated and signed by the Consultant: “I declare under penalty of
93 perjury that this account, claim, or demand is just and correct and that no part of it has
94 been paid.”
95

96 C. The payment of invoices shall be subject to the following provisions:
97

98 (i) REDA shall have the right to suspend the Work to be performed by the
99 Consultant under this Agreement when it deems necessary to protect
100 REDA, residents of the City or others who are affected by the Work. If
101 any Work to be performed by the Consultant is suspended in whole or in
102 part by REDA, the Consultant shall be paid for any services performed
103 prior to the delivery upon the Consultant of the written notice from REDA
104 of such suspension.
105

106 (ii) The Consultant shall be reimbursed for services performed by any third-
107 party independent contractors and/or subcontractors only if REDA has
108 authorized the retention of and has agreed to pay such persons or entities
109 pursuant to Section 3B above.
110

111 6. **Project Manager and Staffing.** The Consultant has designated Director of Lending
112 Services and Lending Center Staff (“Project Contacts”) to perform and/or supervise the
113 Work, and as the persons for REDA to contact and communicate with regarding the
114 performance of the Work. The Project Contacts shall be assisted by other employees of
115 the Consultant as necessary to facilitate the completion of the Work in accordance with
116 the terms and conditions of this Agreement. The Consultant may not remove or replace
117 the Project Contacts without the prior approval of REDA.
118

119 7. **Standard of Care.** All Work performed by the Consultant under this Agreement shall be
120 in accordance with the normal standard of care in Ramsey County, Minnesota, for
121 professional services of like kind to the Work being performed under this Agreement.
122

123 8. **Audit Disclosure.** Any reports, information, data, and other written documents given to,
124 or prepared or assembled by the Consultant under this Agreement which REDA requests
125 to be kept confidential shall not be made available by the Consultant to any individual or
126 organization without REDA’s prior written approval. The books, records, documents and
127 accounting procedures and practices of the Consultant or other parties relevant to this
128 Agreement are subject to examination by REDA and either the Legislative Auditor or the
129 State Auditor for a period of six (6) years after the effective date of this Agreement. The
130 Consultant shall at all times abide by Minn. Stat. § 13.01 et seq. and the Minnesota
131 Government Data Practices Act, to the extent the Act is applicable to data, documents,
132 and other information in the possession of the Consultant.
133

134 9. **Termination.** This Agreement may be terminated at any time by REDA, with or without
135 cause, by delivering to the Consultant at the address of the Consultant set forth in
136 Provision 26 below, a written notice at least ten (10) days prior to the date of such

137 termination. The date of termination shall be stated in the notice. Upon termination the
138 Consultant shall be paid for services rendered (and reimbursable expenses incurred if
139 required to be paid by REDA under this Agreement) by the Consultant through and until
140 the date of termination so long as the Consultant is not in default under this Agreement.
141 If REDA terminates the Agreement because the Consultant is in default of its obligations
142 under this Agreement, no further payment shall be payable or due to the Consultant
143 following the delivery of the termination notice, and REDA may, in addition to any other
144 rights or remedies it may have at law or in equity, retain another consultant to undertake
145 or complete the Work to be performed hereunder.
146

- 147 10. **Subcontractor.** The Consultant shall not enter into subcontracts for services provided
148 under this Agreement without the express written consent of REDA. If subcontracts are
149 approved and entered into, the Consultant shall promptly pay any subcontractor involved
150 in the performance of this Agreement as required by, and the Consultant shall otherwise
151 comply with, the State Prompt Payment Act.
152
- 153 11. **Independent Consultant.** At all times and for all purposes herein, the Consultant is an
154 independent contractor and not an employee of REDA. No statement herein shall be
155 construed so as to find the Consultant an employee of REDA.
156
- 157 12. **Non-Discrimination.** During the performance of this Agreement, the Consultant shall
158 not discriminate against any person, contractor, vendor, employee, or applicant for
159 employment because of race, color, creed, religion, national origin, sex, marital status,
160 status with regard to public assistance, disability, sexual orientation, or age. The
161 Consultant shall post in places available to employees and applicants for employment,
162 notices setting forth the provisions of this non-discrimination clause and stating that all
163 qualified applicants will receive consideration for employment. The Consultant shall
164 incorporate the foregoing requirements of this Provision 12 in all of its subcontracts for
165 Work done under this Agreement and will require all of its subcontractors performing
166 such Work to incorporate such requirements in all subcontracts for the performance of
167 the Work. The Consultant further agrees to comply with all aspects of the Minnesota
168 Human Rights Act, Minnesota Statutes 363.01, et. seq., Title VI of the Civil Rights Act
169 of 1964, and the Americans with Disabilities Act.
170
- 171 13. **Assignment.** The Consultant shall not assign this Agreement, nor its rights and/or
172 obligations hereunder, without the prior written consent of REDA.
173
- 174 14. **Services Not Provided For.** REDA shall not be required to pay for any claim for services
175 furnished by the Consultant not specifically provided for herein.
176
- 177 15. **Compliance with Laws and Regulations.** The Consultant shall abide with all federal,
178 state, and local laws, statutes, ordinances, rules, and regulations in the performance of the
179 Work. The Consultant and REDA, together with their respective agents and employees,
180 agree to abide by the provisions of the Minnesota Data Practices Act, Minnesota Statutes
181 Section 13, as amended, and Minnesota Rules promulgated pursuant to Chapter 13. Any
182 violation by the Consultant of statutes, ordinances, rules, and regulations pertaining to the

183 Work to be performed shall constitute a material breach of this Agreement and entitle
 184 REDA to immediately terminate this Agreement.

185
 186 16. **Waiver.** Any waiver by either party of a breach of any provisions of this Agreement shall
 187 not affect, in any respect, the validity of the remainder of this Agreement or either party's
 188 ability to enforce a subsequent breach.

189
 190 17. **Indemnification.** To the fullest extent permitted by law, the Consultant agrees to defend,
 191 indemnify and hold REDA, and its president, commissioners, officers, agents, employees
 192 and representatives harmless from and against all liability, claims, damages, costs,
 193 judgments, losses and expenses, including but not limited to reasonable attorney's fees,
 194 arising out of or resulting from any negligent or wrongful act or omission of the
 195 Consultant, its officers, agents, employees, contractors and/or subcontractors, pertaining
 196 to the performance or failure to perform the Work and against all losses resulting from
 197 the failure of the Consultant to fully perform all of the Consultant's obligations under this
 198 Agreement.

199
 200 18. **Insurance.**
 201
 202 A. General Liability. Prior to starting the Work and during the full term of this
 203 Agreement, the Consultant shall procure, maintain, and pay for such insurance as will
 204 protect against claims for bodily injury or death, and for damage to property,
 205 including loss of use, which may arise out of operations by the Consultant or by any
 206 subcontractor of the Consultant, or by anyone employed by any of them, or by anyone
 207 for whose acts any of them may be liable. Such insurance shall include, but not be
 208 limited to, minimum coverages and limits of liability specified in this Provision 18 or
 209 such greater coverages and amounts as are required by law. Except as otherwise
 210 stated below, the policies shall name REDA as an additional insured for the Work
 211 provided under this Agreement and shall provide that the Consultant's coverage shall
 212 be primary and noncontributory in the event of a loss.

213
 214 B. The Consultant shall procure and maintain the following minimum insurance
 215 coverages and limits of liability with respect to the Work:

216
 217 Worker's Compensation: Statutory Limits
 218
 219 Commercial General Liability: \$1,000,000 per occurrence
 220 \$1,500,000 general aggregate
 221 \$1,000,000 products – completed operations
 222 aggregate
 223 \$5,000 medical expense
 224
 225 Comprehensive Automobile
 226 Liability: \$1,000,000 combined single limit (shall include
 227 coverage for all owned, hired, and non-owned
 228 vehicles

- 229 C. Commercial General Liability policy(ies) shall be equivalent in coverage to ISO form
230 CG 0001, and shall include the following:
231
- 232 (i) Personal injury with Employment Exclusion (if any) deleted;
233
 - 234 (ii) Broad Form Contractual Liability coverage; and
235
 - 236 (iii) Broad Form Property Damage coverage, including Completed Operations.
237
- 238 D. During the entire term of this Agreement, and for such period of time thereafter as is
239 necessary to provide coverage until all relevant statutes of limitations pertaining to
240 the Work have expired, the Consultant shall procure, maintain and pay for
241 professional liability insurance, satisfactory to REDA, which insures the payment of
242 damages for liability arising out of the performance of professional services for
243 REDA, in the insured's capacity as the Consultant, if such liability is caused by an
244 error, omission, or negligent act of the insured or any person or organization for
245 whom the insured is liable. Said policy shall provide an aggregate limit of at least
246 \$2,000,000.00. Said policy shall not name REDA as an insured.
247
- 248 E. The Consultant shall maintain in effect all insurance coverages required under this
249 Provision 18 at Consultant's sole expense and with insurance companies licensed to
250 do business in the state in Minnesota and having a current A.M. Best rating of no less
251 than A-, unless otherwise agreed to by REDA in writing. In addition to the
252 requirements stated above, the following applies to the insurance policies required
253 under this Provision:
254
- 255 (i) All policies, except the Professional Liability Insurance Policy, shall be
256 written on an "occurrence" form ("claims made" and "modified
257 occurrence" forms are not acceptable);
258
 - 259 (ii) All policies, except the Professional Liability Insurance Policy and the
260 Worker's Compensation Policy, shall name "Roseville Economic
261 Development Authority" as an additional insured;
262
 - 263 (iii) All policies, except the Professional Liability Insurance and Worker's
264 Compensation Policies, shall contain a waiver of subrogation naming
265 "Roseville Economic Development Authority."
266
 - 267 (iv) All policies, except the Professional Liability Insurance Policy and the
268 Worker's Compensation Policy, shall insure the defense and indemnify
269 obligations assumed by Consultant under this Agreement; and
270
 - 271 (v) All policies shall contain a provision that coverages afforded thereunder
272 shall not be canceled or non-renewed or restrictive modifications added,
273 without thirty (30) days prior written notice to REDA.
274

