

**SECOND AMENDED AND RESTATED
TAX INCREMENT PLEDGE AGREEMENT**

between

CITY OF COLUMBIA HEIGHTS, MINNESOTA

and

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

THIS SECOND AMENDED AND RESTATED TAX INCREMENT PLEDGE AGREEMENT is made and entered into on or as of the ____ day of _____, 2026 (the “Agreement”), between the City of Columbia Heights, Minnesota (the “City”), and the Columbia Heights Economic Development Authority (the “Authority”), and amends and restates the Tax Increment Pledge Agreement, dated July 29, 2021 (the “Original Agreement”), between the City and the Authority, as amended and restated by the Amended and Restated Tax Increment Pledge Agreement, dated December 14, 2023 (the “First Amended Agreement”), between the City and the Authority.

RECITALS

WHEREAS, the City has established, and the Authority administers, the Alatus TIF District (the “TIF District”), a redevelopment district within the Downtown Central Business Redevelopment Project (the “Redevelopment Project”), pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), and the Authority and the City have approved a tax increment financing plan for the TIF District (the “TIF Plan”); and

WHEREAS, pursuant to the authority conferred by Section 469.178, subdivision 5 of the TIF Act and Minnesota Statutes, Chapter 475, as amended (the “Municipal Debt Act”), including Section 475.61, subdivision 6, the City issued its Taxable General Obligation Temporary Tax Increment Bonds, Series 2021A (the “Series 2021A Bond”), dated July 29, 2021, in the original aggregate principal amount of \$5,935,000, to pay all or a portion of the public redevelopment costs incurred or to be incurred within the Redevelopment Project as identified in the TIF Plan, including but not limited to a bridge loan provided to Alatus Columbia Heights II LLC, a Delaware limited liability company (the “Developer”), for land acquisition, demolition, and related costs (the “Project Costs”), and the Developer agreed to pay the City’s financing and other related costs related to issuing the Series 2021A Bond; and

WHEREAS, the City and the Authority entered into the Original Agreement relating to the payment of principal of and interest on the Series 2021A Bond and providing for the pledge of tax increment revenues generated from the TIF District to secure the payment of principal of, premium, if any, and interest on the Series 2021A Bond; and

WHEREAS, prior to the maturity of the Series 2021A Bond, the City determined it to be necessary to provide additional temporary financing for the Project Costs and to issue an additional series of temporary bonds for such purpose; and

WHEREAS, pursuant to the authority conferred by the TIF Act, including Section 469.178, subdivision 5, and the Municipal Debt Act, including Sections 475.61, subdivision 6, and 475.67, subdivision 3, and a resolution adopted by the City Council of the City on November 27, 2023, the City issued its Taxable General Obligation Temporary Tax Increment Refunding Bonds, Series 2023A (the

“Series 2023A Bond”), in the original aggregate principal amount of \$6,615,000, to refund the Series 2021A Bond prior to maturity and provide additional temporary financing for the Project Costs; and

WHEREAS, in connection with the issuance of the Series 2023A Bond, the City and the Authority entered into the First Amended Agreement, which amended and restated the Original Agreement, providing for the pledge of tax increment revenues generated from the TIF District to secure the payment of principal of, premium, if any, and interest on the Series 2023A Bond; and

WHEREAS, the Series 2023A Bond matures on February 1, 2026 and is payable on such date from tax increments resulting in increases in the taxable value of real property in the TIF District and/or from proceeds of permanent bonds to be issued by the City prior to such maturity; and

WHEREAS, the City has determined the need to issue permanent bonds to refinance the Series 2023A Bond, thereby providing permanent financing for the Project Costs; and

WHEREAS, pursuant to the authority conferred by the TIF Act, including Section 469.178, subdivision 5, and the Municipal Debt Act, including Section 475.67, subdivision 3, and a resolution adopted by the City Council of the City on _____, 20__ (the “Bond Resolution”), the City will issue its Taxable General Obligation Tax Increment Refunding Bonds, Series 2026A (the “Bonds”), in the original aggregate principal amount of \$_____, to refund the Series 2023A Bond prior to maturity and provide permanent financing for the Project Costs; and

