

DEVELOPMENT ASSISTANCE AGREEMENT

BETWEEN

CITY OF BAXTER, MINNESOTA

AND

TRIDENT DEVELOPMENT, LLC

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DEVELOPMENT ASSISTANCE AGREEMENT

THIS DEVELOPMENT ASSISTANCE AGREEMENT (the “Agreement”) is made as of the ____ day of _____, 2026, by and between the CITY OF BAXTER, MINNESOTA (the “City”), a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota, and TRIDENT DEVELOPMENT, LLC, a Minnesota limited liability company (the “Developer”).

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794 (the “TIF Act”), the City has authority to establish tax increment financing districts and adopt tax increment financing plans; and

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

WHEREAS, pursuant to the provisions of the TIF Act, the City has established, within the Development District, Tax Increment Financing District No. 16: Trident (a housing district), qualified as a housing tax increment financing district (the “TIF District”), the legal description of which is attached hereto as **Exhibit A**, and has adopted a tax increment financing plan therefor approved by the City Council of the City on June 2, 2026 (the “TIF Plan”) which provides for the use of tax increment financing in connection with certain development within the Development District and TIF District; and

WHEREAS, the Developer proposes the development of the Development Property (as hereinafter defined) and constructing and equipping thereon an approximately 80-unit mixed income senior rental housing facility to be known as the Timber Ridge Apartments consisting of approximately 64 assisted-living units in a two-story building and approximately 16 memory care units in an adjacent one-story building (the “Project”); and

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

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

ARTICLE I

DEFINITIONS

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

Administrative Costs has the meaning set forth in Section 3.4;

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

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

Architect means [REDACTED];

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

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

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

City means the City of Baxter, Minnesota;

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

Construction Documents means the following documents, all of which shall be in form and substance acceptable to the City: (a) evidence satisfactory to the City showing that the Project conforms to applicable zoning, subdivision and building code laws and ordinances, including a copy of the building permit for the Project; (b) a copy of the executed standard form of agreement between owner and architect for architectural services for the Project, if any; and (c) a copy of the executed General Contractor's contract for the Project, if any;

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

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

County means Crow Wing County, Minnesota;

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

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

Developer means Trident Development, LLC, a Minnesota limited liability company, and its authorized successors and assigns;

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

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

Final Payment Date means the earliest of (i) the date on which the entire principal and accrued interest on the TIF Note have been paid in full; or (ii) March 1, 2048; or (iii) any earlier date this Agreement or the TIF Note is terminated or cancelled in accordance with the terms hereof or deemed paid in full; or (iv) the March 1 following the date the TIF District is terminated in accordance with the TIF Act;

General Contractor means [REDACTED];

Payment Date means September 1, 2028 and each March 1 and September 1 thereafter to and including the Final Payment Date; provided, that if any such Payment Date should not be a Business Day, the Payment Date shall be the next succeeding Business Day;

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

Pledged Tax Increments means for any six-month period, 90% of the Tax Increments received by the City since the previous Payment Date;

Project means the development of the Development Property and constructing and equipping thereon an approximately 80-unit mixed income senior rental housing facility to be known as the Timber Ridge Apartments consisting of approximately 64 assisted-living units in a two-story building and approximately 16 memory care units in an adjacent one-story building;

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

Qualified Project Period has the meaning as defined in the Declaration;

Reimbursement Amount means the lesser of (i) \$1,100,000 or (ii) the Public Development Costs actually incurred and paid by the Developer;

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

State means the State of Minnesota;

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

Tax Increments means the tax increments derived from the Development Property and the improvements thereon which have been received and are permitted to be retained by the City in accordance with the TIF Act including, without limitation, Minnesota Statutes, Section 469.177; Section 469.176, subdivision 4h; and Section 469.175, subdivision 1a, as the same may be amended from time to time;

Termination Date means, with respect to this Agreement (and not with respect to the Declaration), the Final Payment date;

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

TIF District means the Tax Increment Financing District No. 16: Trident (a housing district), within the Development District in the City, consisting of the property legally described in **Exhibit A** attached hereto, which was established as a housing district under the TIF Act;

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

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

Total Development Costs means the actual total expenditures incurred by the Developer to complete the Project inclusive of hard construction costs, soft costs, and financing costs, a current estimate of which is shown on **Exhibit D**. Such costs may be revised by the Developer to reflect actual costs in connection with the Pro Forma Financial Statement to be delivered pursuant to Section 3.5; and

Unavoidable Delays means delays, outside the control of the party claiming their occurrence, which are the direct result of pandemics, epidemics (or other health related disruptions), strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, acts of war or terrorism, civil strife, including protests, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City in properly exercising its rights under this Agreement) which directly result in delays, acts of the public enemy or acts of terrorism and discovery of unknown hazardous materials or other concealed site conditions or delays of contractors due to such discovery.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

(1) The City is a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State and has the power to enter into this Agreement and carry out its obligations hereunder.

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

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

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

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

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

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

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

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

(5) No member of the City Council or other officer of the City, has either a direct or indirect financial interest in this Agreement, nor will any member of the City Council or other officer of the City, benefit financially from this Agreement within the meaning of Minnesota Statutes, Sections 412.311 and 471.87.

ARTICLE III

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1. Total Development Costs and Public Costs.

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

(2) Based on the Developer's representation that the Total Development Costs for the Project are approximately \$26,620,000, that the sources of revenue available to pay such costs, excluding the tax increment assistance contemplated herein, is \$25,520,000, and that the Developer is unable to obtain additional private financing for the estimated Total Development Costs, the City has agreed to provide tax increment financing subject to the terms and conditions as hereinafter set forth. At the request of the City, the Developer shall provide the City copies of all executed financing documents related to financing the Total Development Costs of the Project.

(3) The parties agree that the Public Development Costs to be incurred by the Developer are essential to the successful completion of the Project. The Developer anticipates that the Public Development Costs for the Project which are identified in **Exhibit C** attached hereto will be at least \$1,100,000.

(4) As of January 2, 2029, for taxes payable in 2030, the estimated market value of the Development Property, as improved, is expected to be at least \$9,273,684.

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

(6) The Developer shall, in a timely manner, comply with all requirements necessary to obtain, or cause to be obtained, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met for the construction and operation of the Project.

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

Section 3.2. TIF Note.

(1) The TIF Note will be originally issued to the Developer, as provided in Section 3.2(2), in a principal amount not to exceed the Reimbursement Amount, and shall be dated as of its date of issuance. The principal of the TIF Note and interest thereon shall be payable on a pay-as-you-go basis solely from the Pledged Tax Increments as provided below.

(2) The TIF Note shall be issued, in substantially the form attached hereto as **Exhibit E** and interest will commence to accrue on the TIF Note only if: (A) the Developer shall have submitted written proof and other documentation as may be reasonably satisfactory to the City of the exact nature and amount of the Public Development Costs incurred by the Developer, together with such other information or documentation as may be reasonably necessary and satisfactory to the City to enable the City to substantiate the Developer's tax increment expenditures for Public Development Costs in accordance with **Exhibit C** attached hereto and/or to comply with its increment reporting obligations to the Commissioner of Revenue, the Office of the State Auditor or other applicable official; (B) the City shall have received evidence that the Declaration has been recorded against the Development Property; (C) the Developer shall have obtained a certificate of occupancy from the City for all residential units in the Project and a Certificate of Completion as provided in this Agreement; (D) the Developer shall have paid all of the City's Administrative Costs required to have been paid as of such date in accordance with Section 3.4 hereof; and (E) the Developer shall be in material compliance with each term or provision of this Agreement required to have been satisfied as of such date. The documentation provided in accordance with Section 3.2(2)(A) shall include specific invoices for the particular work from the contractor or other provider and shall include paid invoices, copies of remittances and/or other suitable documentary proofs of the Developer's payment thereof.

(3) Subject to the provisions thereof, the TIF Note shall bear simple, non-compounding interest at the rate equal to the lesser of 6.00% per annum or the actual rate per annum on the Developer's permanent first mortgage financing for the Project as of the date of issuance of the TIF Note. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Principal and interest on the TIF Note will be payable on each Payment Date; however, the sole source of funds required to be used for payment of the City's obligations under this Section and correspondingly under the TIF Note shall be the Pledged Tax Increments received in the 6-month period preceding each Payment Date. On each Payment Date the Pledged Tax Increment shall be credited against the accrued interest then due on the TIF Note and then applied to reduce the principal. In the event the Pledged Tax Increments are not sufficient to pay the accrued interest, the unpaid accrued interest shall be carried forward without interest. All Tax Increments in excess of the Pledged Tax Increments necessary to pay the principal and accrued interest on the TIF Note are not subject to this Agreement, and the City retains full discretion as to any authorized application thereof. To the extent that the Pledged Tax Increments are insufficient through the Final Payment Date, to pay all amounts otherwise due on the TIF Note, said unpaid amounts shall then cease to be any debt or obligation of the City whatsoever. No interest will accrue during any period in which payments have been suspended pursuant to Section 4.2.