275
276 A copy of: (i) a certification of insurance satisfactory to REDA, and (ii) if requested,
277 the Consultant's insurance declaration page, riders and/or endorsements, as
278 applicable, which evidences the compliance with this Paragraph 18, must be filed
279 with REDA prior to the start of Consultant's Work. Such documents evidencing
280 insurance shall be in a form acceptable to REDA and shall provide satisfactory
281 evidence that the Consultant has complied with all insurance requirements. Renewal
282 certificates shall be provided to REDA at least 30 days prior to the expiration date of
283 any of the required policies. REDA will not be obligated, however, to review such
284 declaration page, riders, endorsements or certificates or other evidence of insurance,
285 or to advise Consultant of any deficiencies in such documents, and receipt thereof
286 shall not relieve the Consultant from, nor be deemed a waiver of, REDA's right to
287 enforce the terms of the Consultant's obligations hereunder. REDA reserves the right
288 to examine any policy provided for under this Provision 18.
289

290 19. **Ownership of Documents.** All plans, diagrams, analysis, reports, and information
291 generated in connection with the performance of this Agreement ("Information") shall
292 become the property of REDA, but the Consultant may retain copies of such documents
293 as records of the services provided. REDA may use the Information for any reasons it
294 deems appropriate without being liable to the Consultant for such use. The Consultant
295 shall not use or disclose the Information for purposes other than performing the Work
296 contemplated by this Agreement without the prior consent of REDA.
297

298 20. **Annual Review.** Prior to July 19 of each year of this Agreement, REDA shall have the
299 right to conduct a review of the performance of the Work performed by the Consultant
300 under this Agreement. The Consultant agrees to cooperate in such review and to provide
301 such information as REDA may reasonably request. Following each performance review
302 the parties shall, if requested by REDA, meet, and discuss the performance of the
303 Consultant relative to the remaining Work to be performed by the Consultant under this
304 Agreement.
305

306 21. **Conflicts.** (a) No salaried officer or employee of REDA and no member of the Board of
307 REDA shall have a financial interest, direct or indirect, in this Agreement. The violation
308 of this provision shall render this Agreement void.
309

310 22. **Governing Law.** This Agreement shall be controlled by the laws of the State of
311 Minnesota.
312

313 23. **Counterparts.** This Agreement may be executed manually or electronically in multiple
314 counterparts, each of which shall be considered an original.
315

316 24. **Severability.** The provisions of this Agreement are severable. If any portion hereof is,
317 for any reason, held by a court of competent jurisdiction to be contrary to law, such
318 decision shall not affect the remaining provisions of this Agreement.
319

320 25. **Notices.** Any notice to be given by either party upon the other under this Agreement
321 shall be properly given: a) if delivered personally to the REDA Executive Director if such
322 notice is to be given to REDA, or if delivered personally to an officer of the Consultant if
323 such notice is to be given to the Consultant, b) if mailed to the other party by United
324 States registered or certified mail, return receipt requested, postage prepaid, addressed in
325 the manner set forth below, or c) if given to a nationally, recognized, reputable overnight
326 courier for overnight delivery to the other party addressed as follows:
327

328 If to REDA: Roseville Economic Development Authority
329 Attn: Executive Director
330 Roseville City Hall
331 2660 Civic Center Drive
332 Roseville, MN 55113
333

334 If to Consultant: Center for Energy and Environment
335 1754 University Avenue West
336 Saint Paul, MN 55104
337

338 Notices shall be deemed effective on the date of receipt if given personally, on the date of
339 deposit in the U.S. mails if mailed, or on the date of delivery to an overnight courier if so
340 delivered; provided, however, if notice is given by deposit in the U.S. mails or delivery to
341 an overnight courier, the time for response to any notice by the other party shall
342 commence to run one business day after the date of mailing or delivery to the courier.
343 Any party may change its address for the service of notice by giving written notice of
344 such change to the other party, in any manner above specified, 10 days prior to the
345 effective date of such change.
346

347 26. **Entire Agreement.** Unless stated otherwise in this Provision, the entire agreement of the
348 parties is contained in this Agreement. This Agreement supersedes all prior oral
349 agreements and negotiations between the parties relating to the subject matter hereof as
350 well as any previous agreements presently in effect between the parties relating to the
351 subject matter hereof. Any alterations, amendments, deletions, or waivers of the
352 provisions of this Agreement shall be valid only when expressed in writing and duly
353 signed by the parties, unless otherwise provided herein. The following agreements
354 supplement and are a part of this Agreement: None.
355

356 IN WITNESS WHEREOF, the undersigned parties have entered into this Agreement as
357 of the date set forth above.

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ROSEVILLE ECONOMIC
DEVELOPMENT AUTHORITY

President

Executive Director

CENTER FOR ENERGY AND
ENVIRONMENT

By: _____

Its: _____

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EXHIBIT A

WORK

The Consultant shall perform the following Work at the following locations:

PROGRAM GUIDELINES

This document includes guidelines for the Roseville Economic Development Authority
REVOLVING LOAN PROGRAM

ROSEVILLE REVOLVING LOAN PROGRAM GUIDELINES

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The Roseville Economic Development Authority (REDA) is making funds available for homeowners to make improvements to their properties. The Roseville Revolving Loan Program is designed to supplement existing loan programs available from MHFA, CEE, private lenders, and other housing resources. This program is not intended to be the sole source of improvement funds available to homeowners within the City. Center for Energy and Environment shall serve as the administrator for the Roseville Loan Program and will secure the most beneficial financing based on the borrower's needs independent of the funding source.

Home Improvement Loan

Interest Rate: 4% fixed

Amortization Type: Amortizing (Monthly Payments Required)

Loan Amount: Minimum of \$2,000 and Maximum of \$40,000.

Total Project Cost: The borrower must have sufficient funds necessary to cover the cost of the entire project (as outlined in the bid(s)).

Loan term: Generally, one year per \$1,000 borrowed. This will be somewhat flexible depending on the size of the loan and the borrower's ability to repay the loan. The minimum term is 1 year; the maximum term will be 10 years.

Eligible Properties: 1- to 4-unit owner-occupied properties located within the geographical boundaries of the City of Roseville. Townhomes and condominiums are eligible. Property must have an Estimated Market Value at or below the Roseville median single-family home value x 110%. Value is updated annually. The City of Roseville's median single family home value for 2021 is \$280,600, so the maximum Estimated Market Value for 2021 is \$308,600 (\$280,600 x 110% is \$308,600).

The property must be at least 25 years old.

Ineligible Properties: Dwellings containing more than 4 units, cooperatives, properties held in trust and properties used for commercial purposes.

Eligible Borrowers: All borrowers must be legal residents of the United States, as evidenced by a social security number, including: U.S. Citizens, Permanent Resident Aliens, Non-Permanent Resident Aliens. TAX IDENTIFICATION NUMBERS (ITIN) ARE NOT ACCEPTABLE.

Ineligible Borrowers: Including but not limited to: - Foreign Nationals, Non-Occupant Co-Borrowers, business entities and properties held in trust.

Ownership/Occupancy: Owner-occupied only.

Loan - to - Value Ratio: The ratio of all loans secured by the property, including the new loan, should not exceed 110% of the property value. Half of the improvement value may be added to the initial property value.

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463 **Income Limit:** No maximum income limit.

464

465 **Debt - to - Income Ratio:** 50%

466

467 **Credit Requirements:** 1) All mortgage payments must be current and reflect no 30-day late payments history in
468 the past 12-month period (without reasonable explanation). 2) All real estate taxes must be current. 3) No
469 outstanding judgments or collections. 4) Any prior bankruptcy must have been discharged for at least 18
470 months prior to loan closing. 5) The redemption period on prior foreclosures must have occurred at least 18
471 months prior to the loan application date. 6) Generally, no more than two 60-day late payments on credit
472 report (without reasonable explanation). 7) No defaulted government loans.

473

474 **Multiple Loans per Property:** More than one loan per property is allowed; however, the outstanding balance(s)
475 cannot exceed \$40,000.

476

477 **Eligible Use of Funds:** Loans may be used to finance most interior and exterior improvements that improve the
478 basic livability of the property. Garages, decks, porches, retaining walls, skylights, landscaping, and fences can
479 be repaired, replaced, or built as new construction. Contractors must be properly licensed, and permits must be
480 obtained when required.

481

482 **Ineligible Use of Funds:** Payment for work initiated prior to the loan being approved and closed, unless due to
483 emergency. Recreation or luxury projects (pools, lawn sprinkler systems, playground equipment, saunas,
484 whirlpools, etc.), furniture, non-permanent appliances (unless part of a full kitchen remodel), and funds for
485 working capital, debt service, homeowner labor or refinancing of existing debts are NOT eligible.

