Fifth Draft
Wednesday, May 4, 2022

CONTRACT

FOR

PRIVATE REDEVELOPMENT

By and Between

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

and

42 CENTRAL LIMITED PARTNERSHIP

Dated as of: [_____], 2022

This document was drafted by:
Kennedy & Graven, Chartered (SEL)
150 South Fifth Street, Suite 700
Minneapolis, Minnesota 55402-1299
Telephone: 612-337-9300

TABLE OF CONTENTS

PREAMBLE 1

ARTICLE I
Definitions

Section 1.1. Definitions.....2

ARTICLE II
Representations and Warranties

Section 2.1. Representations by the Authority.....6
Section 2.2. Representations and Warranties by the Redeveloper.....6

ARTICLE III
Property Acquisition; Public Redevelopment Costs

Section 3.1. Status of the Redevelopment Property.....8
Section 3.2. Environmental Conditions 8
Section 3.3. Public Redevelopment Costs; Issuance of Pay-As-You-Go Note 9
Section 3.4. Payment of Administrative Costs 11
Section 3.5. TIF Lookback.....11
Section 3.6. No Business Subsidy.....12
Section 3.7. Payment of Authority Costs.....12

ARTICLE IV
Construction of Minimum Improvements

Section 4.1. Construction of Minimum Improvements 13
Section 4.1A. Soil Remediation.....13
Section 4.2. Construction Plans 13
Section 4.3. Commencement and Completion of Construction.....14
Section 4.4. Certificate of Completion 15
Section 4.5. Records and Reports 15
Section 4.6. Affordability Covenants.....15
Section 4.7. Disqualification of TIF District 16
Section 4.8. Affordable Housing Reporting 16
Section 4.9. Notice of Sale of Minimum Improvements 16

ARTICLE V
Insurance

Section 5.1. Insurance 17
Section 5.2. Subordination.....18

ARTICLE VI
Tax Increment; Taxes

Section 6.1. Right to Collect Delinquent Taxes....19
Section 6.2. Review of Taxes....19
Section 6.3. Assessment Agreement....19

ARTICLE VII
Other Financing

Section 7.1. Mortgage Financing....21
Section 7.2. Authority's Option to Cure Default on Mortgage....21
Section 7.3. Modification; Subordination....21

ARTICLE VIII
Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Development....22
Section 8.2. Prohibition Against Redeveloper's Transfer of Property and Assignment of Agreement....22
Section 8.3. Release and Indemnification Covenants....23

ARTICLE IX
Events of Default

Section 9.1. Events of Default Defined....25
Section 9.2. Remedies on Default....25
Section 9.3. No Remedy Exclusive....26
Section 9.4. No Additional Waiver Implied by One Waiver....26
Section 9.5. Attorney Fees and Costs....26
Section 9.6. Investor's Option to Cure Defaults....26

ARTICLE X
Additional Provisions

Section 10.1. Conflict of Interests; Representatives Not Individually Liable....28
Section 10.2. Equal Employment Opportunity....28
Section 10.3. Restrictions on Use....28
Section 10.4. Provisions Not Merged with Deed....28
Section 10.5. Titles of Articles and Sections....28
Section 10.6. Notices and Demands....28
Section 10.7. Counterparts....29
Section 10.8. Recording....29
Section 10.9. Amendment....29
Section 10.10. Authority Approvals....29

SCHEDULE A	Description of Redevelopment Property
SCHEDULE B	Authorizing Resolution
SCHEDULE C	Form of Certificate of Completion
SCHEDULE D	Form of Assessment Agreement
SCHEDULE E	Form of Declaration of Restrictive Covenants
SCHEDULE F	Estimated Public Redevelopment Costs
SCHEDULE G	Form of Parking and Access Agreement

CONTRACT FOR PRIVATE REDEVELOPMENT

THIS AGREEMENT, made as of the ___ day of _____, 2022, by and between COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and political subdivision of the State of Minnesota (the "Authority"), and 42 CENTRAL LIMITED PARTNERSHIP, a Minnesota limited partnership (the "Redeveloper").

WITNESSETH:

WHEREAS, the Authority was established pursuant to Minnesota Statutes, Sections 469.090 through 469.1082, as amended (the "Act"), and was authorized to transact business and exercise its powers by a resolution of the City Council of the City of Columbia Heights, Minnesota ("City"); and

WHEREAS, the Authority has undertaken a program to promote economic development and redevelopment within the City, and in this connection created a redevelopment project known as the Downtown Central Business District Redevelopment Project ("Project") pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended (the "HRA Act") and the Act; and

WHEREAS, pursuant to the Act and the HRA Act, the Authority is authorized to undertake certain activities to facilitate the redevelopment of real property by private enterprise; and

WHEREAS, the Redeveloper intends to acquire certain property within the TIF District described in SCHEDULE A (the "Redevelopment Property") and to construct a multifamily rental housing facility (the "Minimum Improvements") on the Redevelopment Property, and has requested tax increment financing assistance from the Authority to offset certain extraordinary costs of constructing such Minimum Improvements; and

WHEREAS, the Authority and City previously established the 42nd and Jackson Tax Increment Financing District (the "TIF District"), a housing district within the Project, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"), made up of property in the Project Area, including the Redevelopment Property; and

WHEREAS, the Authority and the City also previously approved a Tax Increment Financing Plan (the "TIF Plan") for the TIF District; and

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

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

ARTICLE I

Definitions

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

"Act" means Minnesota Statutes, Sections 469.090 through 469.1082, as amended.

"Affiliate" means with respect to any entity (a) any corporation, partnership, limited liability company or other business entity or person controlling, controlled by or under common control with the entity, and (b) any successor to such party by merger, acquisition, reorganization or similar transaction involving all or substantially all of the assets of such party (or such Affiliate). For the purpose hereof the words "controlling," "controlled by" and "under common control with" shall mean, with respect to any corporation, partnership, limited liability company or other business entity, the ownership of fifty percent (50%) or more of the voting interests in such entity or possession, directly or indirectly, of the power to direct or cause the direction of management policies of such entity, whether through ownership of voting securities or by contract or otherwise.

"Agreement" means this Contract for Private Redevelopment, as the same may be from time to time modified, amended, or supplemented.

"Assessment Agreement" means the Minimum Assessment Agreement between the Authority, the Redeveloper, and the City Assessor in substantially the form attached hereto as SCHEDULE D.

"Authority" means the Columbia Heights Economic Development Authority, or any successor or assign.

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

"Authorizing Resolution" means the resolution of the Authority, substantially in the form of attached SCHEDULE B to be adopted by the Authority to authorize the issuance of the Note.

"Available Tax Increment" means, on each Payment Date, the Tax Increment attributable to the Redevelopment Property and paid to the Authority by the County in the six (6) months preceding the Payment Date after first deducting therefrom ten percent (10%) of the Tax Increment to be used to reimburse the Authority for administrative expenses.

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

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

"Certificate of Completion" means the certification provided to the Redeveloper in connection with the Minimum Improvements, pursuant to Section 4.4 hereof.

"City" means the City of Columbia Heights, Minnesota.

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

"County" means the County of Anoka, Minnesota.

"Declaration of Restrictive Covenants" means the Declaration of Restrictive Covenants between the Redeveloper and the Authority in substantially the form attached hereto as SCHEDULE E.

"Event of Default" means an action by the Redeveloper listed in Article IX of this Agreement.

"FHA Lender" means Colliers Mortgage LLC, a Delaware limited liability company.

"Holder" means the owner of a Mortgage.

"HRA Act" means Minnesota Statutes, Sections 469.001 through 469.047, as amended.

"HUD" means the U.S. Department of Housing & Urban Development.

"HUD Loan" means the mortgage loan for the Minimum Improvements from FHA Lender to Redeveloper insured, or to be insured, by HUD pursuant to Section 221(d)(4) of the National Housing Act, 12 USC §1701 *et seq.*, as amended.

"Investor" means Bridgewater Bank, a Minnesota banking corporation.

"Material Change" means a change in construction plans that adversely affects generation of tax increment or changes the number of units of rental housing.