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

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

(6) The City's obligation to make payments on the TIF Note on any Payment Date is subject to adjustment as set forth in Sections 3.5 and 3.15 and shall be conditioned upon the requirement that (A) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement that has not been cured during the applicable cure period, (B) this Agreement shall not have been terminated pursuant to Section 4.2, (C) all conditions set forth in Section 3.2(2) have been satisfied as of such date, and (D) until the Calculation Date for the Lookback upon Stabilization has been completed in accordance with Section 3.5, the Developer shall have provided to the City Finance Director at least 10 days before each Payment Date, a certification as to whether Stabilization, as defined in Section 3.5, has occurred.

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

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

Section 3.3. Income Restrictions. The Developer hereby represents, covenants and agrees as follows:

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

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

(3) In accordance with the Declaration, commencing on the Completion Date and continuing until the end of the Qualified Project Period (as defined in the Declaration), (i) at least 20% (i.e. 16) of the residential units in the Project shall be occupied or available for occupancy by persons or families whose income does not exceed 50% of the area-wide median family income for the standard metropolitan statistical area which includes the City, as that figure is determined and announced from time to time by HUD, as adjusted for family size ("Median Income"); and

(4) The Developer will provide the City an annual certification in the form attached as Exhibit C to the Declaration (the "Compliance Certificate") evidencing compliance with the requirements of paragraph (3) above, and, if requested by the City, the income verifications from tenants used to meet such requirements. The annual certification shall also include the vacancy rate for the preceding calendar year. The annual certification shall be provided on or before February 1 of each year commencing February 1, 2028 and shall cover the preceding calendar year.

(5) The Developer shall accept tenants who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq., or its successor. During the term of the Declaration, the Developer shall not adopt any policies specifically excluding rental to tenants holding Section 8 certificate/voucher holders. For certificate/voucher holders, the Developer shall restrict rents to an amount which does not exceed the rent permitted, assuming the total tenant payment does not exceed 40% of the household's monthly adjusted income.

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

(7) The provisions of this Section 3.3 shall be incorporated into the Declaration in substantially the form attached hereto as **Exhibit H**, and recorded against the Development Property prior to the issuance of the TIF Note.

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

Section 3.4. Developer to Pay City's Fees and Expenses. The Developer will pay all of the reasonable Administrative Costs (as defined below) of the City and must pay such costs to the City within 30 days after receipt of a written invoice from the City describing the amount and nature of the costs to be reimbursed. For the purposes of this Agreement, the term "Administrative Costs" means out of pocket costs incurred by the City together with staff and consultant (including reasonable legal, financial advisor, etc.) costs of the City, all attributable to or incurred in connection with the establishment of the TIF District and the TIF Plan and review, negotiation and preparation of this Agreement (together with any other agreements entered into between the parties hereto contemporaneously therewith) and review and approvals of other documents and agreements in connection with the Project. In addition, certain engineering, environmental advisor, legal, land use, zoning, subdivision and other costs related to the development of the Development Property are required to be paid, or additional funds deposited in escrow, as provided in accordance with the City's planning, zoning, and building fee schedules. The City acknowledges that the Developer has deposited \$25,000 with the City toward payment of the City's and the City's Administrative Costs. If such costs exceed such amount, then at any time, but not more often than monthly, the City will deliver written notice to Developer setting forth any additional fees and expenses and Developer agrees to pay all fees and expenses within 30 days of the City's written request. Any unused amount of such deposit shall be returned to the Developer.

Section 3.5. Lookback.

(a) *Generally.* The financial assistance to the Developer under this Agreement is based on certain assumptions regarding likely performance of the Project including operating revenues, expenses and development costs of construction of the Project. The Developer has represented that the lender will require the Actual Equity to be invested prior to disbursement of the Loan. The City and the Developer agree that the actual financial performance of the Project will be reviewed as described in this Section, and that the TIF Note may be adjusted accordingly. The City and the Developer further agree that the Developer has provided the City and its municipal advisor (the “Consultant”) with the Pro Forma Financial Statement showing a target IRR (as defined below) of 16%.

(b) *Definitions.* For the purposes of this Section, the following terms have the following meanings:

(i) “Actual Equity” means the actual cash equity (which excludes any grants or City, Federal or State funds received by the Developer or any indebtedness of the Developer) invested by the Developer or any equity investor to pay a portion of the Total Development Costs of the Project as detailed in the Pro Forma Financial Statement delivered on the Calculation Date and as reported to stakeholders in the Project, including the lender of the permanent phase Project Financing at the time of converting from construction to permanent Project Financing.

(ii) “Amortization Schedule” the amortization schedule for the Project Financing in place as of the Calculation Date.

(iii) “Calculation Date” means 90 days after the earlier of (i) the date of Stabilization; or (ii) three years after the date of the Certificate of Occupancy;

(iv) “Capitalization Rate” means 8.00%.

(v) “Debt Service” means principal and interest (net of any capitalized amounts or interest reserves) (A) actually paid on any Project Financing prior to the Calculation Date or (B) based on the Amortization Schedule thereafter.

(vi) “Financial Statements” means the Developer’s report of the revenues and expenses as set forth in the Developer’s audited financial statement for each fiscal year, consistent with GAAP.

(vii) “GAAP” means generally accepted accounting principles.

(viii) “Gross Revenues” means for any fiscal year, the aggregate, calculated in accordance with GAAP, of all operating and non-operating revenues of the Project as set forth in the Developer’s Financial Statements, including, but without limiting the generality of the foregoing, (i) rents, (ii) other operating revenues, (iii) investment income, (iv) net proceeds from business interruption insurance, and (v) payment under the TIF Note (but excluding proceeds, or the financial impact of proceeds, from a sale or refinancing); provided, however, that any calculation of Gross Revenues shall not take into account any unrealized gains or losses on investments or any extraordinary or non-recurring items, in accordance with GAAP (including without limitation any gain or loss resulting from either the extinguishment of indebtedness or the refinancing, sale, exchange or other disposition of assets not made in the ordinary course of business).

(ix) “Hypothetical Cash Flow” means (A)(i) actual NOI prior to the Calculation Date plus payments made under the TIF Note for such period less (ii) the actual Debt Service for such period, and (B)(i) Hypothetical NOI for any period after the Calculation Date through the Hypothetical Sale Date plus payments made under the TIF Note for such period less (ii) the future Debt Service for such period based on the Amortization Schedule through the Hypothetical Sale Date, all determined in accordance with generally accepted accrual accounting principles.

(x) “Hypothetical NOI” means an assumed NOI for any period from the Calculation Date through the Hypothetical Sale Date equal to the actual NOI for the 12-month period prior to the Calculation Date but adjusted to reflect (A) an assumed 95% occupancy regardless of whether the average occupancy for the measured period is higher or lower than 95%, (B) Gross Revenues for periods after the Calculation Date shall be inflated by 3% annually, and (C) Operating Expenses for periods after the Calculation Date shall be inflated by 3% annually except property taxes and commercially reasonable replacement reserves shall be inflated by 1.65% annually.

(xi) “Hypothetical Net Sales Proceeds” means the Hypothetical Purchase Price net of (A) 1% of the Hypothetical Purchase Price for sale expenses and (B) amounts to pay off any Project Financing.

(xii) “Hypothetical Purchase Price” means the price determined as (a) the Hypothetical NOI for the 12-month period prior to the Hypothetical Sale Date divided by the Capitalization Rate plus (b) the net present value of the future stream of principal and interest on the balance of the TIF Note as of the Hypothetical Sale Date.

(xiii) “Hypothetical Sale Date” means a hypothetical sale of the Project for the Hypothetical Purchase Price on the date 10 years after the date of the Certificate of Occupancy.

(xiv) “IRR” means the discount rate, as calculated by the Consultant on the Calculation Date using the Excel IRR function, that makes the net present value, using the Actual Equity, of (A) all Hypothetical Cash Flow over the period from the date of the Certificate of Occupancy through the Hypothetical Sale Date and (B) the Hypothetical Net Sales Proceeds equal to zero, to be calculated by the Consultant in accordance with the methodology utilized in the sample lookback calculation attached as **Exhibit J**.