486

487 **Bids:** A minimum of 1 bid is required; however, two bids are encouraged. All contractors must be properly
488 licensed.

489

490 **Sweat Equity / Homeowner Labor:** Work may be performed by property owners on a “sweat equity” basis.
491 Loan funds may be used only for the purchase of materials, including rental of tools and equipment. Loan funds
492 cannot be used to compensate for labor.

493

494 **Home Energy Audits:** All homes are required to complete a Home Energy Audit through the Home Energy
495 Squad (HES) prior to loan closing. The energy audit (within the past 3 years) is required for any type of home
496 improvement, interior or exterior. Fees for the HES visit are not part of this program budget.

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501 **Remodeling Advisor Visit (RAV):** The Remodeling Advisor Visit provides rehabilitation and/or remodeling advice
502 upon request of the resident. The intent is to help residents improve their property by providing technical
503 assistance before and during the bidding and construction process. All residents are eligible for this service
504 regardless of whether they are applying for the Roseville Revolving Loan Program or not. This visit is not
505 required.

506

507 **Post Installation Inspection:** Permits must be obtained and signed off by a City inspector where required; when
508 not required, a post-installation inspection will be performed by CEE to ensure the work has been completed
509 before any funds will be released.

510

511 **Loan Security:** All loans will be secured with a mortgage in favor of REDA. Borrower will pay all applicable title
512 and filing fees, which may be financed in the loan amount.

513
514 **Borrower Fees:** Borrower will be responsible for a 1% origination fee, document preparation fee, mortgage
515 filing and service fees, flood certificate and credit report fees all which may be financed in the loan amount.

516
517 **Underwriting Decision:** Applicants must have acceptable credit history. CEE will approve or deny loans based
518 on a credit report, income verification and other criteria as deemed necessary through CEE's underwriting
519 guidelines. CEE's decision shall be final. Appeals can be made to the Roseville Economic Development
520 Authority.

521
522 **Work Completion:** All work must be completed within 120 days of the loan closing. However, when warranted,
523 CEE may authorize exceptions on a case-by-case basis.

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526

Senior Deferred Loan

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529

530 **Interest Rate:** 0%

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532 **Loan Amount:** Minimum loan is \$5,000. Maximum loan is \$25,000 within any time period.

533

534 **Loan term:** The loan is 100% due upon sale, transfer of ownership, cash-out refinance, or cessation of
535 occupancy of the property as the borrower's primary residence.

536

537 **Eligible Properties:** Owner-occupied properties with up to 4 dwelling units located within the boundaries of the
538 City of Roseville. Condominiums, manufactured homes, and townhomes are eligible.

539

540 **Ineligible Properties:** Dwellings that contain more than 4 units, cooperatives, properties held in trust and
541 properties used for commercial purposes.

542

543 **Eligible Borrowers:** At least one borrower must be at least 62 years of age. All borrowers must be legal
544 residents of the United States, as evidenced by a social security number, including: U.S. Citizens, Permanent
545 Resident Aliens, Non-Permanent Resident Aliens. TAX IDENTIFICATION NUMBERS (ITIN) ARE NOT ACCEPTABLE

546

547 **Ineligible Borrowers:** Include, but are not limited to: nonresident owners, non-occupant co-borrowers,
548 business entities and properties held in trust.

549

550 **Ownership / Occupancy:** Owner-occupied. Contracts for deed are eligible.

551

552 **Loan- to-Value Ratio:** 110%

553

554 **Income Limit:** No income limits.

555

556 **Debt- to-Income Ratio:** Not applicable

557 **Multiple Loans per Property/Borrower:** Multiple Senior Deferred Loans are allowed if the outstanding balance
558 is within the maximum loan limit.

559

560 **Eligible Improvements:** A property inspection is required to determine project eligibility. If there are no
 561 outstanding code violations or health and safety concerns, the loan may be used to finance most interior and
 562 exterior improvements that improve the basic livability of the property. Garages, decks, porches, retaining
 563 walls, skylights, landscaping, and fences can be repaired, replaced, or built as new construction. Contractors
 564 must be properly licensed, and permits must be obtained when required.

565

566 **Ineligible Improvements:** Work initiated prior to the loan being approved and closed. Personal property items,
 567 including appliances, furniture, hot tubs, swimming pools, and other luxury items, exterior plumbing (e.g.,
 568 sprinkler systems), non-permanent landscaping fixtures (e.g., potted plants, furniture, bird feeders), repairs to
 569 property used for business or trade purposes, refinancing of existing indebtedness, and labor costs of borrowers
 570 and/or residents are ineligible. CEE will refer the borrower to REDA whenever eligibility of an improvement
 571 project is in question.

572

573 **Bidding:** 1 bid is required. Bids must detail the scope of the work to be completed, the associated cost(s) and
 574 any rebates. All contractors must be properly licensed.

575

576 **Sweat Equity:** Not permitted

577

578 **Property Inspection:** Required. Eligible improvements will be determined through an analysis of the inspection
 579 of the property. A CEE representative will perform the analysis to prioritize the project eligibility.

580

581 **Post-Installation Inspection:** Properties are subject to a post-installation inspection by a CEE representative
 582 when a permit is not required. Where a permit is required, the work must be signed off by a City inspector prior
 583 to release of funds.

584

585 **Work Completion:** All work must be completed within 120 days of loan closing. Extensions may be granted by
 586 CEE.

587

588 **Borrower Fees:** Borrower will be responsible for a 1% origination fee, document preparation fee, title work,
 589 mortgage filing and service fees, flood certificate, credit report fees and any other applicable fees. All may be
 590 financed in the loan amount.

591

592 **Underwriting Decision:** Borrowers must be current on all mortgage payments and property taxes.

593

594 **Loan Security:** All loans will be secured with a mortgage (lien for manufactured homes) in favor of REDA.

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Down-payment Assistance Deferred Loan

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Interest Rate: 0%

Loan Amount: Maximum of \$25,000.

Total Project Cost: It is the borrower's responsibility to obtain the amount of funds necessary to purchase the property in accordance with the primary lender's mortgage guidelines.

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Loan term: The Deferred Loan is 100% due when the borrower sells, transfers ownership or no longer occupies the property as the borrower's primary residence.

Eligible Properties: Owner-occupied properties with up to 4 dwelling units located within the boundaries of the City of Roseville. Condominiums and townhomes are eligible. Property must have an Estimated Market Value at or below the Roseville median value x 110%. Value is updated annually. The current Roseville median value is \$280,600, for a maximum value of \$308,600 (\$280,600 x 110% is \$308,600).

Ineligible Properties: Dwellings that contain more than 4 units, cooperatives, properties held in trust and properties used for commercial purposes.

Eligible Borrowers: Borrower(s) must be a **First-Generation Homebuyer** and must sign the First-Generation Homebuyer Affidavit. The homebuyer(s) **MUST** attend a Home Stretch workshop or other valid homebuyer's course offered through a HUD approved counseling agency. All borrowers must be legal residents of the United States, as evidenced by a social security number, including: U.S. Citizens, Permanent Resident Aliens, and Non-Permanent Resident Aliens. TAX IDENTIFICATION NUMBERS (ITIN) ARE NOT ACCEPTABLE.

Ineligible Borrowers: Include but are not limited to: Foreign Nationals, Non-Occupant Co-Borrowers, business entities, and Properties held in trust.

Ownership/Occupancy: Owner- occupied only.

Loan to Value Ratio N/A

Income Limit: 100% AMI based on household size and adjusted gross income from the most recent tax return. If a tax return is not required to be filed by the borrower(s) then income will be determined by projected household income over the next 12 months.

Documentation Requirements:

- Copy of purchase agreement
- Commitment letter/approval for first mortgage
- Copy of Title Commitment
- Copy of Initial Loan Estimate for first mortgage
- Value of home (property tax or appraisal)
- Certification of Home Stretch Homebuyers (or another valid course) course completed

Loan Security: All loans will be secured with a mortgage in favor of REDA.

Borrower Fees: Borrower will be responsible for mortgage filing and service fees, flood certificate, credit report fees and any other applicable closing fees.

Disbursement Process: Loan funds will be made payable and delivered to the title/closing agent. The down payment and closing cost assistance deferred loan will be signed at closing of the purchase mortgage.

Manufactured Home Loan

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Interest Rate: 4% fixed

Amortization Type: Amortizing (Monthly Payments Required)

Loan Amount: Minimum of \$500 and Maximum of \$10,000.

Total Project Cost: It is the borrower's responsibility to obtain the amount of funds necessary to finance the entire cost of the work. In the event the final cost exceeds the requested loan amount, the borrower must obtain the additional funds and show verification of the additional funds to be approved for the loan.

Loan term: Generally, one year per \$1,000 borrowed. This will be somewhat flexible depending on the size of the loan and the borrower's ability to repay the loan. The minimum term is 1 year; the maximum term will be 10 years.

Eligible Properties: Residential manufactured homes located with the geographical boundaries of the City of Roseville.

Ineligible Properties:

- Non-owner-occupied
- Properties used for commercial purposes
- Properties held in trust

Eligible Borrowers: All borrowers must be legal residents of the United States, as evidenced by a social security number, including: U.S. Citizens, Permanent Resident Aliens, Non-Permanent Resident Aliens. TAX IDENTIFICATION NUMBERS (ITIN) ARE NOT ACCEPTABLE.