"Minimum Improvements" means the construction by the Redeveloper on the Redevelopment Property of a multifamily rental housing facility, consisting of approximately 62

affordable rental units and associated parking, including 48 underground stalls and 60 surface stalls.

"Mortgage" means any mortgage made by the Redeveloper that is secured, in whole or in part, with the Redevelopment Property and that is a permitted encumbrance pursuant to the provisions of Article VII of this Agreement.

"Note" means the Tax Increment Revenue Note, substantially in the form contained in the Authorizing Resolution, to be delivered by the Authority to the Redeveloper in accordance with Section 3.3 hereof.

"Parking and Access Agreement" means the Parking and Access Easement Agreement attached as SCHEDULE G relating, among other things, to the obligation of the Redeveloper, or its assignee thereunder, to maintain the portion of the Redevelopment Property described therein.

"Payment Date" means each February 1 and August 1 on which principal of and interest on the TIF Note is paid.

"Project" means the Authority's Downtown Central Business District Redevelopment Project.

"Project Area" means the geographic area within the boundaries of the Project.

"Public Redevelopment Costs" has the meaning provided in Section 3.3(a) hereof.

"Redeveloper" means 42 Central Limited Partnership, a Minnesota limited partnership, or its permitted successors and assigns.

"Redevelopment Plan" means the Redevelopment Plan for the Project, as amended.

"Redevelopment Property" means the real property described in SCHEDULE A attached hereto.

"State" means the State of Minnesota.

"Tax Increment" means that portion of the real property taxes that is paid with respect to the Redevelopment Property and that is actually remitted to the Authority as tax increment pursuant to the Tax Increment Act.

"Tax Increment Act" or "TIF Act" means the Tax Increment Financing Act, Minnesota Statutes, Sections 469.174 through 469.1794, as amended.

"Tax Increment District" or "TIF District" means the 42nd and Jackson Tax Increment Financing District, a housing district within the Project, created by the City and the Authority.

"Tax Increment Plan" or "TIF Plan" means the Tax Increment Financing Plan for the TIF District, approved by the City Council of the City on March 14, 2022, and as it may be amended.

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

"Termination Date" means the earliest of (i) date of the Authority's last receipt of Tax Increment from the TIF District in accordance with Section 469.176, subdivision 1b(a)(4) of the TIF Act; (ii) the date the Note has been paid in full, defeased, or terminated in accordance with the terms of the Authorizing Resolution; (iii) the occurrence of an uncured Event of Default beyond applicable notice and cure periods allowing for termination under the terms hereof; or (iv) the date that this Agreement is otherwise terminated or rescinded in accordance with its terms.

"Transfer" has the meaning set forth in Section 8.2(a) hereof.

"Unavoidable Delays" means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of strikes, other labor troubles, prolonged adverse weather or acts of God, pandemic or public health emergency, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the Authority or City in exercising their rights under this Agreement), including without limitation condemnation or threat of condemnation of any portion of the Redevelopment Property, which directly result in delays. Unavoidable Delays shall not include delays experienced by the Redeveloper in obtaining permits or governmental approvals necessary to enable construction of the Minimum Improvements by the dates such construction is required under Section 4.3 hereof, so long as (i) the delays do not arise from delayed or extended processing time for permits or governmental approvals caused by or attributable to coronavirus disease 2019 (COVID-19); or (ii) the Construction Plans have been approved in accordance with Section 4.2 hereof.

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

ARTICLE II

Representations and Warranties

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

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

(b) The Authority proposes to assist in financing certain land acquisition costs and site improvement costs necessary to facilitate the construction of the Minimum Improvements in accordance with the terms of this Agreement to further the objectives of the Redevelopment Plan.

(c) The Authority finds that the Minimum Improvements are necessary to alleviate a shortage of, and maintain existing supplies of, decent, safe, and sanitary housing in the City.

(d) The execution, delivery and performance of this Agreement and of any other documents or instruments required pursuant to this Agreement by the Authority, and consummation of the transactions contemplated therein and the fulfillment of the terms thereof, do not and will not conflict with or constitute a breach of or default under any existing (i) indenture, mortgage, deed of trust or other agreement or instrument to which the Authority is a party or by which the Authority or any of its property is or may be bound; or (ii) legislative act, constitution or other proceedings establishing or relating to the establishment of the Authority or its officers or its resolutions.

(e) There is not pending, nor to the best of the Authority's knowledge is there threatened, any suit, action or proceeding against the Authority before any court, arbitrator, administrative agency or other governmental authority that materially and adversely affects the validity of any of the transactions contemplated hereby, the ability of the Authority to perform its obligations hereunder, or the validity or enforcement of this Agreement.

(f) No commissioner of the Board or employee of the Authority has either a direct or indirect financial interest in this Agreement, nor will any commissioner or employee benefit financially from this Agreement within the meaning of Section 469.098 of the Act.

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

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

(b) After acquisition of the Redevelopment Property, the Redeveloper will construct, operate and maintain the Minimum Improvements in accordance with the terms of this Agreement, the Redevelopment Plan, and all local, State, and federal laws and regulations (including, but not limited to, environmental, zoning, building code, labor, and public health laws and regulations).

(c) The Redeveloper will use reasonable efforts to secure all permits, licenses and approvals necessary for construction of the Minimum Improvements.

(d) The Redeveloper has received no written notice or other written communication from any local, State or federal official that the activities of the Redeveloper or the Authority in or on the Redevelopment Property may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the Authority is aware). The Redeveloper is aware of no facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, State or federal environmental law, regulation or review procedure.

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

(f) The proposed development by the Redeveloper hereunder would not occur but for the tax increment financing assistance being provided by the Authority hereunder.

(g) The Redeveloper will construct the Minimum Improvements in accordance with the terms of this Agreement, the Redevelopment Plan, and all applicable local, state, and federal laws and regulations (including, but not limited to, environmental, zoning, building code, labor, and public health laws and regulations).

(h) The Redeveloper represents that no more than twenty percent (20%) of the square footage of the building comprising the Minimum Improvements will consist of commercial, retail or other nonresidential use.

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

ARTICLE III

Property Acquisition; Public Redevelopment Costs

Section 3.1. Status of the Redevelopment Property. (a) The Redeveloper has entered into a purchase agreement with the City for the Redevelopment Property (the "Purchase Agreement") and will acquire the Redevelopment Property. The Purchase Agreement is incorporated into this Agreement by reference. If all contingencies in the Purchase Agreement are satisfied, the Redeveloper will acquire the Redevelopment Property on or before July 31, 2022.

(b) The City owns the Redevelopment Property and will convey title to and possession thereof to the Redeveloper, subject to all the terms and conditions of the Purchase Agreement, including but not limited to an agreement by the Redeveloper that it will not charge the residents of the Minimum Improvements any separate amounts for parking on the Redevelopment Property, and an agreement by the Redeveloper that it will enter into an agreement to provide ten (10) surface parking stalls on the Redevelopment Property to be shared with Southern Anoka Community Assistance, a Minnesota nonprofit corporation ("SACA"), the anticipated owner of the food shelf parcel identified in Exhibit A of the Purchase Agreement, and hereinafter described Lot 3, Block 1, Northwestern 3rd Addition (the "Lot 3 Parcel"). In accordance with the terms of the Purchase Agreement, the Redeveloper hereby agrees: (1) that it will not charge residents any separate amounts for parking on the Redevelopment Property, as provided in Section 5(a) of the Purchase Agreement; and (2) that it will enter a shared parking agreement with SACA, as contemplated by Section 5(c) of the Purchase Agreement.

(c) The Redeveloper shall enter into the Parking and Easement Agreement with SACA, in substantially the form attached as SCHEDULE G hereof. As more specifically set forth in the Parking and Easement Agreement, ten (10) surface parking stalls on the Redevelopment Property shall be available to SACA. In addition, the Redeveloper shall provide to SACA, for the benefit of the Lot 3 Parcel, access to 42nd Avenue NE through an alleyway abutting the Redevelopment Property, by granting an easement over the area on the Redevelopment Property that is depicted as the Access Easement Area in the Parking and Easement Agreement.