(xv) “NOI” or “Net Operating Income” means Gross Revenues less Operating Expenses, excluding Debt Service.

(xvi) “Operating Expenses” means reasonable and customary expenses actually incurred in operating the Project and any other expenses actually incurred by the Developer pursuant to its obligations under this Agreement, determined in the same manner as shown in the Pro Forma Financial Statement, which excludes expenses after debt service, and includes administrative, payroll, marketing, insurance, property management fees, utilities, maintenance, deposits to commercially reasonable capital replacement reserves and payment of real estate taxes, but subject to final review and acceptance by the Consultant.

(xvii) “Pro Forma Financial Statement” means the cash flow pro forma model Financial Statement projecting future returns, a summary of which is attached to this Agreement as **Exhibit J**, as updated on the Calculation Date.

(xviii) “Project Financing” means one or more loans for financing the Total Development Costs of the Project, including but not limited to mezzanine financing and preferred equity, secured by a mortgage on the Development Property or by the TIF Note.

(xix) “Stabilization” means the calendar month-end date on which both (A) the Project has first achieved an average occupancy of 95% during the preceding 12 calendar months and (B) the Developer has converted from construction to permanent Project Financing.

(c) *Lookback on Stabilization:* On or before the Calculation Date, the Developer shall deliver to the City and Consultant, at a minimum: (A) the Developer’s Financial Statement for each year since the date of this Agreement set forth in a manner consistent with GAAP; (B) the Developer’s actual Pro Forma Financial Statement in substantially the form attached as **Exhibit J** showing Actual Equity, NOI, Hypothetical NOI, Debt Service, Gross Revenues, actual refinance proceeds, and Operating Expenses; (C) the Amortization Schedule for the Project Financing existing as of the Calculation Date; (D) the date of the Certificate of Occupancy; (E) Actual Equity contributions, and any and all actual cashflows both positive and negative experienced by the Project and (F) such other financial information as the Consultant shall reasonably require. A sale shall be assumed to occur on the Hypothetical Sale Date.

(i) The City will direct the Consultant to calculate the projected IRR based on the Pro Forma Financial Statement submitted to the City as provided above, (in the manner consistent with the sample lookback calculation attached as **Exhibit J**, as approved by the City).

(ii) If the Consultant determines that the projected IRR does not exceed 16%, the TIF Note will not be revised for Lookback on Stabilization.

(iii) If the Consultant determines that the projected IRR exceeds 16%, then the principal balance of the TIF Note will be reduced by an amount calculated by the Consultant in the manner described in clause (3) below:

(1) First, by determining the net present value of the stream of TIF Note payments through the Hypothetical Sale Date plus the net present value of the future stream of principal and interest through the term of the TIF Note on the balance of the TIF Note as of the Hypothetical Sale Date that result in a 16% IRR based on all other information provided in clause (c) being the same.

(2) Second, by determining the difference between the original principal amount of the TIF Note and the amount in clause (1) above (the “Differential”).

(3) Finally, the new principal amount of the TIF Note will then be determined by subtracting the Differential in clause (2) from the original TIF Note principal amount and rounding to the nearest \$1,000 (the “Revised TIF Note Principal Amount”); provided however that if the result would be less than \$0, the TIF Note shall be deemed paid in full.

Such Revised TIF Note Principal Amount will be effective upon delivery to the Developer of a written notice stating the Revised TIF Note Principal Amount as determined by the Consultant in accordance with this Section, accompanied by the Consultant’s report. The Developer shall, thereupon, deliver the original TIF Note in exchange for a new TIF Note in the Revised TIF Note Principal Amount.

Section 3.6. Execution of Assessment Agreement.

(1) The Developer and the City agree to execute an Assessment Agreement relating to the Development pursuant to the provisions of Minnesota Statutes, Section 469.177, Subdivision 8, specifying the minimum market value for the Development Property for calculation of real property taxes. Specifically, the Developer shall agree to a market value for the Development Property of \$9,273,684, commencing as of January 2, 2029 (the “Minimum Market Value”).

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

(3) The Assessment Agreement shall remain in effect until the earlier of (i) January 31, 2046, with respect to taxes payable in 2047, or (ii) the date on which the TIF District expires or is otherwise terminated.

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

(5) Pursuant to Minnesota Statutes, Section 469.177, Subdivision 8, the Assessment Agreement shall be filed for record in the office of the county recorder or registrar of titles of the County, and such filing shall constitute notice to any subsequent encumbrancer or purchaser of the Development Property, whether voluntary or involuntary, and such Assessment Agreement shall be binding and enforceable in its entirety against any such subsequent purchaser or encumbrancer, including the holder of any mortgage on the Development Property.

(6) The Assessment Agreement shall be filed, at the sole cost of the Developer, against the Development Property prior to any lien or encumbrance on the Development Property, including any mortgager.

Section 3.7. Compliance with Environmental Requirements.

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

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

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

Section 3.8. Construction Plans.

(1) Prior to the commencement of construction of the Project, the Developer will deliver to the City the Construction Plans, Construction Documents and a sworn construction cost statement certified by the Developer and the General Contractor (the “Sworn Construction Cost Statement”) all in form and substance reasonably acceptable to the City. The Construction Plans for the Project shall be consistent with the Development Program, this Agreement, and all applicable State and local laws and regulations and the Site Plan and Design Drawings previously submitted to the City. The City’s building official and the City Administrator, or designee, on behalf of the City shall promptly review any Construction Plans upon submission and deliver to the Developer a written statement approving the Construction Plans or a written statement rejecting the Construction Plans and specifying in reasonable detail the deficiencies in the Construction Plans. Approval of the Construction Plans may be withheld unless: (i) the Construction Plans substantially conform to the terms and conditions of this Agreement; (ii) the Construction Plans are consistent with the goals and objectives of the Development Program and the TIF Plan; (iii) the Construction Plans comply with the Site Plan and Design Drawings; and (iv) the Construction Plans do not violate any applicable federal, State or local laws, ordinances, rules or regulations. If the Construction Plans are not approved by the City, then the Developer shall make such changes as the City may reasonably require and resubmit revised Construction Plans to the City for approval. 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 City. The City’s approval shall not be unreasonably withheld or conditioned. Said approval shall constitute a conclusive determination that the Construction Plans comply to the City’s satisfaction with the provisions of this Agreement relating thereto.

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

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

Section 3.9. Commencement and Completion of Construction. Subject to the terms and conditions of this Agreement and to Unavoidable Delays, the Developer will commence construction of the Project by August 31, 2026 and shall substantially complete construction of the Project, and cause all related public infrastructure to be completed, by December 31, 2028. Notwithstanding the foregoing, failure of the Developer to commence construction or substantially complete the Project shall not be an Event of Default hereunder unless the Developer fails to commence construction of the Project by December 31, 2026. The Project will be constructed by the Developer on the Development Property in conformity with the Construction Plans approved by the City. Prior to completion, upon the request of the City, and subject to applicable safety rules, the Developer will provide the City reasonable access to the Development Property. “Reasonable access” means at least one site inspection per week during regular business hours. During construction, marketing and rentals of the Project, the Developer will deliver progress reports to the City from time to time as reasonably requested by the City.

Section 3.10. Certificate of Completion. The Developer shall notify the City when construction of the Project has been substantially completed. The City shall conduct any inspections of the Project it determines necessary in order to determine whether the Project has been constructed in substantial conformity with this Agreement and the approved Construction Plans. If the City determines that the Project has not been constructed in substantial conformity with this Agreement and the approved Construction Plans, the City shall deliver a written statement to the Developer indicating in adequate detail the specific respects in which the Project has not been constructed in substantial conformity with this Agreement and the approved Construction Plans and Developer shall have a reasonable period of time to remedy such deficiencies. The City will re-inspect the Project within a reasonable period of time after receiving notice that such deficiencies have been remedied in order to determine whether the Project has been constructed in substantial conformity with the approved Construction Plans and this Agreement. Within a reasonable period of time after determining that the Project has been constructed in substantial conformity with this Agreement and the approved Construction Plans and determining that the following conditions precedent have been satisfied, the City will furnish to the Developer a Certificate of Completion substantially in the form set forth in **Exhibit F** attached hereto certifying the completion of the Project:

- (1) There shall exist no uncured Event of Default hereunder;
- (2) The Developer shall have met the conditions for issuance of a Certificate of Occupancy from the City for all units of the Project;
- (3) The City Administrator, or designee, on behalf of the City shall have reasonably determined that the Project has been substantially completed and constructed in accordance with all local, state and federal laws and regulations (including without limitation environmental, zoning, building code, housing code, and public health laws and regulations), and any applicable permits and in substantial conformity with this Agreement, and the final construction plans approved by the City in connection with issuing construction permits, each as applicable;

(4) The Developer shall certify to the City that all costs related to the Project and the development of the Development Property, including without limitation, payments to all contractors, subcontractors, and project laborers, have been paid prior to the date of the request to the City.