Ineligible Borrowers: Include but are not limited to: Foreign Nationals, Non-Occupant Co-Borrowers, business entities, and Properties held in trust.

Ownership/Occupancy: Owner-occupied only.

Loan - to - Value Ratio: N/A

Income Limit: No maximum income limit.

Debt - to - Income Ratio: 50%.

Credit Requirements: 1) All mortgage or lien payments must be current and reflect no 30-day late payment history in the past 12-month period (without reasonable explanation). 2) All lot rent payments must be current. 3) No outstanding judgments or collections. 4) Bankruptcy must have been discharged for at least 18 months prior to loan closing. 5) The redemption period on prior foreclosures must have occurred at least 18 months prior to the loan application date. 6) Generally, no more than two 60-day late payments on credit report (without reasonable explanation). 7) No defaulted government loans.

702

703 **Multiple Loans per Property:** More than one loan per property is allowed; however, the outstanding balance(s)
704 cannot exceed \$10,000.

705

706 **Eligible Use of Funds:** Loans may be used to finance most interior and exterior improvements that improve the
707 basic livability of the property. Garages, decks, porches, retaining walls, skylights, landscaping, and fences can
708 be repaired, replaced, or built as new construction. Contractors must be properly licensed, and permits must be
709 obtained when required.

710

711 **Ineligible Use of Funds:** Payment for work initiated prior to the loan being approved and closed, unless due to
712 emergency. Recreation or luxury projects (pools, lawn sprinkler systems, playground equipment, saunas,
713 whirlpools, etc.), furniture, non-permanent appliances (unless part of a full kitchen remodel), and funds for
714 working capital, debt service, homeowner labor, or the refinancing of existing debts are NOT eligible.

715

716 **Bids:** 1 bid is required. Bids must detail the scope of the work to be completed, the associated cost(s) and any
717 rebates. All contractors must be properly licensed.

718

719 **Sweat Equity / Homeowner Labor:** Work may be performed by property owners on a “sweat equity” basis.
720 Loan funds may be used only for the purchase of materials, including rental of tools and equipment. Loan funds
721 cannot be used to compensate for labor.

722

723 **Remodeling Advisor Visit (RAV):** The Remodeling Advisor Visit provides rehabilitation and/or remodeling advice
724 upon request of the resident. The intent is to help residents improve their property by providing technical
725 assistance before and during the bidding and construction process. All residents are eligible for this service
726 regardless of whether they are applying for the Roseville Revolving Loan Program. This visit is not required.

727

728 **Post-Installation Inspection:** Permits must be obtained and signed off by a City inspector where required; when
729 not required, a post-installation inspection will be performed by CEE to ensure the work has been completed
730 before any funds will be released.

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732 **Loan Security:** All loans will be secured with a lien in favor of REDA.

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734 **Borrower Fees:** Borrower will be responsible for a 1% origination fee, document preparation fee, lien filing and,
735 flood certificate and credit report fees all which may be financed in the loan amount.

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737 **Work Completion:** All work must be completed within 120 days of the loan closing. However, when warranted,
738 CEE may authorize exceptions on a case-by-case basis.

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Emergency Deferred Loan

745 **Interest Rate:** 0%

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Loan Amount: Minimum loan is \$500. Maximum loan is \$10,000 within any time period.

Loan term: The loan is 100% due when the borrower sells, transfers ownership or no longer occupies the property as the borrower's primary residence.

751

752 **Eligible Properties:** Owner-occupied properties with up to 4 dwelling units located within the boundaries of the
753 City of Roseville. Condominiums, mobile homes, and townhomes are eligible.

754

755 **Ineligible Properties:** Dwellings containing more than 4 units, cooperatives, properties held in trust and
756 properties used for commercial purposes.

757

758 **Eligible Borrowers:** All borrowers must be legal residents of the United States, as evidenced by a social security
759 number, including: U.S. Citizens, Permanent Resident Aliens, Non-Permanent Resident Aliens. TAX
760 IDENTIFICATION NUMBERS (ITIN) ARE NOT ACCEPTABLE. The borrower must not be eligible for any other
761 financing administered by CEE in order to obtain an Emergency Program loan.

762

763 **Ineligible Borrowers:** Include, but are not limited to: nonresident owners, non-occupant co-borrowers,
764 business entities and properties held in trust.

765

766 **Ownership / Occupancy:** Owner-occupied. Contracts for deed are eligible.

767

768 **Loan- to-Value Ratio:** 110%

769

770 **Income Limit:** Household income must be less than 115% of HUD Area Median Income based on household size
771 and adjusted income from most recent tax return. If a tax return is not filed, the income will be based on
772 projected annual gross income.

773

774 **Debt- to-Income Ratio:** Not applicable

775 **Multiple Loans per Property/Borrower:** Multiple Emergency Deferred Loans are allowed if the outstanding
776 balance is within the overall maximum loan limit.

777

778 **Eligible Improvements:** An emergency is defined as an existing condition that makes a house uninhabitable, is
779 dangerous to the occupants, or is capable of causing severe health problems. Repairs that will remedy such
780 emergency repairs are eligible. Examples of eligible repairs include, but are not limited to, water lines, sewer
781 service, fire hazards, repair to exterior steps, railings, retaining walls, water seepage into basement, structural
782 problems, or replacement of a furnace or water heater.

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784 Repairs that remedy code violations, and those needed to address home repairs before they significantly de-
785 value the home and become much more serious problems, are also eligible whether or not the city has issued a
786 code violation. Examples of eligible repairs include, but are not limited to, leakage around windows, rotting
787 fascia, holes in siding, roof leakage, crumbling brick or concrete and deteriorated retaining walls. CEE will
788 determine eligibility of projects.

789

790 **Ineligible Improvements:** Work initiated prior to the loan being approved and closed. Personal property items,
791 including appliances, furniture, hot tubs, swimming pools, and other luxury items, exterior plumbing (e.g.,
792 sprinkler systems), non-permanent landscaping fixtures (e.g., potted plants, furniture, bird feeders), repairs to
793 property used for business or trade purposes, refinancing of existing indebtedness, and labor costs of borrowers
794 and/or residents are not eligible. CEE will refer borrower to REDA whenever eligibility of an improvement
795 project is questionable.

796

797 **Bidding:** 1 bid is required. Bids must detail the scope of the work to be completed, the associated cost(s) and
798 any rebates. All contractors must be properly licensed.

799

800 **Sweat Equity:** Not permitted

801

802 **Property Inspection:** Required. Eligible improvements will be determined through an analysis of the emergency
803 condition of the property. A CEE representative will perform the analysis to determine the project eligibility.

804

805 **Post-Installation Inspection:** Properties are subject to a post-installation inspection by a CEE representative
806 when a permit is not required. Where a permit is required, the work must be signed off by a City inspector prior
807 to release of funds.

808

809 **Work Completion:** All work must be completed within 30 days of loan closing. Extensions may be granted by
810 CEE.

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812 **Borrower Fees:** Borrower will be responsible for a 1% origination fee, document preparation fee, title work,
813 mortgage filing and service fees, flood certificate, credit report fees and any other applicable fees. All may be
814 financed in the loan amount.

815

816 **Underwriting Decision:** Borrowers must be current on all mortgage payments and property taxes. CEE will
817 review the application and submitted documentation for consideration for other home improvement programs
818 prior to considering the application for the Emergency Deferred Loan. CEE will approve or deny loans based on
819 income verification and other criteria. This is a last resort program. The borrower must not be eligible for any
820 other financing administered by CEE to obtain an Emergency Deferred loan. CEE's decision shall be final.

821

822 **Loan Security:** All loans will be secured with a mortgage (lien if a manufactured home) in favor of REDA.

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825

General Program Guidelines

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827 **Application Processing:** Loans will be distributed on a first-come, first-served basis as borrowers qualify.

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Applicants must provide a completed application package including the following to be considered for funding.

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- Completed and signed application form

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- Proof of income

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- Bids or estimates for proposed projects

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- Other miscellaneous documents loan officers may require.

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Contractors/Permits: Contractors must be properly licensed to work in the City of Roseville. Permits must be obtained when required by city ordinance.

Program Costs: Loan origination, post installation inspection and remodeling advisor visit fees will be paid out of the Program Budget. Loan program marketing efforts will be billed directly to REDA and are a separate expense should the REDA choose to commission CEE for marketing support. Borrowers will pay all mortgage filing fees and related closing costs.

Disbursement Process: Payment to the contractor (or owner in sweat equity situations) will be made upon completion of work. An inspection will be performed by a City Inspector and/or CEE to verify the completion of the work. The following items must be received prior to final disbursement of funds:

- 845 • Final invoice or proposal from contractor (or materials list from supplier);
- 846 • Final inspection verification by a City Inspector (or CEE);
- 847 • Completion certificate(s) signed by borrower and contractor;
- 848 • Lien waiver for entire cost of work;
- 849 • Evidence of City permit (if required)

EXHIBIT B

COMPENSATION

REDA shall pay the Consultant the amount of as identified below per each loan closed or inspection for the Work to be performed, which amount is comprised of the following:

ROSEVILLE LOAN PROGRAM BUDGET

A.	<u>Loan Program Budget Allocation (includes Origination Fees, Annual Administration, Post Installation, and Inspections):</u>	\$778,522
B.	<u>Remodeling Advisor Visit Budget</u>	\$15,000

Budget Notes:

1. Funds to be transferred between Budget Categories in this Exhibit that do not change the Total Contract Amount must be approved in writing by the REDA.
2. Services performed by CEE will initially be funded from the Total Program Budget as stated above and paid in accordance with the following schedule.