(d) The Redeveloper has obtained final City approval of a Planned Unit Development ("PUD") and plat (the "Redevelopment Plat"), and the Redeveloper will enter into a Development Planning Contract with the City with respect to park dedication and escrow requirements for public improvements, and a Stormwater Maintenance and Easement Agreement with the City with respect to certain stormwater improvements to be constructed on the Redevelopment Property, which PUD, Redevelopment Plat, Planning Development Contract, and Stormwater Maintenance and Easement Agreement, in final form, are incorporated into this Agreement by reference.

Section 3.2. Environmental Conditions. (a) The Redeveloper acknowledges that the Authority makes no representations or warranties as to the condition of the soil and environmental condition on the Redevelopment Property or the fitness of the Redevelopment Property for construction of the Minimum Improvements or any other purpose for which the Redeveloper may make use of such property, and that the assistance provided to the Redeveloper under this

Agreement neither implies any responsibility by the Authority or the City for any contamination of the Redevelopment Property or poor soil conditions nor imposes any obligation on the Authority or the City to participate in any cleanup of the Redevelopment Property and/or correction of any soil problems (other than associated with the financing described herein).

(b) Without limiting its obligations under Section 8.3 of this Agreement the Redeveloper agrees to indemnify, defend, and hold harmless the Indemnified Parties (as defined in Section 8.3(a) of this Agreement), from any claims or actions to the extent arising out of any claim related to the presence of hazardous substances on the Redevelopment Property, or any portion thereof, which either (i) arise out of activities of the Redeveloper on the Redevelopment Property or (ii) arise out of hazardous substances, asbestos, petroleum substances, or pollutants, irritants or contaminants brought onto the Redevelopment Property by the Redeveloper; provided that the Redeveloper's obligation to indemnify and hold the Indemnified Parties harmless shall be limited to available liability insurance proceeds, Surplus Cash and/or non-Project Assets, as each such term is defined in the Regulatory Agreement for Multifamily Projects by and between the Redeveloper and HUD. In addition, the Redeveloper agrees to release the Indemnified Parties from any and all costs, expenses, losses, liabilities, claims, causes of action, demands, and damages relating to the environmental conditions on the Redevelopment Property arising after the date of closing on the conveyance of the Redevelopment Property, including without limitation any claim the Redeveloper may have to recover from all or any of the Indemnified Parties any costs or expenses incurred by the Redeveloper in performing any remediation of the Redevelopment Property. Nothing in this section will be construed to limit or affect any limitations on liability of the City or Authority under State or federal law, including without limitation Minnesota Statutes, Sections 466.04 and 604.02, as amended.

Section 3.3. Public Redevelopment Costs; Issuance of Pay-As-You-Go Note.

(a) *Generally*. The Authority has determined that, in order to make development of the Minimum Improvements financially feasible, it is necessary to reimburse Redeveloper for a portion of the cost of constructing affordable housing and soil remediation, correction and site preparation (the "Public Redevelopment Costs"), subject to the terms of this Section.

(b) *Terms*. To reimburse a portion of the Public Redevelopment Costs incurred by Redeveloper, the Authority shall issue and the Redeveloper shall purchase the Note in the maximum principal amount of $732,000. The Authority shall issue and deliver the Note upon the Redeveloper having:

(i) delivered to the Authority evidence of Public Redevelopment Costs paid or incurred in at least the principal amount of the Note as well as one or more certificates signed by the Redeveloper's duly authorized representative, containing the following: (i) a statement that each cost identified in the certificate is a Public Redevelopment Cost as defined in this Agreement and that no part of such cost has been included in any previous certification; (ii) reasonable evidence that each identified Public Redevelopment Cost has been paid or incurred by or on behalf of the Redeveloper; and (iii) a statement that, to the Redeveloper's knowledge, no uncured Event of Default by the Redeveloper has occurred and is continuing under the Agreement. The Authority may, if not satisfied that the conditions described

herein have been met, return any certificate with a statement of the reasons why it is not acceptable and requesting such further documentation or clarification as the Authority may reasonably require;

(ii) submitted to the Authority evidence of financing for the Minimum Improvements in accordance with Section 7.1 hereof, if financing is in place, or an affidavit in form and substance reasonably acceptable to the Authority that the Redeveloper has sufficient equity to construct the Minimum Improvements;

(iii) obtained a Certificate of Completion for the Minimum Improvements;

(iv) executed and delivered to the Authority an investment letter in a form reasonably satisfactory to the Authority; and

(v) provided evidence that the Declaration of Restrictive Covenants and the Assessment Agreement have been recorded in the property records of Anoka County.

The terms of the Note will be substantially those set forth in the form of the Note shown in SCHEDULE B, and the Note will be subject to all terms of the Authorizing Resolution, which terms are incorporated herein by reference.

(c) *Termination of Right to Note.* In accordance with Section 469.1763, subdivision 3 of the TIF Act, conditions for delivery of the Note must be met by March 14, 2027 (five (5) years after the date of certification of the TIF District by the County). If the conditions are not satisfied by such date, the Authority has no further obligations under this Section 3.3.

(d) *Assignment of Note.* The Authority acknowledges that the Redeveloper may assign the Note to one or more lenders that provide part of the financing for the construction of the Minimum Improvements. The Authority consents to such an assignment, conditioned upon the satisfaction of the conditions set forth in the Note, the receipt of an investment letter from such third party in a form reasonably acceptable to the Authority and an assignment in a form approved by the Authority.

(e) *Qualifications.* The Redeveloper understands and acknowledges that all Public Redevelopment Costs must be paid by the Redeveloper and will be reimbursed from Available Tax Increment pursuant to the terms of the Note. The Authority makes no representations or warranties regarding the amount of Available Tax Increment, or that revenues pledged to the Note will be sufficient to pay the principal of and interest on the Note. Any estimates of Tax Increment prepared by the Authority or its financial or municipal advisors in connection with the TIF District or this Agreement are for the benefit of the Authority, and are not intended as representations on which the Redeveloper may rely. Public Redevelopment Costs exceeding the principal amount of the Note are the sole responsibility of Redeveloper.

(f) *Termination of TIF District.* At any time following the payment in full of the principal of and interest on Note, the Authority may use the remaining Tax Increment for any other authorized uses set forth in the TIF Plan or may terminate the TIF District.

(g) *Tax Rate Classification*. In the event of legislative changes reducing the tax rate classification of certain qualified low-income rental housing under Minnesota Statutes, Section 273.13, subd. 25(e), the Redeveloper expressly agrees and acknowledges that the Authority may adjust the principal amount of the Note to reflect such reduction. The parties agree that they will work in good faith to determine the appropriate amount of such reduction, it being the intent that the aggregate effect of such changes (i.e., the projected expense savings to the Redeveloper attributable to the reduction to the annual tax liability with regard to the Project and the projected income reduction to the Redeveloper attributable to the reduction in the amount of payments under the TIF Note) will be revenue-neutral to the Redeveloper.

(g) *Limited Obligation*. The Note shall be a limited obligation of the Authority and not a general obligation of the City or the Authority, and only Available Tax Increment shall be used to pay the principal of and interest on the Note.

Section 3.4. Payment of Administrative Costs. The Authority acknowledges that Redeveloper has deposited with the Authority $10,000 to pay Administrative Costs. "Administrative Costs" are defined as means out-of-pocket costs incurred by the Authority, together with staff and consultant costs of the Authority, all attributable to or incurred in connection with the negotiation and preparation of this Agreement, the TIF Plan, and other documents and agreements in connection with the establishment of the TIF District and the development of the Redevelopment Property, and not previously paid by the Redeveloper. At Redeveloper's request, but no more often than monthly, the Authority will provide Redeveloper with a written report including invoices, time sheets or other comparable evidence of expenditures for Administrative Costs and the outstanding balance of funds deposited. If at any time the Authority determines that the deposit is insufficient to pay Administrative Costs, the Redeveloper is obligated to pay such shortfall within 15 days after receipt of a written notice from the Authority containing evidence of the unpaid costs. If any balance of funds deposited remains upon issuance of the Certificate of Completion pursuant to Section 4.4 of this Agreement, the Authority shall promptly return such balance to Redeveloper; provided that Redeveloper remains obligated to pay subsequent Administrative Costs related to any amendments to this Agreement requested by Redeveloper. Upon termination of this Agreement in accordance with its terms, the Redeveloper remains obligated under this section for Administrative Costs incurred through the effective date of termination.