WHEREAS, pursuant to a resolution adopted by the Board of Commissioners of the Authority (the “Board”) on November 3, 2025, the Authority has agreed to pledge tax increment revenues attributable to the TIF District to the City to secure the payment of principal of, premium, if any, and interest on the Bonds; and

WHEREAS, pursuant to Section 469.178, subdivision 2 of the TIF Act, any agreement to pledge tax increment revenues must be made by written agreement by and between the Authority and the City and must be filed with the Manager of Property Records and Taxation, as county auditor (the “County Auditor”), of Anoka County, Minnesota (the “County”).

NOW, THEREFORE, the City and the Authority mutually agree to the following:

- (1) The City will issue the Bonds in accordance with the Bond Resolution.
- (2) The proceeds from the sale of the Series 2021A Bond were used to provide temporary financing for the Project Costs, and the proceeds from the sale of the Series 2023A Bond were used to provide additional temporary financing for the Project Costs by refunding the Series 2021A Bond.
- (3) The proceeds from the sale of the Bonds will be used to refund the Series 2023A Bond and provide permanent financing for the Project Costs.
- (4) The Authority hereby pledges ninety percent (90%) of the tax increment revenues generated by the property in the TIF District and received by the Authority (the “Pledged Tax Increments”) to the payment of principal of and interest on the Bonds, subject to the terms of this Agreement. At least three (3) business days prior to each debt service payment date for the Bonds, there shall be transferred from the account of the TIF District to the Debt Service Fund maintained by the City for the payment of the Bonds,

an amount of Available Tax Increment (as defined below), which when taken together with taxes levied for such purposes in accordance with the Bond Resolution, if any, and amounts to be deposited in the Debt Service Fund for the Bonds, is equal to the principal of and interest on the Bonds to become due on the subject payment date. Any Available Tax Increment in excess of one hundred five percent (105%) of the principal and interest due with respect to the Bonds on any payment date may be retained by the Authority in the account for the TIF District and applied to any Project Costs in accordance with law, including the payment of principal of and interest on any interfund loans (the “Interfund Loans”).

- (5) Without regard to anything in this Agreement to the contrary, Available Tax Increment may be pledged (at the Authority’s option on a parity, superior or subordinate basis) to pay principal of and interest on the Bonds and any other obligations issued by the City, the Authority, including the payment of principal of and interest on the Interfund Loans, or any other public body to finance public redevelopment costs paid or incurred by the Authority in the Project or any other pledge permitted by law. The Authority reserves the right to release all or any portion of Available Tax Increment from the pledge under this Agreement (including without limitation the release of Available Tax Increment from any specific parcel within the TIF District) to the extent permitted by law, provided that in no event may the Authority reduce the pledge such that Available Tax Increment is reasonably expected to pay less than twenty percent (20%) of principal of and interest on the Bonds.
- (6) For purposes of this Agreement, “Available Tax Increment” means, on each February 1 and August 1 (the “Payment Dates”) during the term of the Bonds, ninety percent (90%) of the tax increment attributable to the property in the TIF District which is paid to the Authority by the County in the six (6) months preceding the Payment Date.
- (7) This Agreement amends and restates the Original Agreement, as amended by the First Amended Agreement, with respect to pledges of Available Tax Increment.
- (8) An executed copy of this Agreement shall be filed with the County Auditor pursuant to Section 469.178, subdivision 2 of the TIF Act.

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

IN WITNESS WHEREOF, the City and the Authority have caused this Second Amended and Restated Tax Increment Pledge Agreement to be duly executed on their behalf as of the date and year first written above.

CITY OF COLUMBIA HEIGHTS, MINNESOTA

By _____
Its Mayor

By _____
Its City Manager

Execution page of the Authority to the Second Amended and Restated Tax Increment Pledge Agreement,
dated as of the date and year first written above.

**COLUMBIA HEIGHTS ECONOMIC
DEVELOPMENT AUTHORITY**

By _____
Its President

By _____
Its Executive Director