(1) Origination Fee	\$750.00 per loan closed
(2) Post Installation Inspection	\$100.00 per inspection
(3) Remodeling Advisor Visit	\$250.00 per inspection
(4) Annual Administration Fee	\$2,500 annually

The Annual Administration Fee shall be payable on January 1st of each year the contract is active.

3. **Loan Servicing**
The REDA will contract directly with CEE.
4. **Marketing**
Marketing efforts will be supported by CEE and marketing costs are not included in the administrative budget. Hourly rates are inclusive of all overhead expenses and will be charged only for hours directly related to the labor of all program marketing. CEE will also be reimbursed by the REDA for any non-labor, out-of-pocket expenses relating to these services on a dollar-for-dollar basis.



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: July 19, 2021
Item No.: 5.c

Department Approval

Executive Director Approval

Janeé Gundlach

Paul J. Trueman

Item Description: Consider authorizing contract for Professional Services with Metropolitan Consortium of Community Developers for administration of the Roseville Business Assistance Loan Program

At the March 22, 2021 Roseville Economic Development Authority (REDA) meeting the board was provided information on a Business Assistance Loan Program that Metropolitan Consortium of Community Developers would provide through Open for Business. The REDA directed staff to proceed towards creation of the program, but first requested the Roseville Finance Commission review the program and provide feedback. Staff presented to the Finance Commission on May 11th, 2021. The Commission offered the support towards creation of the loan with no changes to the program. The program outline is as follows:

Business Assistance Loan Program

MCCD would be a 50/50 partnership with the REDA for businesses located or looking to locate in the City of Roseville. The maximum loan amount would be \$100,000 split by MCCD and REDA. The funds can be used for building improvements, start-up or equipment purchases. The applicant would have a minimum of 10% cash into the project costs. The proposed program would consist of a blended rate between the REDA and MCCD, with MCCD’s interest rate being 7% and the REDA’s being 2%, which equates to a 4.5% interest rate for the business to pay. MCCD would collect the interest and principle payments and keep the REDA’s 2% interest as their administration fee for the program. The loan fees would be a 1% origination fee and a minimum \$100 due at closing by the borrower. The draft MCCD/REDA loan program would require collateral, such as the real estate of the business, business equipment, the business owner’s personal home, or a personal guarantee that would be based on underwriting.

BUDGET IMPLICATIONS

In 2020, the REDA budgeted \$48,575 for creation of a business loan program. Then, in 2021, the REDA budgeted \$98,575, bringing the total to \$147,150 currently available to fund this proposed business assistance loan program.

STAFF RECOMMENDATION

Authorize the Contract for Professional Services with MCCD for a Roseville Business Assistance Program.

REQUESTED EDA ACTION

Authorize the Contract for Professional Services with MCCD for a Roseville Business Assistance Program.

Prepared by: Jeanne Kelsey, Housing & Economic Program Manager, 651-791-7086
Attachments A: Contract for Professional Services with MCCD

Standard Agreement for Professional Services

This Agreement (“Agreement”) is made on the 19th day of July 2021, between the Roseville Economic Development Authority, a public body corporate and politic and political subdivision of the state of Minnesota (hereinafter “REDA”), and Metropolitan Consortium of Community Developers, a Minnesota nonprofit corporation (hereinafter “Consultant”).

Preliminary Statement

REDA has adopted a policy regarding the selection and retention of consultants to provide a variety of professional services for REDA projects. That policy requires that persons, firms, or corporations providing such services enter into written agreements with REDA. The purpose of this Agreement is to set forth the terms and conditions for the performance of professional services by the Consultant.

REDA and Consultant agree as follows:

1. ***Scope of Work Proposal.*** The Consultant agrees to provide the professional services described in Exhibit A attached hereto (“Work”) in consideration for the compensation set forth in Provision 3 below. The terms of this Agreement shall take precedence over and supersede any provisions and/or conditions in any proposal submitted by the Consultant.
2. ***Term.*** The term of this Agreement shall be effective upon the approval of the REDA Board of Commissioners, the date of signature by the parties notwithstanding, and shall continue through the earlier of December 31, 2022, or the date of termination by either party upon 30-day written notice thereof as provided in Provision 7 hereof.
3. ***Compensation for Services.*** REDA agrees to pay the Consultant the compensation described in Exhibit A attached hereto for the Work, subject to the following:
 - A. Any changes in the Work which may result in an increase to the compensation due the Consultant shall require prior written approval of REDA. REDA will not pay additional compensation for Work that does not have such prior written approval.
 - B. Third-party independent contractors and/or subcontractors may be retained by the Consultant when required by the complex or specialized nature of the Work when authorized in writing by REDA. The Consultant shall be responsible for and shall pay all costs and expenses payable to such third-party contractors unless otherwise agreed to by the parties in writing.
4. ***REDA Representative and Special Requirements:***
 - A. Housing and Economic Development Program Manager shall act as REDA’s representative with respect to the Work to be performed under this Agreement. Such

47 representative shall have authority to transmit instructions, receive information and
48 interpret and define REDA's policies and decisions with respect to the Work to be
49 performed under this Agreement, but shall not have the right to enter into contracts or
50 make binding agreements on behalf of REDA with respect to the Work or this
51 Agreement. REDA may change REDA's representative at any time by notifying the
52 Consultant of such change in writing.
53

- 54 B. In the event that REDA requires any special conditions or requirements relating to the
55 Work and/or this Agreement, such special conditions and requirements are stated in
56 Exhibit C attached hereto. The parties agree that such special conditions and
57 requirements are incorporated into and made a binding part of this Agreement. The
58 Consultant agrees to perform the Work in accordance with, and this Agreement shall
59 be subject to, the conditions and requirements set forth in Exhibit C.
60

61 **5. Method of Payment.**

62 The Consultant shall submit to REDA, within ten business days after the closing of any loan
63 made under this Agreement, an initial report detailing the principal amount of such loan and the
64 principal repayment schedule for such loan. The Consultant shall remit to REDA on a monthly
65 basis all principal received pursuant to each outstanding loan, along with an updated principal
66 repayment schedule for each outstanding loan, beginning on the first day of the first full month
67 in which any loan has been closed and is outstanding.
68
69

- 70 **6. Project Manager and Staffing.** The Consultant has designated Ramsey County Open to
71 Business Advisor and Director of Small Business Development ("Project Contacts") to
72 perform and/or supervise the Work, and as the persons for REDA to contact and
73 communicate with regarding the performance of the Work. The Project Contacts shall be
74 assisted by other employees of the Consultant as necessary to facilitate the completion of
75 the Work in accordance with the terms and conditions of this Agreement. The Consultant
76 may not remove or replace the Project Contacts without the prior approval of REDA.
77

- 78 **7. Standard of Care.** All Work performed by the Consultant under this Agreement shall be
79 in accordance with the normal standard of care in Ramsey County, Minnesota, for
80 professional services of like kind.
81

- 82 **8. Audit Disclosure.** Any reports, information, data, and other written documents given to,
83 or prepared or assembled by the Consultant under this Agreement which REDA requests
84 to be kept confidential shall not be made available by the Consultant to any individual or
85 organization without REDA's prior written approval. The books, records, documents and
86 accounting procedures and practices of the Consultant or other parties relevant to this
87 Agreement are subject to examination by REDA and either the Legislative Auditor or the
88 State Auditor for a period of six (6) years after the effective date of this Agreement. The
89 Consultant shall at all times abide by Minn. Stat. § 13.01 et seq. and the Minnesota
90 Government Data Practices Act, to the extent the Act is applicable to data, documents,
91 and other information in the possession of the Consultant.
92

- 93 9. **Termination.** This Agreement may be terminated at any time by either party, with or
94 without cause, by delivering to the other party at the address of such party set forth in
95 Provision 26 below, a written notice at least ten (10) days prior to the date of such
96 termination. The date of termination shall be stated in the notice. Upon termination the
97 Consultant shall be paid for services rendered (and reimbursable expenses incurred if
98 required to be paid by REDA under this Agreement) by the Consultant through and until
99 the date of termination so long as the Consultant is not in default under this Agreement.
100 If REDA terminates the Agreement because the Consultant is in default of its obligations
101 under this Agreement, no further payment shall be payable or due to the Consultant
102 following the delivery of the termination notice, and REDA may, in addition to any other
103 rights or remedies it may have at law or in equity, retain another consultant to undertake
104 or complete the Work to be performed hereunder.
105
- 106 10. **Subcontractor.** The Consultant shall not enter into subcontracts for services provided
107 under this Agreement without the express written consent of REDA. If subcontracts are
108 approved and entered into, the Consultant shall promptly pay any subcontractor involved
109 in the performance of this Agreement as required by, and the Consultant shall otherwise
110 comply with, the State Prompt Payment Act.
111
- 112 11. **Independent Consultant.** At all times and for all purposes herein, the Consultant is an
113 independent contractor and not an employee of REDA. No statement herein shall be
114 construed so as to find the Consultant an employee of REDA.
115
- 116 12. **Non-Discrimination.** During the performance of this Agreement, the Consultant shall
117 not discriminate against any person, contractor, vendor, employee, or applicant for
118 employment because of race, color, creed, religion, national origin, sex, marital status,
119 status with regard to public assistance, disability, sexual orientation, or age. The
120 Consultant shall post in places available to employees and applicants for employment,
121 notices setting forth the provisions of this non-discrimination clause and stating that all
122 qualified applicants will receive consideration for employment. The Consultant shall
123 incorporate the foregoing requirements of this Provision 12 in all its subcontracts for
124 Work done under this Agreement and will require all its subcontractors performing such
125 Work to incorporate such requirements in all subcontracts for the performance of the
126 Work. The Consultant further agrees to comply with all aspects of the Minnesota Human
127 Rights Act, Minnesota Statutes, Sections 363.01, et. seq., Title VI of the Civil Rights Act
128 of 1964, and the Americans with Disabilities Act.
129
- 130 13. **Assignment.** The Consultant shall not assign this Agreement, nor its rights and/or
131 obligations hereunder, without the prior written consent of REDA.
132
- 133 14. **Services Not Provided For.** REDA shall not be required to pay for any claim for services
134 furnished by the Consultant not specifically provided for herein.
135
- 136 15. **Compliance with Laws and Regulations.** The Consultant shall abide with all federal,
137 state, and local laws, statutes, ordinances, rules, and regulations in the performance of the
138 Work. The Consultant and REDA, together with their respective agents and employees,