Section 3.5. TIF Lookback.

(a) *Generally*. The financial assistance to the Redeveloper under this Agreement is based on certain assumptions regarding likely costs and expenses associated with constructing the Minimum Improvements. The Authority and the Redeveloper agree that those assumptions will be reviewed at the times described in this Section, and that the amount of Tax Increment assistance provided under Section 3.3 hereof will be adjusted accordingly.

(b) *Lookback – Property Sale or Refinance*. If the Redeveloper sells, transfers, or re-syndicates the Minimum Improvements to an unrelated third party or refinances the Minimum Improvements (provided, however, the placement of permanent debt on the Minimum

Improvements will not constitute a refinancing giving rise to the review as described in this Section) within ten (years) from the date of issuance of a certificate of occupancy for the Minimum Improvements, then the Note shall be terminated and the Authority's obligation to pay principal of and interest on the Note shall terminate.

Section 3.6. No Business Subsidy. The parties agree and understand that the purpose of the Authority's financial assistance to the Redeveloper is to facilitate development of housing and is therefore not a "business subsidy" within the meaning of the Business Subsidy Act. The Redeveloper releases and waives any claim against the Authority and its governing body members, officers, agents, servants and employees thereof arising from application of the Business Subsidy Act to this Agreement, including without limitation any claim that the Authority failed to comply with the Business Subsidy Act with respect to this Agreement.

Section 3.7. Payment of Authority Costs. The Redeveloper agrees that it will pay, within thirty (30) days after written notice from the Authority, the reasonable costs of consultants and attorneys retained by the Authority and City in connection with the establishment of the TIF District, any necessary modification of the TIF Plan for the TIF District, and the negotiation and preparation of this Agreement and other incidental agreements and documents related to the development contemplated hereunder. The Authority will provide written reports describing the costs accrued under this Section upon request from the Redeveloper, but not more often than intervals of forty-five (45) days. Any amount deposited by the Redeveloper upon filing its application for tax increment financing with the Authority will be credited to the Redeveloper's obligation under this Section. Upon termination of this Agreement in accordance with its terms, the Redeveloper remains obligated under this section for such reasonable costs incurred through the effective date of termination.

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

ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Minimum Improvements. The Redeveloper agrees that, following the acquisition of the Redevelopment Property, it will construct or cause construction of the Minimum Improvements on the Redevelopment Property, substantially in accordance with the Construction Plans as approved pursuant to Section 4.2 hereof, and that it will, during any period while the Redeveloper retains ownership of any portion of the Minimum Improvements, operate and maintain, preserve and keep the Minimum Improvements or cause the Minimum Improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition.

Section 4.1A. Soil Remediation. As part of the Minimum Improvements, the Redeveloper agrees that, following the acquisition of the Redevelopment Property, it will remediate or cause to be remediated the soil on the Redevelopment Property.

Section 4.2. Construction Plans. (a) Before commencing construction of the Minimum Improvements, the Redeveloper shall submit to the Authority Construction Plans for the Minimum Improvements. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in conformity with this Agreement, the Redevelopment Plan and all applicable State and local laws and regulations. The Authority will approve the Construction Plans in writing if (i) the Construction Plans conform to all terms and conditions of this Agreement; (ii) the Construction Plans conform to the goals and objectives of the Redevelopment Plan; (iii) the Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (iv) the Construction Plans are adequate to provide for construction of the Minimum Improvements; (v) the Construction Plans do not provide for expenditures in excess of the funds available to the Redeveloper for construction of the Minimum Improvements; and (vi) no Event of Default has occurred. No approval by the Authority shall relieve the Redeveloper of the obligation to comply with the terms of this Agreement, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the Authority shall constitute a waiver of an Event of Default. If approval of the Construction Plans is requested by the Redeveloper in writing at the time of submission, such Construction Plans shall be deemed approved unless rejected in writing by the Authority, in whole or in part within twenty (20) days after receipt. Such rejections shall set forth in detail the reasons therefor based upon the criteria set forth in clauses (i) through (vi) above, and shall be made within twenty (20) days after the date of receipt of final plans from the Redeveloper. If the Authority rejects any Construction Plans in whole or in part, the Redeveloper shall submit new or corrected Construction Plans within twenty (20) days after written notification to the Redeveloper of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the Authority. The Authority's approval shall not be unreasonably withheld. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements, constructed in accordance with said plans) comply to the Authority's satisfaction with the provisions of this Agreement relating thereto. Issuance by the City of building permits

constitutes approval of the Construction Plans by the Authority.

The Redeveloper hereby waives any and all claims and causes of action whatsoever resulting from the review of the Construction Plans by the Authority and/or any changes in the Construction Plans requested by the Authority. Neither the Authority, the City, nor any employee or official of the Authority or City shall be responsible in any manner whatsoever for any defect in the Construction Plans or in any work done pursuant to the Construction Plans, including changes requested by the Authority.

(b) If the Redeveloper desires to make any Material Change in the Construction Plans after their approval by the Authority, the Redeveloper shall submit the proposed change to the Authority for its approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section 4.2 of this Agreement with respect to such previously approved Construction Plans, the Authority shall approve the proposed change and notify the Redeveloper in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the Authority unless rejected, in whole or in part, by written notice by the Authority to the Redeveloper, setting forth in detail the reasons therefor within ten (10) days after receipt of the notice of such change. The Authority's approval of any such change in the Construction Plans will not be unreasonably withheld. The approval of the Construction Plans, or any proposed amendment to the Construction Plans, by the Authority does not constitute a representation or warranty by the Authority that the Construction Plans or the Minimum Improvements 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 Minimum Improvements will meet the requirements of the Redeveloper or any other users of the Minimum Improvements.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Redeveloper shall commence construction of the Minimum Improvements by August 1, 2022. Subject to Unavoidable Delays, the Redeveloper shall complete the construction of the Minimum Improvements by August 1, 2024, as may be extended if HUD and FHA Lender approve a change order for an extension of time to the construction period. Construction is considered to be commenced upon the beginning of physical improvements beyond grading. All work with respect to the Minimum Improvements to be constructed or provided by the Redeveloper on the Redevelopment Property shall be in substantial conformity with the Construction Plans as submitted by the Redeveloper and approved by the Authority.

The Redeveloper agrees for itself, its successors and assigns, and every successor in interest to the Redevelopment Property, or any part thereof, that the Redeveloper, and such successors and assigns, shall promptly begin and diligently prosecute to completion the development of the Redevelopment Property through the construction of the Minimum Improvements thereon, and that such construction shall in any event be commenced and completed within the periods specified in this Section 4.3 of this Agreement. Subsequent to execution of this Agreement and until the Minimum Improvements have been fully leased, the Redeveloper shall make reports, in such detail and at such times as may reasonably be requested by the Authority, but no more than monthly, as to the actual progress of the Redeveloper with respect to such construction and leasing.

Section 4.4. Certificate of Completion. (a) Promptly after completion of the Minimum Improvements in accordance with those provisions of this Agreement relating solely to the obligations of the Redeveloper to construct the Minimum Improvements (including the dates for commencement and completion thereof), the Authority will furnish the Redeveloper with a Certificate of Completion in substantially the form attached as SCHEDULE C hereof; provided, however, that prior to the issuance of the Certificate of Completion, the Redeveloper must provide the Authority with evidence satisfactory to the Authority Representative that all contractors, subcontractors, and project laborers have been paid.

(b) If the Authority Representative shall refuse or fail to provide any certification in accordance with the provisions of this Section 4.4 of this Agreement, the Authority Representative shall, within thirty (30) days after written request by the Redeveloper, provide the Redeveloper with a written statement, indicating in adequate detail in what respects the Redeveloper has failed to complete the Minimum Improvements in accordance with the provisions of this Agreement, or is otherwise in default, and what measures or acts will be necessary, in the opinion of the Authority, for the Redeveloper to take or perform in order for the Authority to issue the Certificate of Completion.