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

Section 3.11. Additional Responsibilities of the Developer.

(1) The Developer will construct, operate and maintain, or cause to be operated and maintained, the Project, including any related public infrastructure, substantially in accordance with the terms of this Agreement, the Development Program and all local, state, and federal laws and regulations including, but not limited to zoning, building code, public health laws and regulations, except for approved variances necessary to construct the Project contemplated in the Construction Plans approved by the City.

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

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

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

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

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

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

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

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

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

Section 3.13. Business Subsidy Act. The assistance to be provided under this Agreement is financial assistance for housing, and therefore the provisions of Minnesota Statutes, Sections 116J.993 to 116J.995, as amended, do not apply.

Section 3.14. Right to Collect Delinquent Taxes. The Developer acknowledges that the City is providing substantial aid and assistance in furtherance of the Project through reimbursement of Public Development Costs. To that end, the Developer agrees for itself, its successors and assigns, that in addition to the obligation pursuant to statute to pay real estate taxes, it is also obligated by reason of this Agreement, to pay before delinquency all real estate taxes assessed against the Development Property and the Project. The Developer acknowledges that this obligation creates a contractual right on behalf of the City through the Termination Date to sue the Developer or its successors and assigns, to collect delinquent real estate taxes related to the Development Property and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any such suit in which the City is the prevailing party, the City shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 3.15. Review of Taxes.

(1) The Developer agrees that prior to the Termination Date it will not cause a reduction in the real property taxes paid in respect of the Development Property through: (i) willful destruction of the Development Property or any part thereof; or (ii) willful refusal to reconstruct damaged or destroyed property. The Developer also agrees that it will not, prior to the Termination Date, apply for an exemption from or a deferral of property tax on the Development Property pursuant to any law, or transfer or permit transfer of the Development Property to any entity whose ownership or operation of the property would result in the Development Property being exempt from real property taxes under State law.

(2) The Developer shall not apply for or obtain designation of the Development Property as low income rental property classified as “4d(1)” under Minnesota Statutes, Section 273.13, subdivision 25.

(3) The Developer shall notify the City within 10 days of filing any petition to seek reduction in market value or property taxes on any portion of the Development Property under any State law (referred to as a “Tax Appeal”). If as of any Payment Date, any Tax Appeal is then pending, the City will withhold the Pledged Tax Increment until such Tax Appeal is fully resolved. The City will release any withheld amount, to the extent not reduced as a result of the Tax Appeal, for payment of the TIF Note promptly after the Tax Appeal is fully resolved and the amount of Pledged Tax Increment is finalized.

ARTICLE IV

EVENTS OF DEFAULT

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

(1) Failure by the Developer to timely pay any ad valorem real property taxes assessed with respect to the Development Property.

(2) Subject to Unavoidable Delays, failure by the Developer to commence construction of the Project by December 31, 2026, and to proceed with due diligence to substantially complete the construction of the Project pursuant to the terms, conditions and limitations of this Agreement and obtain a certificate of occupancy from the City by December 31, 2028.

(3) Failure of the Developer to observe or perform any other material covenant, condition, obligation or agreement on its part to be observed or performed under the Declaration, or this Agreement, including, without limitation, compliance with the requirements set forth in Section 3.3 hereof.

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

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

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

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

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

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

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

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

Section 4.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5. Indemnification of City.

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

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

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

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

ARTICLE V

ADDITIONAL PROVISIONS

Section 5.1. Restrictions on Use. The Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that the Developer and such successors and assigns shall operate, or cause to be operated, the Project in accordance with this Agreement and as an affordable multifamily rental housing development in accordance with this Agreement and the Declaration until the end of the Qualified Project Period (as defined in the Declaration).

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

Section 5.3. Limitations on Transfer and Assignment.

(1) Except as provided in Sections 3.12 and 5.3(4), and subject to Section 5.3(5), the Developer will not sell, assign, convey, lease or transfer in any other mode or manner (collectively, "Transfer") this Agreement, the TIF Note, or the Development Property or the Project, or any interest therein, without the express written approval of the City, which consent will not be unreasonably withheld, conditioned or delayed. The City shall deliver a written statement to the Developer indicating whether the Transfer is approved or specifying the additional conditions to be satisfied in accordance with Section 5.3(2). The provisions of this Section 5.3 apply to all subsequent Transfers by authorized transferees;

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

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

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

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

(d) Any proposed transferee of the TIF Note shall (i) execute and deliver to the City the Acknowledgment Regarding TIF Note in the form included in Exhibit 2 to the TIF Note and (ii) surrender the TIF Note to the City either in exchange for a new fully registered note or for transfer of the TIF Note on the registration records for the TIF Note maintained by the City;

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

(f) In the absence of a specific written agreement by the City to the contrary, no such transfer or approval by the City thereof shall be deemed to relieve the Developer or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Project, from any of its obligations with respect thereto.

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

(4) Nothing contained in this Section shall prohibit the Developer from (i) entering into leases with tenants in the ordinary course of business, (ii) entering into easements or other agreements necessary for the construction or operation of the Project, or (iii) admitting or removing members in the Developer, in accordance with the applicable organizational documents.

(5) Subject to satisfying the conditions set forth in 2(c), 2(d) and (3), the City agrees to the assignment of the TIF Note, once issued, to a lender providing a loan to finance or refinance the cost of constructing the Project to allow the Developer to monetize the TIF Note.

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

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

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

Section 5.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

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

Trident Development, LLC
1200 25th Ave South
St. Cloud, MN 56301
Attn: [_____]

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

City of Baxter
13190 Memorywood Dr
Baxter, MN 56425
Attn: City Finance Director

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

Section 5.7. No Additional Waiver Implied by One Waiver. If any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 5.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

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

Section 5.10. Term; Termination. Except as provided in the Declaration, and unless this Agreement is terminated earlier in accordance with its terms, this Agreement shall terminate on the Termination Date. After the Termination Date, if requested by the Developer, the City will provide a termination certificate as to the Developer's obligations hereunder.

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

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

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

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

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

This Instrument Drafted By:
Kutak Rock LLP (JSB)
60 South Sixth Street, Suite 3400
Minneapolis, MN 55402

Return to:
City of Baxter
Attn: Finance Director
13190 Memorywood Drive
Baxter, MN 56425
218.454.5100

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

CITY OF BAXTER, MINNESOTA

By _____
Darrel Olson
Its Mayor

By _____
Kelly Steele
Its Assistant City Administrator/Clerk

This is a signature page to the Development Assistance Agreement

TRIDENT DEVELOPMENT, LLC, a Minnesota
limited liability company

By: _____

Its: _____

This is a signature page to the Development Assistance Agreement.

EXHIBIT A

DESCRIPTION OF TIF DISTRICT

The area encompassed by the TIF District shall also include all street or utility rights-of-way and all roads located upon or adjacent to the property described below:

A portion of the property currently described as:

Address: 15521 EDGEWOOD DRIVE

Currently Parcel Number: 40310684

The parcel is in the process of being replatted. A portion of the current parcel will be the TIF District. The new parcel will be assigned parcel number 40310686, per discussions with the County and will be legally described as set forth in **Exhibit B**.

EXHIBIT B

DESCRIPTION OF DEVELOPMENT PROPERTY

The property located in the City of Baxter, Crow Wing County, Minnesota described as:

Lot 1, Block 1 Veterans First Addition

EXHIBIT C

PUBLIC DEVELOPMENT COSTS

Site grading and improvements

Parking

Affordable housing construction

Underground and above ground utilities

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

EXHIBIT D
PROJECT SOURCES AND USES

[Insert]

EXHIBIT E

FORM OF TAXABLE TIF NOTE

No. R-1

[\$1,100,000]

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF CROW WING
CITY OF BAXTER, MINNESOTA
TAXABLE TAX INCREMENT REVENUE
NOTE (TIMBER RIDGE APARTMENTS PROJECT)

Date of Original Issue
_____, 20__

The City of Baxter, Minnesota (the “City”), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the “Payment Amounts”) to Trident Development, LLC, or its registered assigns (the “Registered Owner”), the principal amount of [ONE MILLION ONE HUNDRED THOUSAND and 00/100 Dollars (\$1,100,000)], but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

This Note is issued pursuant to that certain Development Assistance Agreement, dated as of _____, 2026, as the same may be amended from time to time (the “TIF Agreement”), by and between the City and Trident Development, LLC (the “Developer”). Unless otherwise defined herein or unless context requires otherwise, undefined terms used herein shall have the meanings set forth in the TIF Agreement.