139 agree to abide by the provisions of the Minnesota Data Practices Act, Minnesota Statutes,
 140 Chapter 13, as amended, and Minnesota Rules promulgated pursuant to Chapter 13. Any
 141 violation by the Consultant of statutes, ordinances, rules, and regulations pertaining to the
 142 Work to be performed shall constitute a material breach of this Agreement and entitle
 143 REDA to immediately terminate this Agreement.
 144

145 16. **Waiver.** Any waiver by either party of a breach of any provisions of this Agreement shall
 146 not affect, in any respect, the validity of the remainder of this Agreement or either party's
 147 ability to enforce a subsequent breach.
 148

149 17. **Indemnification.** To the fullest extent permitted by law, the parties shall indemnify and
 150 hold harmless each other and their officials, agents, and employees from and against all
 151 liability, claims, damages, costs, judgments, losses and expenses, including but not
 152 limited to reasonable attorney's fees, arising out of or resulting from any negligent or
 153 wrongful act or omission of the respective parties in the performance or failure to
 154 perform the services under this Agreement.
 155

156 18. **Insurance.**
 157

158 A. General Liability. Prior to starting the Work and during the full term of this
 159 Agreement, the Consultant shall procure, maintain, and pay for such insurance as will
 160 protect against claims for bodily injury or death, and for damage to property,
 161 including loss of use, which may arise out of operations by the Consultant or by any
 162 subcontractor of the Consultant, or by anyone employed by any of them, or by anyone
 163 for whose acts any of them may be liable. Such insurance shall include, but not be
 164 limited to, minimum coverages and limits of liability specified in this Provision 18 or
 165 such greater coverages and amounts as are required by law. Except as otherwise
 166 stated below, the policies shall name REDA as an additional insured for the Work
 167 provided under this Agreement and shall provide that the Consultant's coverage shall
 168 be primary and noncontributory in the event of a loss.
 169

170 B. The Consultant shall procure and maintain the following minimum insurance
 171 coverages and limits of liability with respect to the Work:
 172

173	Worker's Compensation:	Statutory Limits
174		
175	Commercial General Liability:	\$1,000,000 per occurrence
176		\$1,500,000 general aggregate
177		\$1,000,000 products – completed operations
178		aggregate
179		\$5,000 medical expense
180		
181	Comprehensive Automobile	
182	Liability:	\$1,000,000 combined single limit (shall include
183		coverage for all owned, hired, and non-owned
184		vehicles.

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- C. The Commercial General Liability policy(ies) shall be equivalent in coverage to ISO form CG 0001, and shall include the following:
- (i) Personal injury with Employment Exclusion (if any) deleted;
 - (ii) Broad Form Contractual Liability coverage; and
 - (iii) Broad Form Property Damage coverage, including Completed Operations.
- D. During the entire term of this Agreement, and for such period of time thereafter as is necessary to provide coverage until all relevant statutes of limitations pertaining to the Work have expired, the Consultant shall procure, maintain and pay for professional liability insurance, satisfactory to REDA, which insures the payment of damages for liability arising out of the performance of professional services for REDA, in the insured's capacity as the Consultant, if such liability is caused by an error, omission, or negligent act of the insured or any person or organization for whom the insured is liable. Said policy shall provide an aggregate limit of at least \$2,000,000.00. Said policy shall not name REDA as an insured.
- E. The Consultant shall maintain in effect all insurance coverages required under this Provision 18 at Consultant's sole expense and with insurance companies licensed to do business in the state in Minnesota and having a current A.M. Best rating of no less than A-, unless otherwise agreed to by REDA in writing. In addition to the requirements stated above, the following applies to the insurance policies required under this Provision:
- (i) All policies, except the Professional Liability Insurance Policy, shall be written on an "occurrence" form ("claims made" and "modified occurrence" forms are not acceptable);
 - (ii) All policies, except the Professional Liability Insurance Policy and the Worker's Compensation Policy, shall name "Roseville Economic Development Authority" as an additional insured;
 - (iii) All policies, except the Professional Liability Insurance and Worker's Compensation Policies, shall contain a waiver of subrogation naming "Roseville Economic Development Authority."
 - (iv) All policies, except the Professional Liability Insurance Policy and the Worker's Compensation Policy, shall insure the defense and indemnify obligations assumed by Consultant under this Agreement; and
 - (v) All policies shall contain a provision that coverages afforded thereunder shall not be canceled or non-renewed or restrictive modifications added, without thirty (30) days prior written notice to REDA.

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F. A copy of: (i) a certification of insurance satisfactory to REDA, and (ii) if requested, the Consultant's insurance declaration page, riders and/or endorsements, as applicable, which evidences the compliance with this Paragraph 18, must be filed with REDA prior to the start of Consultant's Work. Such documents evidencing insurance shall be in a form acceptable to REDA and shall provide satisfactory evidence that the Consultant has complied with all insurance requirements. Renewal certificates shall be provided to REDA at least 30 days prior to the expiration date of any of the required policies. REDA will not be obligated, however, to review such declaration page, riders, endorsements or certificates or other evidence of insurance, or to advise Consultant of any deficiencies in such documents, and receipt thereof shall not relieve the Consultant from, nor be deemed a waiver of, REDA's right to enforce the terms of the Consultant's obligations hereunder. REDA reserves the right to examine any policy provided for under this Provision 18.

19. **Ownership of Documents.** All plans, diagrams, analysis, reports, and information generated in connection with the performance of this Agreement ("Information") shall become the property of REDA, but the Consultant may retain copies of such documents as records of the services provided. REDA may use the Information for any reasons it deems appropriate without being liable to the Consultant for such use. The Consultant shall not use or disclose the Information for purposes other than performing the Work contemplated by this Agreement without the prior consent of REDA.
20. **Annual Review.** Prior to September 1 of each year of this Agreement, REDA shall have the right to conduct a review of the performance of the Work performed by the Consultant under this Agreement. The Consultant agrees to cooperate in such review and to provide such information as REDA may reasonably request. Following each performance review the parties shall, if requested by REDA, meet, and discuss the performance of the Consultant relative to the remaining Work to be performed by the Consultant under this Agreement.
21. **Conflicts.** No salaried officer or employee of REDA and no member of the Board of REDA shall have a financial interest, direct or indirect, in this Agreement. The violation of this provision shall render this Agreement void.
22. **Governing Law.** This Agreement shall be controlled by the laws of the State of Minnesota.
23. **Counterparts.** This Agreement may be executed manually or electronically in multiple counterparts, each of which shall be considered one and the same instrument.
24. **Severability.** The provisions of this Agreement are severable. If any portion hereof is, for any reason, held by a court of competent jurisdiction to be contrary to law, such decision shall not affect the remaining provisions of this Agreement.

277 25. **Notices.** Any notice to be given by either party upon the other under this Agreement
 278 shall be properly given: a) if delivered personally to the REDA Executive Director if such
 279 notice is to be given to REDA, or if delivered personally to an officer of the Consultant if
 280 such notice is to be given to the Consultant, b) if mailed to the other party by United
 281 States registered or certified mail, return receipt requested, postage prepaid, addressed in
 282 the manner set forth below, or c) if given to a nationally, recognized, reputable overnight
 283 courier for overnight delivery to the other party addressed as follows:
 284

285 If to REDA: Roseville Economic Development Authority
 286 Attn: Executive Director
 287 Roseville City Hall
 288 2660 Civic Center Drive
 289 Roseville, MN 55113
 290

291 If to Consultant: Metropolitan Consortium of Community Developers
 292 3137 Chicago Avenue,
 293 Minneapolis, MN 55407
 294

295 Notices shall be deemed effective on the date of receipt if given personally, on the date of
 296 deposit in the U.S. mails if mailed, or on the date of delivery to an overnight courier if so
 297 delivered; provided, however, if notice is given by deposit in the U.S. mails or delivery to
 298 an overnight courier, the time for response to any notice by the other party shall
 299 commence to run one business day after the date of mailing or delivery to the courier.
 300 Any party may change its address for the service of notice by giving written notice of
 301 such change to the other party, in any manner above specified, 10 days prior to the
 302 effective date of such change.
 303

304 26. **Entire Agreement.** Unless stated otherwise in this Provision 26, the entire agreement of
 305 the parties is contained in this Agreement. This Agreement supersedes all prior oral
 306 agreements and negotiations between the parties relating to the subject matter hereof as
 307 well as any previous agreements presently in effect between the parties relating to the
 308 subject matter hereof. Any alterations, amendments, deletions, or waivers of the
 309 provisions of this Agreement shall be valid only when expressed in writing and duly
 310 signed by the parties, unless otherwise provided herein. The following agreements
 311 supplement and are a part of this Agreement: none.
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313 IN WITNESS WHEREOF, the undersigned parties have entered into this Agreement as
314 of the date set forth above.