(c) The construction of the Minimum Improvements shall be deemed to be substantially complete upon (i) the issuance of a certificate of occupancy for the Minimum Improvements, (ii) determination by the Authority Representative that all related site improvements on the Redevelopment Property have been substantially completed in accordance with approved Construction Plans.

Section 4.5. Records and Reports. (a) The Authority and the City, through any authorized representatives, shall have the right at all reasonable times after reasonable written notice to inspect, examine and copy all books and records of the Redeveloper relating to the Minimum Improvements. Such records shall be kept and maintained by the Redeveloper through the Termination Date.

(b) The Redeveloper also agrees to submit to the Authority upon reasonable written notice such written reports as necessary to allow the Authority to remain in compliance with reporting requirements under state statutes. The Authority will provide information to the Redeveloper regarding the required forms.

Section 4.6. Affordability Covenants. The Redeveloper agrees that at all times from initial occupancy of the Minimum Improvements constructed within the TIF District through the date that the TIF District is decertified, at least forty percent (40%) of the units within the Minimum Improvements shall be reserved for occupancy by individuals whose income is sixty percent (60%) or less of the area's median gross income, in satisfaction of the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code. Notwithstanding the foregoing, the Redeveloper agrees that for such period, one hundred percent (100%) of the units within the Minimum Improvements shall be reserved for occupancy by individuals whose income is sixty percent (60%) or less of the area's median gross income. The Redeveloper and the Authority shall execute the Declaration of Restrictive Covenants in substantially the form set forth in SCHEDULE E, including the attached HUD Rider to Restrictive

Covenants, and record such agreement against the Redevelopment Property.

During the term of the Declaration of Restrictive Covenants, the Redeveloper shall not adopt any policies specifically prohibiting or excluding any rental to tenants holding certificates/vouchers under Section 8 of the United Stated Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq., or its successor because of such prospective tenant's status as such a certificate/voucher holder.

Section 4.7. Disqualification of TIF District. If the Authority or the City receives notice from the State Department of Revenue, the State Auditor, any Tax Official or any court of competent jurisdiction that the TIF District does not qualify as a "housing district" due to the Redeveloper's failure to satisfy the income restrictions described in Section 4.6 hereof, such event shall be deemed an Event of Default under this Agreement and the Authority shall immediately stop payments of Available Tax Increment to pay principal of and interest on the TIF Note. In addition to any remedies available to the Authority under Article IX hereof, the Redeveloper shall indemnify, defend and hold harmless the Authority and the City for any damages or costs resulting therefrom.

Section 4.8. Affordable Housing Reporting. At least annually, no later than February 1 of each year commencing on the February 1 first following the issuance of the Certificate of Completion, the Redeveloper shall provide a report to the Authority evidencing that the Redeveloper complied with the income affordability covenants set forth in Section 4.6 hereof during the previous calendar year. The income affordability reporting shall be on the form entitled "Tenant Income Certification" from the Minnesota Housing Finance Agency (MHFA HTC Form 14), or if unavailable, any similar form. The Authority may require the Redeveloper to provide additional information reasonably necessary to assess the accuracy of such certification. Unless earlier excused by the Authority, the Redeveloper shall send affordable housing reports to the Authority until TIF District is decertified. If the Redeveloper fails to provide the annual reporting required under this Section, the Authority may withhold payments of Available Tax Increment under the Note.

It is the intention of the parties hereto that if tax-exempt revenue obligations are issued by the City or the Authority for the benefit of the Redeveloper, the annual report required under this Section may be used to satisfy the reporting requirements under a regulatory agreement between the City or the Authority, the Redeveloper, and the trustee for such tax-exempt revenue obligations.

Section 4.8. Notice of Sale of Minimum Improvements. In consideration of the financial assistance provided to the Redeveloper pursuant to Article III hereof, the Redeveloper agrees to provide the Authority with at least ninety (90) days' notice of any sale of the Minimum Improvements.

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

ARTICLE V

Insurance

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

(i) Builder's risk insurance, written on the so-called "Builder's Risk -- Completed Value Basis," in an amount equal to 100% of the principal amount of the Note, and with coverage available in nonreporting form on the so-called "all risk" form of policy. The interest of the Authority shall be protected in accordance with a clause in form and content satisfactory to the Authority;

(ii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations, and contractual liability insurance) together with an Owner's Protective Liability Policy with limits against bodily injury and property damage of not less than $2,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used). The Authority shall be listed as an additional insured on the policy; and

(iii) Workers' compensation insurance, with statutory coverage, provided that the Redeveloper may be self-insured with respect to all or any part of its liability for workers' compensation.

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

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

(ii) Comprehensive general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of $2,000,000, and shall be endorsed to show the City and Authority as additional insureds.

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

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

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

The Redeveloper shall complete the repair, reconstruction and restoration of the Minimum Improvements, regardless of whether the net proceeds of insurance received by the Redeveloper for such purposes are sufficient to pay for the same. Any net proceeds remaining after completion of such repairs, construction, and restoration shall be the property of the Redeveloper.

(e) In lieu of its obligation to reconstruct the Minimum Improvements as set forth in this Section, the Redeveloper shall have the following options: (i) if the Redeveloper has assigned the Note to a third party, paying to the Authority an amount that, in the opinion of the Authority and its fiscal consultant, is sufficient to pay or redeem the outstanding principal and accrued interest on the Note; or (ii) so long as the Redeveloper is the owner of the Note, waiving its right to receive subsequent payments under the Note.

(f) The Redeveloper and the Authority agree that all of the insurance provisions set forth in this Article V shall terminate upon the termination of this Agreement.

Section 5.2. Subordination. Notwithstanding anything to the contrary herein, the rights of the Authority with respect to the receipt and application of any insurance proceeds shall, in all respects, be subordinate and subject to the rights of any Holder under a Mortgage allowed pursuant to Article VII hereof.

ARTICLE VI

Tax Increment; Taxes

Section 6.1. Right to Collect Delinquent Taxes. The Redeveloper acknowledges that the Authority is providing substantial aid and assistance in furtherance of the development described in this Agreement through reimbursement of Public Redevelopment Costs. The Redeveloper understands that the Tax Increment pledged to payment on the Note are derived from real estate taxes on the Redevelopment Property, which taxes must be promptly and timely paid. To that end, the Redeveloper agrees for itself, its successors and assigns, that in addition to the obligation pursuant to state statutes 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 Redevelopment Property and the Minimum Improvements. The Redeveloper acknowledges that this obligation creates a contractual right on behalf of the Authority to sue the Redeveloper or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any such suit, the Authority shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 6.2. Review of Taxes. The Redeveloper agrees that prior to the Termination Date, it will not cause a reduction in the real property taxes paid in respect of the Redevelopment Property through (a) willful destruction of the Minimum Improvements or any part thereof; or (b) willful refusal to reconstruct damaged or destroyed property pursuant to Section 5.1 hereof, except as provided in Section 5.1(c) hereof. The Redeveloper also agrees that it will not, prior to the Termination Date, seek exemption from property tax for the Redevelopment Property or any portion thereof or transfer or permit the transfer of the Redevelopment Property to any entity that is exempt from real property taxes and state law (other than any portion thereof dedicated or conveyed to the City in accordance with platting of the Redevelopment Property), or apply for a deferral of property tax on the Redevelopment Property pursuant to any law.

Section 6.3. Assessment Agreement. (a) Upon execution of this Agreement, the Redeveloper shall, with the Authority, execute an Assessment Agreement pursuant to Section 469.177, subdivision 8 of the TIF Act, specifying an assessor's minimum Market Value for the Redevelopment Property and the Minimum Improvements constructed thereon. The amount of the minimum Market Value for the Minimum Improvements shall be (i) $3,100,000 as of January 2, 2023, for taxes payable in 2024, based on twenty-five percent (25%) completion; (ii) $9,300,000 as of January 2, 2024, for taxes payable in 2025, based on seventy-five percent completion; and (iii) $12,400,000 as of January 2, 2025, for taxes payable in 2026, and each January 2 thereafter, based on one hundred percent (100%) completion.