The outstanding and unpaid principal amount of this Note shall bear simple, non-compounding interest at the rate equal to _____% per annum (which is the lesser of the rate equal to the lesser of 6.00% per annum or the actual rate per annum on the Developer’s permanent first mortgage financing for the Project); provided that no interest shall accrue on this Note during any period that an Event of Default has occurred, and such Event of Default is continuing, under the TIF Agreement and the City has exercised its remedy under the TIF Agreement to suspend payment on the Note. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

The amounts due under this Note shall be payable on September 1, 2028 and on each March 1 and September 1 thereafter to and including the earliest of (i) the date on which the entire principal and accrued interest on the TIF Note has been paid in full; or (ii) March 1, 2048; or (iii) any earlier date the TIF Agreement or this Note is cancelled in accordance with the terms of the TIF Agreement or deemed paid in full; or (iv) the March 1 following the date the TIF District is terminated in accordance with the TIF Act (the “Final Payment Date”) or, if the first should not be a Business Day (as defined in the TIF Agreement) the next succeeding Business Day (collectively, the “Payment Dates”).

On each Payment Date, the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day preceding such Payment Date an amount equal to 90% of the Tax Increments (as hereinafter defined) received by the City during the 6-month period preceding such Payment Date (“Pledged Tax Increments”).

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

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

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

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

The City’s payment obligations hereunder shall be subject to adjustment pursuant to Sections 3.5, 3.11(9), and 3.15(3) of the TIF Agreement and are further subject to the conditions that (i) no Event of Default under Section 4.1 of the TIF Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, including without limitation failure to submit the Compliance Certificate in accordance with Section 3.3 of the TIF Agreement and deliver the Declaration (as defined therein), and (ii) the TIF Agreement shall not have been terminated pursuant to Section 4.2 thereof, (iii) all conditions set forth in Section 3.2(2) of the TIF Agreement have been satisfied as of such date, and (iv) until the Calculation Date for the Lookback upon Stabilization has been completed in accordance with Section 3.5 of the TIF Agreement, the Developer shall have provided to the City Finance Director at least 10 days before each Payment Date, a certification as to whether Stabilization, as defined in Section 3.5 of the TIF Agreement, has occurred. Any such suspended and unpaid amounts shall become payable, without interest accruing thereon in the meantime, if this Note has not been terminated in accordance with Section 4.2 of the TIF Agreement and said Event of Default shall thereafter have been cured in accordance with Section 4.2 of the TIF Agreement.

If pursuant to the occurrence of an Event of Default under the TIF Agreement the City elects, in accordance with the TIF Agreement to cancel and rescind the TIF Agreement and/or this Note, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the TIF Agreement, for a fuller statement of the rights and obligations of the City to pay the principal of this Note and the interest thereon, and said provisions are hereby incorporated into this Note as though set out in full herein.

THIS NOTE IS A SPECIAL, LIMITED REVENUE OBLIGATION OF THE CITY AND IS PAYABLE BY THE CITY ONLY FROM THE SOURCES AND SUBJECT TO THE QUALIFICATIONS STATED OR REFERENCED HEREIN. THIS NOTE IS NOT A GENERAL OBLIGATION OF THE CITY, AND THE FULL FAITH AND CREDIT AND TAXING POWERS OF THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE AND NO PROPERTY OR OTHER ASSET OF THE CITY, SAVE AND EXCEPT THE ABOVE-REFERENCED PLEDGED TAX INCREMENTS, IS OR SHALL BE A SOURCE OF PAYMENT OF THE CITY'S OBLIGATIONS HEREUNDER.

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

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

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

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the City of Baxter, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and Assistant City Administrator/Clerk and has caused this Note to be issued on and dated as of the date first written above.

CITY OF BAXTER, MINNESOTA

By _____
Its Mayor

By _____
Its Assistant City Administrator/Clerk

By _____
Its Finance Director

Signature Page for Tax Increment Revenue Note (Timber Ridge Apartments)

Exhibit 1
to Taxable TIF Note

RISK FACTORS

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

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

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

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

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

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

Exhibit 2
to Taxable TIF Note

ACKNOWLEDGMENT REGARDING TIF NOTE

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

A. On the date hereof the Note Holder has [acquired from]/[made a loan (the “Loan”) [to/for the benefit] of] Trident Development, LLC (the “Developer”) [secured in part by] the Taxable Tax Increment Revenue Note (Timber Ridge Apartments Project), a pay-as-you-go tax increment revenue note in the original principal amount of [up to] \$1,100,000 [dated _____, 20__] [to be] issued by the City of Baxter, Minnesota (the “City”), [a copy of which is attached hereto] (the “Note”) subject to and in accordance with that certain Development Assistance Agreement between the City and the Developer dated _____, 2026 (the “TIF Agreement”).

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

C. The Note Holder represents and warrants that:

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

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

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

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

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

D. The Note Holder understands that the Note is payable solely from certain tax increments derived from certain properties located in a tax increment financing district, if and as received by the City. The Note Holder acknowledges that the City has made no representation or

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

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

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

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

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

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

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

6. Reductions in Taxes Levied. If property taxes are reduced due to decreased municipal levies, taxes and tax increments will be reduced. Reasons for such reduction could include lower local expenditures or changes in state aids to municipalities.

For instance, in 2001 the Minnesota Legislature enacted an education funding reform that involved the state increasing school aid in lieu of the local general education levy (a component of school district tax levies).

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

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

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

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

F. The Note Holder acknowledges that the Note was issued pursuant to the TIF Agreement, and that the City has the right to suspend payments under the Note and/or terminate the Note upon an Event of Default under the TIF Agreement.

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

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

Note Holder:

By: _____

Name: _____

Its: _____

EXHIBIT F

CERTIFICATE OF COMPLETION OF PROJECT

_____, 20__

WHEREAS, the CITY OF BAXTER, MINNESOTA, a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota (the “City”), and TRIDENT DEVELOPMENT, LLC, a Minnesota limited liability company (the “Developer”), have entered into a Development Assistance Agreement (the “TIF Agreement”), dated _____, 2026; and

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

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

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

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

CITY OF BAXTER, MINNESOTA

By _____
Its City Administrator

STATE OF MINNESOTA)
) SS.
COUNTY OF CROW WING)

The foregoing instrument was acknowledged before me this _____ day of _____, 20__, by _____, the City Administrator of the City of Baxter, Minnesota, a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota, on behalf of said City.

Notary Public

EXHIBIT G

FORM OF MINIMUM ASSESSMENT AGREEMENT

THIS AGREEMENT, dated as of this ___ day of _____, 2026, is between the City of Baxter, Minnesota (the “City”) and Trident Development, LLC, a Minnesota limited liability company (the “Developer”).

WITNESSETH

WHEREAS, on or before the date hereof the City and Developer have entered into a Development Assistance Agreement dated as of _____, 2026 (the “TIF Agreement”) regarding certain real property located in the City, the legal description of which is attached hereto as **Exhibit A** (the “Development Property”);

WHEREAS, it is contemplated that pursuant to said Agreement, the Developer will undertake the construction of an approximately 80-unit mixed income senior rental housing facility to be known as the Timber Ridge Apartments consisting of approximately 64 assisted-living units in a two-story building and approximately 16 memory care units in an adjacent one-story building (the “Development”);

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

WHEREAS, the Developer has acquired the Development Property; and

WHEREAS, the City and the Assessor have reviewed plans and specifications for the Project;

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

1. As of January 2, 2029, the minimum market value, which shall be assessed for the Development Property for taxes payable 2030 and in each year thereafter, shall not be less than \$9,273,684.

2. The minimum market values herein established shall be of no further force and effect after assessment on or before January 31, 2046 for taxes payable in 2047; provided, however, this Agreement shall terminate earlier upon such date as the earliest to occur of (i) the date on which the entire principal and accrued interest on the TIF Note (as defined in the TIF Agreement) has been paid in full; or (ii) any earlier date the TIF Agreement or the TIF Note is cancelled in accordance with the terms thereof or deemed paid in full; or (iii) the date the TIF District (as defined in the TIF Agreement) is terminated in accordance with the TIF Act (as defined in the TIF Agreement); or (iv) the date the City cancels the TIF Note upon a written request for termination from the Developer (the “Termination Date”).