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ROSEVILLE ECONOMIC
DEVELOPMENT AUTHORITY

President

Executive Director

METROPOLITAN CONSORTIUM OF
COMMUNITY DEVELOPERS

By: _____

Its: _____

338 **EXHIBIT A**

339 **WORK**

340 The Consultant shall perform the following Work at the following locations:

341

342 **MCCD/Open to Business and City of Roseville Loan**

343 **Program**

344

345 **2% Roseville Loan Fund**

346 The Roseville Economic Development Authority (REDA) 2% Loan fund is a program that is

347 intended for businesses who are located or looking to locate in the City of Roseville. The funds

348 can be used for building improvements, start-up, or equipment purchase. An applicant would

349 have to provide equity for a minimum of 10% of the overall project cost. MCCD may finance

350 50% of the overall loan amount, subject to organizational policies. The terms of the loan are set

351 by MCCD and fees may vary. The cost for REDA's portion is 1% origination fee (minimum of

352 \$100) due at closing, paid by the borrower.

353 MCCD, as servicer of the loan, may have additional limitations, including available loan amount

354 and target population. The REDA 2% Loan Program is intended to facilitate business loans to

355 entrepreneurs and other business owners for proposed uses that private lenders are not willing to

356 finance, or that would require further financing assistance beyond what the market will provide.

357 REDA loan principal is transferred by REDA to MCCD before closing.

358 REDA loan principal is repaid to REDA and interest is retained by MCCD.

359 Collateral: Shared position with REDA and MCCD

360 Blended interest approach,

361 A blend of MCCD's interest rate on its portion and 2% interest rate from REDA

362 on its portion. This would result in a blended lower rate.

363 Example: MCCD \$50,000 @ 7%. REDA \$50,000 @ 2%. This would equal a

364 total blended interest rate of

$$365 \quad \$50,000 \times .07 = \$3,500 \qquad \$50,000 \times .02 = \$1,000$$

$$366 \quad \$3,500 + \$1,000 = \$4,500, \text{ or } 4.5\% \text{ Interest rate}$$

367 REDA Interest rate of 2% is the approximate cost to service the loan.

368 Borrower equity will be required for projects as determined by MCCD. Typical

369 equity requirements are 10%-25% of total project cost.

370 Equity in borrower-owned building could have equity built into the project.

371 Additional cash equity may not be required based on current market value of

372 building.

373

374 Terms and Conditions:

- 375 - Borrower repayment of loan is required.
- 376 - Borrower must have acceptable credit score and financial profile to pass underwriting and
- 377 loan committee.

- 382 - Contractors or other payees from loan funds must be businesses that are licensed and/or
 383 certified and in good standing with the State of Minnesota.
 384 - Loan-financed project must conform to all applicable state and local building and
 385 business codes.

386 Who is Eligible:

- 387 - All businesses located in the City of Roseville
 388 - The applicant may be an individual business owner, limited liability company,
 389 partnership, corporation, or contract for deed partner
 390 - Businesses that benefit low-to-moderate income persons by creating jobs or improving
 391 services
 392 - New startups or existing businesses

393 Eligible Uses:

- 394 - Permanent improvement to a building or lot
 395 o Lighting
 396 o Windows
 397 o Walls, ceilings, floors
 398 o Roofs
 399 o Plumbing
 400 o Electrical
 401 o Mechanical systems or HVAC
 402 o Etc.
 403 - Start-up Cost
 404 - Equipment Purchase
 405 - Building Purchase
 406 - Business Purchase

407 Ineligible Uses:

- 408 - Non-profits (The City would have to find another partner to pursue these opportunities)
 409 - Losses
 410 - Salaries/payroll
 411 - Businesses not located in the City of Roseville
 412 - Permanent Working Capital

413 Total Roseville Allotment Amount: \$147,150 for 2021

414

415 Loan Size: To be determined on a case-by-case basis

416

417 Loan term: Up to 60 months (5 Years). Loan must mature within five years; however,
 418 amortization could be up to ten years on real estate projects. A balloon payment/refinancing
 419 would be required at the end of five years.

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421 Interest Rate: 2%, plus MCCD rate, resulting in a blended rate

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423 Underwriting: MCCD Guidelines

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Approval: MCCD Economic Development Director and Loan Program Manager approval for aggregate total loan amounts of up to \$25,000. Aggregate total loan amounts over \$25,000 must be approved through MCCD's loan committees.

Loans approved by MCCD will then be sent to REDA staff for approval. MCCD will submit an invoice to the REDA for the loan amount. The REDA will then wire funds to MCCD for disbursement. REDA loan funds will be transferred to MCCD and then disbursed as approved.

Reporting: MCCD will provide initially upon loan closing a report to REDA as it relates to borrower demographics, number of employees, use of funds, entity ownership type, industry type, amount of loan, unpaid balance, and whether the loan is current. If at any time the loan falls into default, MCCD will work with borrower to make payments current.



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: July 19, 2021
Item No.: 5.d

Department Approval

Executive Director Approval

Janice Gundlach

Russ Jensen

Item Description: Discussion Regarding the Budget and Preliminary Levy Collectible in 2022

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 2022 is \$989,247.

A preliminary levy of \$442,570 is being proposed for 2022, a decrease of \$11,100 from the EDA's 2021 levy. When factoring in a projected valuation increase on single family homes of 5.7% for taxes payable in 2022, the preliminary levy amount proposed would result in an estimated decrease of \$0.42 in the annual EDA property tax for a median valued single-family home projected to be valued at \$296,500.

STAFFING

The Community Development Director is proposing no changes to the staffing structure for 2022. Economic Development staff 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 2022 consists of inflationary costs related to salaries and benefits and a \$3,000 increase to the Administrative Service Fee, which is a payment to the City's Finance Department to service the EDA's finances.

The total cost for EDA staff in 2022 is anticipated to be: **\$194,070**

<u>General REDA Expenditures and Personnel</u>	\$240,770
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 \$194,070 of staff-only costs)</i>

Programming costs are provided on the next page.

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 2022, 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 also available for general redevelopment activities and has a balance of \$1,733,640* (fund 724).	\$0
Roseville Rehab Revolving Loan Program, Last Resort – Emergency Deferred Program, Manufactured Home Improvement Program, Senior Deferred Loan Program, and First Generation Down Payment Assistance Program. This fund has a balance of \$944,883* (fund 723).	\$0
Abatement Assistance (payment of abatement costs for code enforcement activities). This fund has a balance of \$135,702* (fund 722).	\$0
Housing Replacement/Single Family Construction Fund. This fund has a balance of \$598,719* (fund 720).	\$0

36 *fund balances noted are as-of December 31, 2020.

37
 38 In 2022, 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 at least 200 energy efficiency audits to be completed each year. This budget reflects no increase for 2022.	\$27,850
<u>Marketing</u> This budget is maintained for printing and mailing of marketing materials. This budget has also been used to fund housing studies. The Council’s 2021-2022 Strategic Priority related to Housing calls for an updated Housing Needs Assessment in “2022 and beyond”. \$5,000 will not fully fund an updated Housing Needs Assessment. However, based upon the volume of housing units currently under construction, staff suggests leaving this budget flat until it is better understood when the most value will come from an updated study. If necessary in 2022, and this budget is insufficient to fund the study, excess fund balance monies could be used or the study could be delayed until 2023.	\$5,000
<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 workshops,	\$53,500

<p>newsletters, and yearly networking events. Recruitment, acquisition assistance, and marketing efforts are being programmed through the use of economic development consulting (\$30,000), 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 a decrease of \$20,000 from 2021 for economic development consulting to reflect actual and anticipated spending.</p>	
<p><u>Neighborhood Enhancement</u></p> <p>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 previously 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 in 2021, these costs were moved to the Community Development Fund. This is proposed to continue in 2022.</p>	\$0
<p><u>Southeast Roseville Initiatives</u></p> <p>The Cities of Roseville, St. Paul and Maplewood hired the Saint Paul Area Chamber of Commerce in 2019 to begin implementation of the Rice & Larpenteur Alliance, which stemmed from completion of the Rice/Larpenteur Gateway Visioning Plan. In March of 2021, SPACC’s contract was extended an additional 12 months, with the City of Roseville (and Maplewood and St. Paul) continuing to set aside funds in support of the alliance and any other initiatives that may occur as a result of the visioning plan. While the Rice & Larpenteur Alliance’s Strategic Fundraising Framework programs a 20% reduction for Roseville’s contributions in fiscal year 2022, the impact of COVID has limited the Alliance’s ability to fundraise. As such, staff would recommend this budget remain flat for 2022. Because Roseville serves as the fiscal agent to the Alliance, and to comply with standard best practices in budgeting, the EDA will budget for the full Alliance funding of \$125,000, even though Roseville’s costs are only \$40,000. A revenue item has been inserted to account for Maplewood and St. Paul’s financial contribution towards the Alliance (\$85,000).</p>	\$125,000 (\$40,000 is Roseville’s cost)
<p><u>Open to Business/Small Business Assistance</u></p> <p>Ramsey County executed a contract with the Metropolitan Consortium of Community Developers in the 1st 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. Beginning in 2020, the EDA began setting aside funds to administer a small business loan program in partnership with Open to Business. For year 2021, the EDA raised this budget by \$50,000 in recognition that small businesses will likely need additional support post-COVID. In 2021, the EDA agreed to create and fund a Small Business Loan Program in partnership with Open to Business, which these funds would be used for. This budget reflects no increase in 2022.</p>	\$98,575
<p>Total 2022 Levy Supported Program Expenses</p>	\$309,925