(b) The Assessment Agreement shall be substantially in the form attached hereto as SCHEDULE D. Nothing in the Assessment Agreement shall limit the discretion of the assessor to assign a market value to the property in excess of such assessor's minimum Market Value. The Assessment Agreement shall remain in force for the period specified in the Assessment Agreement.

(c) Nothing in this Agreement or in the Assessment Agreement shall limit the right of the

Redeveloper, or its successors and assigns, to bring a tax petition challenging a Market Value determination that exceeds the established minimum Market Value for the Minimum Improvements on the Redevelopment Property; provided that if the Redeveloper brings such a challenge, the Redeveloper must inform the Authority of such tax petition in writing. During the pendency of such challenge, the Authority will pay principal and interest on the Note only to the extent of the Available Tax Increment attributable to the minimum Market Value of the Minimum Improvements which amount shall be determined by the Authority in its sole discretion; provided that if the Redeveloper fails to notify the Authority of the tax petition, the Authority shall have the right to withhold all payments of principal and interest on the Note until the Redeveloper's challenge is resolved. Upon resolution of Redeveloper's tax petition, any Available Tax Increment deferred and withheld under this Section shall be paid, without interest thereon, to the extent payable under the assessor's final determination of Market Value for the Minimum Improvements. Any suspension or reduction of payments on the Note shall not be considered a default under Section 9.1 hereof.

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

ARTICLE VII

Other Financing

Section 7.1. Mortgage Financing.

(a) Before commencement of construction of the Minimum Improvements, the Redeveloper shall submit to the Authority evidence of one or more commitments for financing which, together with committed equity for such construction, is sufficient for payment of the Minimum Improvements. Such commitments may be submitted as short-term financing, long-term mortgage financing, a bridge loan with a long-term take-out financing commitment, or any combination of the foregoing.

(b) If the Authority finds that the financing is sufficiently committed and adequate in amount to pay the costs specified in subsection (a) above, then the Authority shall notify the Redeveloper in writing of its approval. Such approval shall not be unreasonably withheld and either approval or rejection shall be given within ten (10) days from the date when the Authority is provided the evidence of financing. A failure by the Authority to respond to such evidence of financing shall be deemed to constitute an approval hereunder. If the Authority rejects the evidence of financing as inadequate, it shall do so in writing specifying the basis for the rejection. In any event the Redeveloper shall submit adequate evidence of financing within ten (10) days after such rejection.

(c) The HUD Loan is hereby approved by the Authority, and this Agreement is subject to and subordinate to the HUD Loan and HUD Loan documents.

Section 7.2. Authority's Option to Cure Default on Mortgage. In the event that any portion of the Redeveloper's funds is provided through mortgage financing, and there occurs a default under any Mortgage authorized pursuant to this Article VII, the Redeveloper shall cause the Authority to receive copies of any notice of default received by the Redeveloper from the Holder of such Mortgage. Thereafter, the Authority shall have the right, but not the obligation, to cure any such default on behalf of the Redeveloper within such cure periods as are available to the Redeveloper under the Mortgage documents

Section 7.3. Modification; Subordination. The Authority agrees to subordinate its rights under this Agreement to the Holder of any Mortgage securing construction or permanent financing in accordance with the terms of a subordination agreement in a form reasonably acceptable to the Authority.

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

ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Development. The Redeveloper represents and agrees that its purchase of the Redevelopment Property, and its other undertakings pursuant to the Agreement, are, and will be used, for the purpose of development of the Redevelopment Property and not for speculation in land holding.

Section 8.2. Prohibition Against Redeveloper's Transfer of Property and Assignment of Agreement. The Redeveloper represents and agrees that:

(a) Prior to the Certificate of Completion, except only by way of security for, and only for, the purpose of obtaining financing necessary to enable the Redeveloper or any successor in interest to the Redevelopment Property, or any part thereof, to perform its obligations with respect to undertaking the redevelopment contemplated under this Agreement, and any other purpose authorized by this Agreement, the Redeveloper has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Redevelopment Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity whether or not related in any way to the Redeveloper (collectively, a "Transfer"), without the prior written approval of the Authority (whose approval will not be unreasonably withheld, subject to the standards described in paragraph (b) of this Section). Any such Transfer shall be subject to the provisions of this Agreement. For the purposes of this Agreement, the term Transfer does not include any sale, conveyance, or transfer in any form to any Affiliate.

(b) In the event the Redeveloper, upon Transfer of the Redevelopment Property or any portion thereof either before or after issuance of the Certificate of Completion, seeks to be released from its obligations under this Redevelopment Agreement, the Authority shall be entitled to require, except as otherwise provided in the Agreement, as conditions to any such release that:

(1) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the Authority, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Redeveloper; and

(2) Any proposed transferee, by instrument in writing satisfactory to the Authority and in form recordable in the public land records of the County, shall, for itself and its successors and assigns, and expressly for the benefit of the Authority, have expressly assumed all of the obligations of the Redeveloper under this Agreement and agreed to be subject to all the conditions and restrictions to which the Redeveloper is subject; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Redevelopment Property, shall not, for whatever reason, have assumed such

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

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

(4) The Redeveloper and its transferees shall comply with such other conditions as the Authority may reasonably require in order to achieve and safeguard the purposes of the TIF Act and this Agreement.

(c) The Redeveloper agrees to pay all reasonable costs and expenses, including fees of legal counsel retained by the Authority, to review the documents submitted to the Authority in connection with any such transfer.

In the event the foregoing conditions are satisfied then the Redeveloper shall be released from its obligation under this Agreement.

Section 8.3. Release and Indemnification Covenants. (a) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties as hereinafter defined, and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Redeveloper releases from and covenants and agrees that the Authority, the City, and the governing body members, officers, agents, servants, and employees thereof (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 Redevelopment Property or the Minimum Improvements.

(b) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Redeveloper agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim,

demand, suit, action, or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, maintenance, and operation of the Redevelopment Property.

(c) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties as hereinafter defined, and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Redeveloper or its officers, agents, servants, or employees or any other person who may be about the Redevelopment Property or Minimum Improvements.

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

(e) Notwithstanding the foregoing, the Redeveloper's obligation to indemnify and hold the Indemnified Parties harmless shall be limited to available liability insurance proceeds, Surplus Cash and/or non-Project Assets, as each such term is defined in the Regulatory Agreement for Multifamily Projects by and between the Borrower and HUD.

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

ARTICLE IX

Events of Default

Section 9.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement, and the term "Event of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events, after the non-defaulting party provides thirty (30) days' written notice to the defaulting party and Investor of the event, but only if the event has not been cured within said thirty (30) days or, if the event is by its nature incurable within thirty (30) days, the defaulting party does not, within such thirty (30) day period, provide assurances reasonably satisfactory to the party providing notice of default that it is proceeding with due diligence to cure such default and the event will be cured as soon as reasonably possible:

(a) Failure by the Redeveloper or the Authority to observe or perform any covenant, condition, obligation, or agreement on its part to be observed or performed under this Agreement; or any certification, representation, or warranty by the Redeveloper to the City or the Authority that is substantiated by evidence to be untrue or misrepresented, provided that the Authority may not terminate this Agreement or suspend its performance under this Agreement for Redeveloper's failure to enter into a shared parking agreement in accordance with Section 3.1(b) and its remedy shall be limited to bringing an action for specific performance or damages against the Redeveloper.

(b) If the Redeveloper shall:

(i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law, which action is not dismissed within sixty (60) days after filing; or

(ii) make an assignment for benefit of its creditors;

(iii) admit in writing its inability to pay its debts generally as they become due; or

(iv) fails to pay real estate taxes on the Redevelopment Property or the Minimum Improvements as they become due; or

(v) be adjudicated a bankrupt or insolvent.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 of this Agreement occurs, the non-defaulting party may:

(a) Suspend its performance under this Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under the Agreement.

(b) The Authority (only if the Redeveloper is the defaulting party) may suspend its performance under this Agreement and the Note until such default is cured or the Authority determines in its reasonable discretion that it has received adequate assurances from the

Redeveloper, that the Redeveloper will cure its default and continue its performance under this Agreement. Interest on the Note shall not accrue during the period of any suspension of payment.

(c) The Authority (only if the Redeveloper is the defaulting party) may terminate this Agreement and/or cancel the Note.