If the Termination Date is earlier than the assessment on or before January 31, 2046, for taxes payable in 2047, the City shall duly execute and record a release of this Agreement upon the written request and sole expense of the then holder of fee title to the Development Property.

3. This Agreement shall be recorded by the City with the County Recorder of Crow Wing County, Minnesota [and / or in the Office of the Crow Wing County Registrar of Titles]. The Developer shall pay all costs of recording.

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

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

This Instrument Drafted By:
Kutak Rock LLP (JSB)
60 South Sixth Street, Suite 3400
Minneapolis, MN 55402

Return to:
City of Baxter
Attn: Finance Director
13190 Memorywood Drive
Baxter, MN 56425
218.454.5100

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

CITY OF BAXTER, MINNESOTA

By _____
Darrel Olson
Its Mayor

By _____
Kelly Steele
Its Assistant City Administrator/Clerk

STATE OF MINNESOTA)
) SS.
COUNTY OF CROW WING)

The foregoing instrument was acknowledged before me this _____ day of _____, 2026 by Darrel Olson, the Mayor of the City of Baxter, a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota, on behalf of said City.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF CROW WING)

The foregoing instrument was acknowledged before me this _____ day of _____, 2026 by Kelly Steele, the Assistant City Administrator/Clerk of the City of Baxter, a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota, on behalf of said City.

Notary Public

CERTIFICATION BY COUNTY ASSESSOR

The undersigned, having reviewed the Minimum Assessment Agreement dated as of the date first written above by and between the City of Baxter and Trident Development, LLC, the plans and specifications for the Development, as defined in the foregoing Minimum Assessment Agreement, and the market value currently assigned to land upon which the improvements are to be constructed and being of the opinion that the minimum market value contained in the Minimum Assessment Agreement appears reasonable, hereby certifies as follows:

The undersigned Assessor, being legally responsible for the assessment of the above-described property, hereby certifies that the minimum market value of \$9,273,684 as of January 2, 2029, assigned to such land and improvements is reasonable.

County Assessor

STATE OF MINNESOTA)
) ss.
COUNTY OF CROW WING)

This instrument was acknowledged before me on _____, 2026, by _____, the Crow Wing County Assessor.

Notary Public

EXHIBIT A TO MINIMUM ASSESSMENT AGREEMENT

The property located in the City of Baxter, Crow Wing County, Minnesota described as:

Lot 1, Block 1 Veterans First Addition

EXHIBIT H

DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS, dated _____, 2026 (the “Declaration”), by TRIDENT DEVELOPMENT, LLC, a Minnesota limited liability company (the “Developer”), is given for the benefit of the CITY OF BAXTER, MINNESOTA, a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota (the “City”).

RECITALS

WHEREAS, the City and the Developer entered into that certain Development Assistance Agreement, dated _____, 2026, (the “TIF Agreement”); and

WHEREAS, pursuant to the TIF Agreement, the Developer is obligated to cause construction of an approximately 80-unit mixed income senior rental housing facility to be known as the Timber Ridge Apartments consisting of approximately 64 assisted-living units in a two-story building and approximately 16 memory care units in an adjacent one-story building (the “Project”) to be located on the property described in **Exhibit A** attached hereto (the “Property”), and to cause compliance with certain affordability covenants described in Section 3.3 of the TIF Agreement; and

WHEREAS, Section 3.3 of the TIF Agreement requires that the Developer cause to be executed an instrument in recordable form substantially reflecting the covenants set forth in Section 3.3 of the TIF Agreement; and

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

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

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

1. Term of Restrictions.

(a) Occupancy Restrictions. The term of the Occupancy Restrictions set forth in Section 3 of this Declaration will commence on the date a certificate of occupancy is issued by the City for all residential units on the Property and continue through the Declaration Termination Date defined below (the “Qualified Project Period”).

(b) Termination of Declaration. This Declaration shall terminate on December 31, 2053 unless earlier terminated in accordance with the following paragraph.

In addition, in the event of foreclosure or transfer of title by deed in lieu of foreclosure, upon completion of the foreclosure and expiration of the applicable mortgagee redemption period, or recording of a deed in lieu of foreclosure, any mortgagee (or any assignee of the mortgagee) or any purchasers at or after foreclosure thereof, by the successful bidder at the sale, to the title to the Development Property, may terminate this Declaration, by providing written notice to the City and by filing a termination document in the applicable real property records in Crow Wing County, and thereafter this Declaration shall be of no further force and effect; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of this Declaration as the result of the foreclosure, or the delivery of a deed in lieu of foreclosure, or a similar event, the Developer or any related person (within the meaning of Section 1.103-10(e) of the Treasury Regulations) obtains an ownership interest in the Project for federal income tax purposes.

Each of the events set forth in the first two paragraphs of this Section 1(b) are referred to individually and collectively herein as the “**Declaration Termination Date.**” The Developer acknowledges, on behalf of itself and its successors and assigns that, upon any termination of this Declaration prior to the payment in full of the TIF Note, the City will terminate the TIF Note.

(c) Removal from Real Estate Records. After the Declaration Termination Date, the City will, upon request by the Developer or its assigns, file any document appropriate to remove this Declaration from the real estate records of Crow Wing County, Minnesota.

2. Project Restrictions.

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

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

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

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

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

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

(a) Qualifying Tenants. Throughout the Qualified Project Period the Project shall satisfy the following income restrictions (collectively, the “**Occupancy Restrictions**”): At least 20% (i.e. 16) of the residential units in the Project shall be occupied (or treated as occupied as provided herein) or held vacant and available for occupancy by persons or families whose combined adjusted income is 50% or less of Median Income (“**Qualifying Tenants**”).

(b) Additional Definitions. “**Median Income**” means the area-wide median family income for the standard metropolitan statistical area which includes Baxter, Minnesota, as that figure is determined and announced from time to time by HUD, as adjusted for family size for the applicable calendar year. For purposes of the definition of “**Qualifying Tenants**”, the occupants of a residential unit will not be deemed to be Qualifying Tenants if all the occupants of such residential unit at any time are “students,” as defined in Section 152(f)(2) of the Internal Revenue Code of 1986, as amended (the “Code”), not entitled to an exemption under the Code. The determination of whether an individual or family is of low or moderate income will be made at the time the tenancy commences and at least annually thereafter. If during their tenancy a Qualifying Tenant’s income exceeds 140% of the maximum income qualifying as low or moderate income for a family of its size, the next available residential unit (determined in accordance with the Code and applicable regulations) (the “**Next Available Unit Rule**”) must be leased to a Qualifying Tenant or held vacant and available for occupancy by a Qualifying Tenant qualifying as to the applicable income level. If the Next Available Unit Rule is violated, the affected unit will not continue to be treated as occupied by a Qualifying Tenant.

(c) Certification of Tenant Eligibility. As a condition to initial and continuing occupancy, each person or household who is intended to be a 50% Qualifying Tenant will be required annually to sign and deliver to the Developer a Certification of Tenant Eligibility substantially in the form attached as **Exhibit B** hereto, or in any other form as may be approved by the City (the “**Eligibility Certification**”), in which the prospective Qualifying Tenant certifies as to having a qualifying low or moderate income at the applicable level. In addition, the Qualifying Tenant will be required to provide whatever other information, documents, or certifications are deemed necessary by the City to substantiate the Eligibility Certification, on an ongoing annual basis, and to verify that the tenant continues to be a Qualifying Tenant within the meaning of Section 3(a) hereof. Eligibility Certifications will be maintained on file by the Developer until the later of (i) December 31, 2055 or (ii) two years after the date the TIF District is terminated in accordance with the TIF Act with respect to each Qualifying Tenant who resides in a residential unit or resided therein during the Qualified Project Period.

(d) Lease. The form of lease to be utilized by the Developer in renting any residential units in the Project to any person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by the person to immediate eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by the person with respect to the Eligibility Certification. The Developer covenants and agrees that during the Qualified Project Period it will not increase the rent charged to any tenant of a rental unit within the Project during such tenant’s lease term and, at any rate, will not increase the rent charged to any tenant more than once in any 6-month period.