41 Historically, the levy has been the sole source to funding for activities conducted by the REDA. Several
 42 years ago the University of Northwestern committed to paying the City \$23,125 annually in recognition of
 43 their tax-exempt status and continued expansion beyond their campus property. This “charitable pledge” is
 44 for economic development efforts aimed at expanding the tax base, thus they’ve been allocated to the
 45 REDA. This revenue is used to offset expenses. Staff continues to program this revenue towards the EDA.
 46 It’s worth noting the charitable pledge payments, per the June 2014 agreement, are set to expire in 2024. In
 47 2022 and 2023, staff will begin engaging with Northwestern to extend the Charitable Pledge Agreement,
 48 although there are no guarantees Northwestern will cooperate.

49
 50 Additionally, beginning in 2022 the EDA’s budget for the Rice and Larpenteur Alliance includes \$85,000 of
 51 revenue paid by the cities of Maplewood (\$10,000) and St. Paul (\$75,000). Because Roseville is the fiscal
 52 agent for the Rice and Larpenteur Alliance, the Finance Director has recommended the EDA budget all
 53 revenues and expenditures for the Alliance, not just Roseville’s share.

Total EDA Proposed Budget: (Program Expenses + REDA Expenditures & Personnel)	<i>\$550,695**</i>
Minus Non-Property Tax Revenue	<i>-\$23,125</i>
Southeast Roseville Revenues	<i>-\$85,000</i>
Proposed Preliminary 2020 Levy	<i>\$442,570</i> <i>(2.4% or \$11,100 decrease from 2021)</i>

55 **the cash balance of the EDA general fund on December 31, 2020 is \$769,171 (fund 725), which exceeds
 56 35% of the proposed operating budget for 2020.

57 **STAFF RECOMMENDATION**

58 Discuss the EDA’s proposed 2022 Budget and Preliminary Tax Levy in the amount of \$442,570.

59
 60 **REQUESTED EDA ACTION**

61 Advise staff of any requested changes to the 2022 Budget and Preliminary Tax Levy, and

62 Make a motion to adopt a Resolution requesting a Preliminary Tax Levy in 2021, collectible in 2022, in the
 63 amount of \$442,570.

64 **ALTERNATIVE EDA ACTION**

65 Direct staff to schedule a subsequent discussion on September 20th for consideration of the Resolution.

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

1 **EXTRACT OF MINUTES OF MEETING OF THE**
2 **ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**
3

4 Pursuant to due call and notice thereof, a meeting of the Roseville Economic
5 Development Authority, County of Ramsey, Minnesota, was duly called and held at the City
6 Hall on Monday, the 19th day of July, 2021, at 6:00 p.m.
7

8 The following members were present:
9

10 and the following were absent:
11
12

13 Commissioner _____ introduced the following resolution and moved its adoption
14

15 **Resolution No. XX**

16 **A Resolution Requesting A Tax Levy in 2021 Collectible in 2022**
17

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

20 Section 1. Recitals.

21 1.01. The Authority is authorized by Minnesota Statutes Section 469.107 to
22 request that the City of Roseville, Minnesota (the "City") levy a tax on all
23 taxable property within the City, subject to approval of such tax levy by
24 the City Council of the City, for the benefit of the Authority (the "EDA
25 Levy").

26 1.02. The Authority is authorized to use the amounts collected by the EDA Levy
27 for the purposes provided in Minnesota Statutes, Section 469.090 to
28 469.1081 (the "EDA Act").

29 Section 2. Findings

30 2.01. The Authority hereby finds that it is necessary and in the best interest of
31 the City and the Authority to request that the City Council of the City
32 adopt the EDA Levy to provide funds necessary to accomplish the goals of
33 the Authority.

34 Section 3. Adoption of EDA Levy.

35 3.01. The Authority hereby requests that the City levy the following amount,
36 which is no greater than 0.01813 percent of the City's estimated market
37 value, to be levied upon the taxable property of the City for the purposes
38 of the EDA Levy described in Section 1.02 above and collected with taxes
39 payable in 2021:

40 **Amount: \$442,570**

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 2022.

44

45

46

Adopted by the Board of the Authority this 19th day of July, 2021.

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 19,
53 2021.

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

58

59

60 and the following voted against the same:

61

62

63 whereupon said resolution was declared duly passed and adopted.

64 Witness my hand as the Executive Director of the Authority this 19th day of July, 2021.

65

66

67

68

69

Executive Director, Patrick Trudgeon
Roseville Economic Development Authority

70

71

72

73

City of Roseville Economic Development Authority
2022 Proposed Budget Fund 725 as of June 17, 2021

Account Number	Description	2018 Adopted Budget	2019 Adopted Budget	2020 Adopted Budget	2021 Proposed Budget	2022 Proposed Budget
Proposed Revenues:		Revenue	Revenue	Revenue	Revenue	Revenue
	Investment Income					
	Cash carry-over					
	Cashflow Reserve					
	Northwestern Charitable Pledge			\$23,125.00	\$23,125.00	\$23,125.00
	Southeast Roseville (St. Paul & Maplewood)					\$85,000.00
	Property Tax paid late					
	EDA Levy	\$360,150.00	\$473,660.00	\$463,400.00	\$453,670.00	\$442,570.00
	Total Revenue	\$360,150.00	\$473,660.00	\$486,525.00	\$476,795.00	\$550,695.00
Proposed Expenses:						
Housing Replacement/Single Family Construction Funds						
71	Professional Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
434000	Printing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
448000	Miscellaneous	\$0.00	\$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	\$0.00
Multi Family Loan & Acquisition Fund						
430000	Professional Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
434000	Printing	\$0.00	\$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	\$0.00
490000	ECHO Project 2016 Final					
72	Multi Family Loan & Acquisition Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ownership Rehab Program						
430000	Professional Services-CEE	\$15,000.00	\$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	\$850.00
	Energy Efficiency Program	\$12,000.00	\$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	\$27,850.00
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	\$0.00
490000	Live/work RSV program					
74	First Time Buyer Program Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Neighborhood Enhancement Program						
430000	Prof Services - City of Roseville	\$47,900.00	\$39,920.00	\$41,360.00		
433000	Marketing -Printing and Mailing	\$3,070.00	\$8,000.00	\$8,000.00		
	Other Services & Charges	\$3,580.00				
78	Neighborhood Enhancement Program Total	\$54,550.00	\$47,920.00	\$49,360.00	\$0.00	\$0.00
Marketing Studies						
430000	Market Research					
434000	Printing Marketing Materials	\$6,500.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
448000	Miscellaneous-Postage	\$1,500.00	\$0.00	\$0.00	\$0.00	\$0.00
82	Marketing Studies	\$8,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
Economic Development						
430000	Golden Shovel (Including Intern Assistance as needed)	\$15,000.00	\$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	\$30,000.00
433000	BR&E Newsletter page, other outreach	\$6,000.00	\$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	\$2,000.00
448000	Salesforce & Misc.	\$500.00	\$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	\$53,500.00
Southeast Roseville Initiatives			\$50,000.00	\$50,000.00	\$40,000.00	\$125,000.00
Open-to-Business/Small Business Loan Program				\$48,575.00	\$98,575.00	\$98,575.00
General EDA Expenditures						
430000	City of Roseville Economic Development Staff	\$159,600.00	\$174,840.00	\$186,540.00	\$188,170.00	\$194,070.00
430000	Prof. Svs. (Secretary)	\$2,500.00	\$3,500.00	\$2,500.00	\$2,500.00	\$2,500.00
0006	Prof. Svs. (EDA Attorney)	\$15,000.00	\$16,000.00	\$17,000.00	\$15,000.00	\$15,000.00
460001	Admin Service Fee	\$9,650.00	\$9,650.00	\$12,000.00	\$12,000.00	\$15,000.00
441000	Education (Training/Conferences)	\$4,500.00	\$5,500.00	\$8,000.00	\$8,000.00	\$8,000.00
441000	Training for Board	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
441000	Office Supplies	\$0.00	\$200.00	\$0.00	\$0.00	\$0.00
442000	Mbrship/Subscriptions	\$1,500.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
448000	Miscellaneous	\$2,000.00	\$4,500.00	\$2,000.00	\$2,000.00	\$2,000.00
432000	Mileage Reimbursement		\$700.00	\$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	\$231,870.00	\$240,770.00
	Subtotal Expenditures	\$360,150.00	\$423,660.00	\$486,525.00	\$476,795.00	\$550,695.00
	Total Budgeted Expenses	\$360,150.00	\$473,660.00	\$486,525.00	\$476,795.00	\$550,695.00