(d) The Authority may take whatever action, including legal, equitable, or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement, provided that nothing contained herein shall give the Authority the right to seek specific performance by Redeveloper of the construction of the Minimum Improvements.

(e) Whenever the Authority defaults with respect to any of its obligations under this Agreement, the Redeveloper may suspend its performance under this Agreement and/or take action to enforce specific performance and observance of any obligation, agreement, or covenant of the Authority under this Agreement. Nothing in this Agreement shall entitle the Redeveloper to make any claim against the Authority or the City for any damages whatsoever and the Redeveloper's remedies are strictly limited to the foregoing.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy or remedies to that party, 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. To entitle the Authority to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.

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

Section 9.5. Attorney Fees and Costs. Whenever any Event of Default occurs and if the Authority employs attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Redeveloper under this Agreement, the Redeveloper agrees that it shall, within 10 days of written demand by the Authority, pay to the Authority the reasonable fees of such attorneys and such other expenses so incurred by the Authority.

Section 9.6. Investor's Option to Cure Defaults. After any breach or default referred to in Section 9.1 the Investor, at its option, shall have the right to cure or remedy such breach or default, provided, that if the breach or default is with respect to construction of the Minimum Improvements, and the Investor undertakes or continues the construction or completion of the

Minimum Improvements (beyond the extent necessary to conserve or protect the Minimum Improvements) without first having expressly assumed, by written agreement satisfactory to the Authority, the obligation to complete, in the manner provided in this Agreement, the Minimum Improvements on the Redevelopment Property then the Authority may suspend any of the Authority's obligations under this Agreement until the earlier of Completion of the Minimum Improvements or assumption by the Investor of such obligation to complete. If the Investor properly completes construction of the Minimum Improvements, it will be entitled, upon written request made to the Authority, to a certification by the Authority to such effect in the manner provided in Section 4.4 of this Agreement.

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

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; Representatives Not Individually Liable. The Authority and the Redeveloper, to their actual knowledge, represent and agree that no member, official, or employee of the Authority shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement that affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she, directly or indirectly, is interested. No member, official, or employee of the City or Authority shall be personally liable to the Redeveloper, or any successor in interest, in the event of any default or breach by the Authority or for any amount that may become due to the Redeveloper or successor or on any obligations under the terms of the Agreement.

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

Section 10.3. Restrictions on Use. The Redeveloper agrees that until the Termination Date, the Redeveloper, and such successors and assigns, shall devote the Redevelopment Property to the operation of the Minimum Improvements as described in Section 4.1 hereof, and shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the construction or maintenance of the Minimum Improvements or in the use or occupancy of the Redevelopment Property or any improvements erected or to be erected thereon, or any part thereof.

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

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

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

To the Redeveloper: 42 Central Limited Partnership
c/o Reuter Walton Development, LLC
4450 Excelsior Boulevard, Suite 400
St Louis Park, Minnesota 55416

Attn: Nick Walton

And to Investor: Bridgewater Bank
4450 Excelsior Boulevard, Suite 100
Saint Louis Park, MN 55416
Attn: Ross Wieser

To the Authority: Columbia Heights Economic Development Authority
590 40th Avenue NE
Columbia Heights, Minnesota 55421
Attn: Community Development Director

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

Section 10.8. Recording. The Authority may record this Agreement and any amendments thereto with the recorder and/or registrar of titles of the County, as applicable. The Redeveloper shall pay all costs for recording. The Redeveloper's obligations under this Agreement are covenants running with the land for the term of this Agreement, enforceable by the Authority against the Redeveloper, its successor and assigns, and every successor in interest to the Redevelopment Property, or any part thereof or any interest therein.

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

Section 10.10. Authority Approvals. Unless otherwise specified, any approval required by the Authority under this Agreement may be given by the Authority Representative, except that final approval of issuance of the Note shall be made by the Authority's board of commissioners.

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

IN WITNESS WHEREOF, the Authority and Redeveloper have caused this Contract for Private Redevelopment to be duly executed by their duly authorized representatives as of the date and year first written above

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

By_____
Its President

By_____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by Marlaine Szurek, the President of the Columbia Heights Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

_____
Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by Kelli Bourgeois, the Executive Director of the Columbia Heights Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

_____
Notary Public

42 CENTRAL LIMITED PARTNERSHIP, a Minnesota limited partnership

By: 42 Central GP, LLC, a Minnesota limited liability company
Its: General Partner

By:_____
Name: Nicholas Walton
Its: Manager

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2022 by Nicholas Walton, the authorized representative of 42 Central GP, LLC, a Minnesota limited liability company, the General Partner of 42 Central Limited Partnership, a Minnesota limited partnership, on behalf of the partnership.

_____
Notary Public

[Execution page of the Redeveloper to the Contract for Private Redevelopment, dated the date and year first written above.]

SCHEDULE A

Description of Redevelopment Property

[Lot 2, Block 1, Northwestern 3rd Addition], Anoka County, Minnesota.

(Abstract Property)

SCHEDULE B

Authorizing Resolution

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. _____

RESOLUTION AWARDING THE SALE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF A TAX INCREMENT REVENUE NOTE TO 42 CENTRAL LIMITED PARTNERSHIP.

BE IT RESOLVED BY the Board of Commissioners (the "Board") of the Columbia Heights Economic Development Authority (the "Authority") as follows:

Section 1. Recitals; Approval and Authorization; Award of Sale.

1.01. Recitals. (a) The Authority and the City of Columbia Heights, Minnesota (the "City") have approved the establishment of its 42nd and Jackson Tax Increment Financing District (the "TIF District"), a housing district within the Downtown Central Business District Redevelopment Project ("Redevelopment Project"), and have adopted a tax increment financing plan for the purpose of financing certain improvements within the Project.

(b) To facilitate the redevelopment of certain property within the Project and TIF District, the Authority and 42 Central Limited Partnership, a Minnesota limited partnership (the "Owner"), have negotiated a Contract for Private Redevelopment (the "Agreement") which provides for the construction by the Owner of a rental housing facility and associated parking on certain property to be acquired by the Owner pursuant to a purchase agreement between the City and the Owner (the "Parcels"), and the issuance by the Authority of a tax increment revenue note (the "Note") to the Owner.

1.02. Approval of Agreement. (a) The Agreement is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the President and Executive Director, provided that execution of the Agreement by such officials shall be conclusive evidence of approval.

(b) Authority staff and officials are authorized to take all actions necessary to perform the Authority's obligations under the Agreement as a whole, including without limitation execution of any documents to which the Authority is a party referenced in or attached to the Agreement, all as described in the Agreement.

1.03. Issuance, Sale, and Terms of the Note. (a) The Authority hereby authorizes the President and Executive Director to issue the Note in accordance with the Agreement. All capitalized terms in this resolution have the meaning provided in the Agreement unless the context requires otherwise.

(B) The Note shall be issued to the Owner in the maximum aggregate principal amount of $732,000 in consideration of certain eligible costs incurred by the Owner in connection with construction of the Minimum Improvements under the Agreement. The Note shall be dated the date of delivery thereof, and shall bear interest at the lesser of the rate of 4.00% per annum or the actual rate of the Owner's mortgage financing, from the date of issue to the earlier of maturity or prepayment. The Note will be issued in the principal amount of Public Redevelopment Costs submitted and approved in accordance with Section 3.6 of the Agreement. The Note is secured by Available Tax Increment, as further described in the form of the Note herein. The Authority hereby delegates to the Executive Director the determination of the date on which the Note is to be delivered, in accordance with the Agreement.

Section 2. Form of Note. The Note shall be in substantially the following form, with the blanks to be properly filled in and the principal amount adjusted as of the date of issue:

UNITED STATE OF AMERICA
STATE OF MINNESOTA
COUNTY OF ANOKA
COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

No. R-1 $_____

TAX INCREMENT REVENUE NOTE
SERIES 20__

Rate	Date of Original Issue
[lesser of 4.00% or Redeveloper's actual financing rate]%	_____, 20__

The Columbia Heights Economic Development Authority (the "Authority") for value received, certifies that it is indebted and hereby promises to pay to 42 Central Limited Partnership, a Minnesota limited partnership, or registered assigns (the "Owner"), the principal sum of $_____ and to pay interest thereon at the rate of ____ percent (___%) per annum, solely from the sources and to the extent set forth herein. Capitalized terms shall have the meanings provided in the Contract for Private Redevelopment, dated [_____], 2022 (the "Agreement"), between the Authority and the Owner, unless the context requires otherwise.