(e) Annual Report. The Developer covenants and agrees that during the term of this Declaration, it will prepare and submit to the City on or before February 1 of each year, a certificate substantially in the form of **Exhibit C** attached hereto, executed by the Developer, (a) identifying the tenancies and the dates of occupancy (or vacancy) for all Qualifying Tenants in the Project, including the percentage of the residential units of the Project which were occupied by Qualifying Tenants (or held vacant and available for occupancy by Qualifying Tenants) at all times during the year preceding the date of the certificate; (b) describing all transfers or other changes in ownership of the Project or any interest therein; and (c) stating, that to the best knowledge of the person executing the certificate after due inquiry, all the residential units were rented or available for rental on a continuous basis during the year to members of the general public and that the Developer was not otherwise in default under this Declaration during the year.

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

(g) Section 8 Housing. The Developer shall accept tenants who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq., or its successor. During the term of this Declaration, the Developer shall not adopt any policies specifically excluding rental to tenants holding Section 8 certificate/voucher holders. For certificate/voucher holders, the Developer shall restrict rents to an amount which does not exceed the rent permitted, assuming the total tenant payment does not exceed 40% of the household's monthly adjusted income.

(h) Reasonable Distribution. The Developer shall not concentrate Qualifying Tenants in any floor or any area of any building in the Project. The units occupied by Qualifying Tenants shall be located throughout the Project.

4. Transfer Restrictions. Except as provided in Section 1(b) above, the Developer covenants and agrees that the Developer will cause or require as a condition precedent to any conveyance, transfer, assignment, or any other disposition of the Project prior to the termination of the Occupancy Restrictions provided herein (the "Transfer") that the transferee of the Project pursuant to the Transfer assume in writing, in a form acceptable to the City, all duties and obligations of the Developer under this Declaration, including this Section 4, in the event of a subsequent Transfer by the transferee prior to expiration of the Occupancy Restrictions provided herein (the "Assumption Agreement"). The Developer will deliver the Assumption Agreement to the City prior to the Transfer.

5. Enforcement.

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

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

(c) The Developer acknowledges that the primary purpose for requiring compliance by the Developer with the restrictions provided in this Declaration is to ensure compliance of the property with the housing affordability covenants set forth in Section 3.3 of the TIF Agreement, and by reason thereof, the Developer, in consideration for assistance provided by the City under the TIF Agreement that makes possible the construction of the Project (as defined in the TIF Agreement) on the Property, hereby agrees and consents that the City will be entitled, for any breach of the provisions of this Declaration, and in addition to all other remedies provided by law or in equity, to enforce specific performance by the Developer of its obligations under this Declaration in a state court of competent jurisdiction. The Developer hereby further specifically acknowledges that the City cannot be adequately compensated by monetary damages in the event of any default hereunder.

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

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

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

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

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

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

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

To the City: City of Baxter, Minnesota
 13190 Memorywood Dr
 Baxter, MN 56425
 Attn: City Finance Director

To the Developer: Trident Development, LLC
 1200 25th Ave South
 St. Cloud, MN 56301
 Attn: [_____]

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

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

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

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

TRIDENT DEVELOPMENT, LLC, a Minnesota limited liability company

By: _____

Its: _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____, 20__, by _____, _____ of Trident Development, LLC, a Minnesota limited liability company, on behalf of the company.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
Kutak Rock LLP (JSB)
60 South Sixth Street, Suite 3400
Minneapolis, Minnesota 55402
(P) 612-334-5020
(F) 612-334-5050

RETURN TO:
City of Baxter
Attn: Finance Director
13190 Memorywood Drive
Baxter, MN 56425
218.454.5100

This Declaration is acknowledged and consented to by:

CITY OF BAXTER, MINNESOTA

By _____
Darrel Olson
Its Mayor

By _____
Kelly Steele
Its Assistant City Administrator/Clerk

STATE OF MINNESOTA)
) SS.
COUNTY OF CROW WING)

The foregoing instrument was acknowledged before me this _____, 20__, by Darrel Olson, the Mayor of the City of Baxter, Minnesota, a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota, on behalf of the City.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF CROW WING)

The foregoing instrument was acknowledged before me this _____, 20__, by Kelly Steele, the Assistant City Administrator/Clerk of the City of Baxter, Minnesota, a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota, on behalf of the City.

Notary Public

Exhibit A to Declaration of Restrictive Covenants

Description

The property located in the City of Baxter, Crow Wing County, Minnesota described as:

Lot 1, Block 1 Veterans First Addition

Exhibit B to Declaration of Restrictive Covenants

Certification of Tenant Eligibility

TENANT INCOME CERTIFICATION <input type="checkbox"/> Initial Certification <input type="checkbox"/> Recertification <input type="checkbox"/> Other _____	Effective Date: _____ Move-in Date: _____ (MM/DD/YY): _____
---	---

PART I. DEVELOPMENT DATA

Property Name: Timber Ridge Apartments Address: _____, Baxter, Minnesota	County: Crow Wing Unit Number: _____	BIN #: _____ # Bedrooms: _____
---	---	-----------------------------------

PART II. HOUSEHOLD COMPOSITION

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

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

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

PART IV. INCOME FROM ASSETS

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

HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

_____	_____	_____	_____
Signature	(Date)	Signature	(Date)
_____	_____	_____	_____
Signature	(Date)	Signature	(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES From Item (L) on page 1	\$ <input style="width: 100px; height: 20px;" type="text"/>	Household Meets Income Restriction	RECERTIFICATION ONLY: Current Income Limit x 140%
Current Income Limit per Family Size: _____	\$ _____	at:	\$ _____
Household Income at Move-in \$ _____		<input type="checkbox"/> 80% <input type="checkbox"/> 60%	Household income exceeds 140% at recertification:
		<input type="checkbox"/> 50% <input type="checkbox"/> 30%	<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> ___%	Household Size at Move-in: _____

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

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

Part I – Development Data

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

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

Part II – Household Composition

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

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

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

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

Part III – Annual Income

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

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

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

Part IV – Income from Assets

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

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

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

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

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

HOUSEHOLD CERTIFICATION AND SIGNATURES

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

Part V – Determination of Income Eligibility

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

Part VI – Rent

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

Part VII – Student Status

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

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

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

Part VIII – Program Type

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

Tax Credit See Part V above.

HOME If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household’s designation.

Tax Exempt If the property participates in the Tax-Exempt Bond program, mark the appropriate box indicating the household’s designation.

AHDP If the property participates in the Affordable Housing Disposition Program (AHDP), and this household’s unit will count towards the set-aside requirements, mark the appropriate box indicating the household’s designation.

Other If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER / REPRESENTATIVE

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

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

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

Exhibit C to Declaration of Restrictive Covenants
 Certificate of
 Continuing Program Compliance

Date: _____

The following information with respect to the Project located at _____, Baxter, Minnesota (the "Project"), is being provided by Trident Development, LLC (the "Owner") to the City of Baxter, Minnesota (the "City"), pursuant to that certain Declaration of Restrictive Covenants, dated _____, 2026 (the "Declaration"), with respect to the Project:

(A) The total number of residential units which are available for occupancy is 80. The total number of these units occupied is _____. The total number of these units occupied or held open for occupancy by Qualifying Tenants is _____ (at least 16 units).

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

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

(C) The following residential units are considered to be occupied by "Qualifying Tenants" based on the information set forth below (for a total of at least the greater of 16 residential units or 20% of the residential units in the Project):

	<i>Unit Number</i>	<i>Last Name of Tenant</i>	<i>Number of Persons Residing in the Unit</i>	<i>Number of Bedrooms</i>	<i>Total Adjusted Gross Income</i>	<i>Income Qualification Level (50%)</i>	<i>Date of Initial Occupancy</i>	<i>Date Vacated and Held for Qualifying Tenants, if Applicable</i>
1								
2								
3								
4								
5								
6								
7								
8								
9								

10								
11								
12								
13								
14								
15								
16								

(D) The Owner has obtained a “Certification of Tenant Eligibility,” in the form provided as Exhibit B to the Declaration, from each Tenant named in (C) above, and each such Certificate is being maintained by the Owner in its records with respect to the Project. Attached hereto is the most recent “Certification of Tenant Eligibility” for each Tenant named in (C) above who signed such a Certification since _____, 20___, the date on which the last “Certificate of Continuing Program Compliance” was filed with the City by the Owner.

(E) In renting the residential units in the Project, the Owner has not given preference to any particular group or class of persons (except for persons who qualify as Qualifying Tenants); and none of the units listed in (C) above have been rented for occupancy entirely by students, no one of which is entitled to file a joint return for federal income tax purposes. All of the residential units in the Project have been rented pursuant to a written lease, and the term of each lease is at least 12 months.

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

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

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

TRIDENT DEVELOPMENT, LLC

By: _____
 Its: _____

EXHIBIT I
PERMITTED ENCUMBRANCES

[ADD]

EXHIBIT J

LOOKBACK PRO FORMA AND SAMPLE CALCULATIONS

		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
Income																						
		Stabilized																				
Rental Income																						
Gross Potential Rent	Income	5,516,218	5,681,704	5,852,155	6,027,720	6,208,551	6,394,808	6,586,652	6,784,252	6,987,779	7,197,413	7,413,335	7,635,735	7,864,807	8,100,751	8,343,774	8,594,087	8,851,910	9,117,467	9,390,991	9,672,721	9,962,903
Less: 5.0% Stabilized Vacancy	3.00%																					
Less: Additional Pre-stabilization Vacancy		(3,550,295)	(1,224,558)	(704,534)	(301,366)	(310,428)	(319,740)	(329,333)	(339,213)	(349,389)	(359,871)	(370,667)	(381,787)	(393,240)	(405,038)	(417,189)	(429,704)	(442,595)	(455,873)	(469,550)	(483,636)	(498,145)
Total Rental Income		1,965,922	4,457,146	5,147,621	5,726,354	5,898,124	6,075,068	6,257,320	6,445,039	6,638,390	6,837,542	7,042,668	7,253,948	7,471,567	7,695,714	7,926,585	8,164,383	8,409,314	8,661,594	8,921,442	9,189,085	9,464,757
Other Residential Income																						
Other Income/Extra Meals	Vacancy Rate	62,459	64,333	66,263	68,251	70,299	72,407	74,580	76,817	79,122	81,495	83,940	86,458	89,052	91,724	94,475	97,310	100,229	103,236	106,333	109,523	112,809
Less: Additional Pre-stabilization Vacancy	3.0%	(40,199)	(13,865)	(7,977)																		
Total Other Residential Income		22,260	50,468	58,286	68,251	70,299	72,407	74,580	76,817	79,122	81,495	83,940	86,458	89,052	91,724	94,475	97,310	100,229	103,236	106,333	109,523	112,809
Effective Gross Income (EGI)		1,988,182	4,507,614	5,205,907	5,794,585	5,968,422	6,147,475	6,331,899	6,521,856	6,717,512	6,919,037	7,126,609	7,340,407	7,560,619	7,787,438	8,021,061	8,261,692	8,509,543	8,764,830	9,027,774	9,298,608	9,577,566
Expenses																						
		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
Rental Unit Expenses																						
Operating Expenses	Income	2,932,967	3,020,956	3,111,585	3,204,932	3,301,080	3,400,113	3,502,116	3,607,179	3,715,395	3,826,857	3,941,662	4,059,912	4,181,710	4,307,161	4,436,376	4,569,467	4,706,551	4,847,747	4,993,180	5,142,975	5,297,265
Asset Management	3.00%	11,647	11,997	12,356	12,727	13,109	13,502	13,907	14,324	14,754	15,197	15,653	16,122	16,606	17,104	17,617	18,146	18,690	19,251	19,828	20,423	21,036
Management Fee: 4.3% of EGI	3.00%	226,405	233,197	240,193	247,399	254,821	262,465	270,339	278,449	286,803	295,407	304,269	313,397	322,799	332,483	342,458	352,731	363,313	374,213	385,439	397,002	408,912
Property Taxes	1.65%	100,000	117,848	119,590	121,563	123,569	125,607	127,680	129,787	131,928	134,105	136,318	138,567	140,853	143,177	145,540	147,941	150,382	152,864	155,386	157,950	160,556
Reserves: \$236 PUPY	3.00%	18,846	19,412	19,994	20,594	21,212	21,848	22,504	23,179	23,874	24,580	25,298	26,028	26,771	27,527	28,297	29,081	29,879	30,691	31,516	32,354	33,205
Modified Rental Expense During Stabilization		(1,492,290)	(396,610)																			
Total Rental Unit Expenses		1,797,586	3,006,600	3,503,718	3,607,215	3,713,790	3,823,536	3,936,546	4,052,919	4,172,754	4,296,156	4,423,230	4,554,086	4,688,838	4,827,602	4,970,497	5,117,647	5,269,180	5,425,225	5,585,918	5,751,398	5,921,807
Total Expenses																						
		1,797,586	3,006,600	3,503,718	3,607,215	3,713,790	3,823,536	3,936,546	4,052,919	4,172,754	4,296,156	4,423,230	4,554,086	4,688,838	4,827,602	4,970,497	5,117,647	5,269,180	5,425,225	5,585,918	5,751,398	5,921,807
NET OPERATING INCOME		190,596	1,501,014	1,702,189	2,187,370	2,254,632	2,323,940	2,395,353	2,468,938	2,544,758	2,622,882	2,703,379	2,786,320	2,871,781	2,959,835	3,050,563	3,144,045	3,240,384	3,339,605	3,441,857	3,547,210	3,655,759
Tax Increment Financing Revenue	Income	0	23,549	17,720	95,805	97,395	99,911	100,653	102,323	104,020	105,745	107,499	109,282	111,094	112,935	114,808	116,711	118,646	120,612	122,611	124,643	126,708
ADJUSTED NET OPERATING INCOME		190,596	1,524,563	1,720,909	2,283,176	2,352,027	2,423,851	2,496,007	2,571,261	2,648,778	2,728,627	2,810,878	2,895,602	2,982,874	3,072,771	3,165,371	3,260,756	3,359,009	3,460,217	3,564,468	3,671,853	3,782,467
Debt Service																						
		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
Debt A: First Mortgage	30 yr amortization @ 4.25%	(248,500)	651,500	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277
Total Debt Service		(248,500)	651,500	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277	1,361,277
NET CASH FLOW AVAILABLE FOR DISTRIBUTION		439,096	873,063	412,632	921,899	990,751	1,061,674	1,134,730	1,209,984	1,287,501	1,367,350	1,449,601	1,534,325	1,621,597	1,711,494	1,804,094	1,899,479	1,997,732	2,098,940	2,203,191	2,310,576	2,421,190
Projected IRR																						
NET CASH FLOW AVAILABLE FOR DISTRIBUTION																						
Equity	(7,896,000)	439,096	873,063	412,632	921,899	990,751	1,061,674	1,134,730	1,209,984	1,287,501	1,367,350											
Gross Sales Price Base on Cap Rate of:	8.00%											32,786,022										
Refinancing Proceeds (if any)																						
Remaining Balance: First Mortgage																						
Sales Expense:	1.00%																					
Present Value of Remaining TIF Payments (Years 11+)																						
NET CASH FLOW FOR IRR CALCULATION		(7,896,000)	439,096	873,063	412,632	921,899	990,751	1,061,674	1,134,730	1,209,984	1,287,501	18,484,688										
Projected IRR		16.22%																				
Revised for Threshold IRR																						
NET CASH FLOW AVAILABLE FOR DISTRIBUTION																						
Equity	(7,896,000)	439,096	873,063	412,632	921,899	990,751	1,061,674	1,134,730	1,209,984	1,287,501	1,367,350											
Gross Sales Price Base on Cap Rate of:	8.00%											32,786,022										
Refinancing Proceeds (if any)																						
Remaining Balance: First Mortgage																						
Sales Expense:	1.00%																					
Present Value of Remaining TIF Payments (Years 11+)																						
NET CASH FLOW FOR IRR CALCULATION		(7,896,000)	439,096	873,063	412,632	921,899	990,751	1,061,674	1,134,730	1,209,984	1,287,501	17,992,187										
Threshold IRR		16.00%																				
TIF Note (Net Present Value)																						
		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
First Half Payment	Payment Date	0	11,774	35,860	47,903	48,697	49,505	50,327	51,161	52,010	52,873	53,749	54,641	55,547	56,468	57,404	58,355	59,321	60,302	61,298	62,309	63,336
Second Half Payment	0	11,774	35,860	47,903	48,697	49,505	50,327	51,161	52,010	52,873	53,749	54,641	55,547	56,468	57,404	58,355	59,321	60,302	61,298	62,309	63,336	64,372
Annual Net Present Value	Year 1	0	21,548	84,201	102,707	102,707	102,707	102,707	102,707	102,707	102,707	102,707	102,707	102,707	102,707	102,707	102,707	102,707	102,707	102,707	102,707	102,707
Present Value of TIF Note at Threshold IRR		813,203																				