1. Payments. Principal and interest (the "Payments") shall be paid on August 1, 2024 and each February 1 and August 1 thereafter, to and including February 1, 2042 ("Payment

Dates"), in the amounts and from the sources set forth in Section 3 herein. Payments shall be applied first to accrued interest, and then to unpaid principal.

Payments are payable by mail to the address of the Owner or such other address as the Owner may designate upon thirty (30) days written notice to the Authority. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. Interest at the rate stated herein shall accrue on the unpaid principal, commencing on the date of original issue. Interest shall be computed on the basis of a year of 360 days and charged for actual days principal is unpaid.

3. Available Tax Increment. (a) Payments on this Note are payable on each Payment Date solely from and in the amount of Available Tax Increment, which shall mean ninety percent (90%) of the Tax Increment attributable to the Minimum Improvements and Redevelopment Property that is actually paid to the Authority by Anoka County, Minnesota in the six (6) months preceding each Payment Date on the Note. Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under the Agreement.

(b) The Authority shall have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Available Tax Increment and the failure of the Authority to pay principal or interest on this Note on any Payment Date shall not constitute a default hereunder as long as the Authority pays principal and interest hereon to the extent of Available Tax Increment. The Authority shall have no obligation to pay unpaid balance of principal or accrued interest that may remain after the payment of Available Tax Increment from the last payment of Tax Increment the Authority is entitled to receive from Anoka County with respect to the Redevelopment Property.

4. Default. The Authority's payment obligations shall be subject to Sections 9.1 and 9.2 of the Agreement and are further subject to the conditions that (i) no Event of Default under Section 9.1 of the Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder; and (ii) the Agreement and this Note shall not have been terminated in accordance with Section 9.2 of the Agreement. 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 9.2 of the Agreement and said Event of Default shall thereafter have been cured in accordance with Section 9.2. If pursuant to the occurrence of an Event of Default under the Agreement the Authority elects, in accordance with the Agreement, to cancel and rescind the Agreement and/or this Note, the Authority shall have no further obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Agreement, for a fuller statement of the rights and obligations of the Authority 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.

5. Prepayment. The principal sum and all accrued interest payable under this Note is prepayable in whole or in part at any time by the Authority without premium or penalty. No

partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Note.

6. Nature of Obligation. This Note is one of an issue in the total principal amount of $_____, issued to aid in financing certain public redevelopment costs and administrative costs of a housing project undertaken by the Authority pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the Authority on _____, 20__, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 through 469.1794, as amended. This Note is a limited obligation of the Authority which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution. This Note and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority. Neither the State of Minnesota nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY THAT THE AVAILABLE TAX INCREMENT WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THIS NOTE.

7. Registration and Transfer. This Note is issuable only as a fully registered note without coupons. As provided in the Resolution, and subject to certain limitations set forth therein, this Note is transferable upon the books of the Authority kept for that purpose at the principal office of the City Finance Director, by the Owner hereof in person or by such Owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the Authority, duly executed by the Owner. Upon such transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the Authority with respect to such transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

Notwithstanding the foregoing, this Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the Authority has been provided with an investment letter in a form satisfactory to the Authority. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

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 exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the Authority according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the Board of Commissioners of the Columbia Heights Economic Development Authority have caused this Note to be executed with the manual signatures of its President and Executive Director, all as of the Date of Original Issue specified above.

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

_____	_____
Executive Director	President

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the City Finance Director, in the name of the person last listed below.

Date of Registration	Registered Owner	Signature of City Finance Director
_____, 20__	42 Central Limited Partnership Federal Tax I.D No.: _____	_____

[End of Form of Note]

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The Note shall be issued as a single typewritten note numbered R-1.

The Note shall be issuable only in fully registered form. Principal of and interest on the Note shall be payable by check or draft issued by the Registrar described herein.

3.02. Dates; Interest Payment Dates. Principal of and interest on the Note shall be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date, whether or not such day is a business day.

3.03. Registration. The Authority hereby appoints the City Finance Director to perform the functions of registrar, transfer agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the Authority and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its office a bond register in which the Registrar shall provide for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

(b) Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

(c) Cancellation. The Note surrendered upon any transfer shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the Authority.

(d) Improper or Unauthorized Transfer. When the Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on the Note or separate instrument of transfer is legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(e) Persons Deemed Owners. The Authority and the Registrar may treat the person in whose name the Note is at any time registered in the bond register as the absolute owner of such Note, whether the Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Note and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the Authority upon the Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of the Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to such transfer or exchange.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case the Note shall become mutilated or be lost, stolen, or destroyed, the Registrar shall deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of such mutilated Note or in lieu of and in substitution for the Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that the Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the Authority and the Registrar shall be named as obligees. The Note so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the Authority. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Note prior to payment.

3.04. Preparation and Delivery. The Note shall be prepared under the direction of the Executive Director and shall be executed on behalf of the Authority by the signatures of its President and Executive Director. In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. When the Note has been so executed, it shall be delivered by the Executive Director to the Owner thereof in accordance with the Agreement.

Section 4. Security Provisions.

4.01. Pledge. The Authority hereby pledges to the payment of the principal of and interest on the Note all Available Tax Increment as defined in the Note. Available Tax Increment shall be applied to payment of the principal of and interest on the Note in accordance with the terms of the form of Note set forth in Section 2 of this resolution.

4.02. Bond Fund. Until the date the Note is no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the Authority shall maintain a separate and special "Bond Fund" to be used for no purpose other than the payment of the principal of and interest on the Note. The Authority irrevocably agrees to appropriate to the Bond Fund on or before each Payment Date the Available Tax Increment in an amount equal to the Payment then due, or the actual Available Tax Increment, whichever is less. Any Available Tax Increment remaining in the Bond Fund shall be transferred to the Authority's account for the TIF District upon the termination of the Note in accordance with its terms.

Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The officers of the Authority are hereby authorized and directed to prepare and furnish to the Owner of the Note certified copies of all proceedings and records of the Authority, and such other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall be deemed representations of the Authority as to the facts recited therein.

Section 6. Effective Date. This resolution shall be effective upon approval.

Approved by the Board of Commissioners of the Columbia Heights Economic Development Authority on _____, 20__.

_____
President

ATTEST:

_____
Executive Director

SCHEDULE C

Form of Certificate of Completion

CERTIFICATE OF COMPLETION

WHEREAS, the Columbia Heights Economic Development Authority (the "Authority") and 42 Central Limited Partnership ("Redeveloper") entered into a certain Contract for Private Redevelopment dated [_____], 2022 (the "Agreement"), a memorandum of which was recorded in the office of [County Recorder] [Registrar of Titles] of Anoka County, Minnesota on _____, 20___, as document number _____, with respect to construction of the Minimum Improvements in accordance with Article IV of the Agreement, and that the Redeveloper is released and forever discharged from its obligations with respect to construction of the Minimum Improvements under Articles III and IV of the Agreement.

Dated: _____, 20__.

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

By _____
Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this ____ day of _____ 20__, by _____, the Executive Director of the Columbia Heights Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota, on behalf of the authority.

_____
Notary Public

This document was drafted by:
Kennedy & Graven, Chartered (SEL)
150 South Fifth Street, Suite 700
Minneapolis, Minnesota 55402-1299
Telephone: 612-337-9300

SCHEDULE D

Form of Assessment Agreement

ASSESSMENT AGREEMENT

and

ASSESSOR'S CERTIFICATION

By and Between

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

and

42 CENTRAL LIMITED PARTNERSHIP

This Document was drafted by:

Kennedy & Graven, Chartered (SEL)
150 South Fifth Street, Suite 700
Minneapolis, Minnesota 55402

ASSESSMENT AGREEMENT

THIS AGREEMENT, made on or as of the _____, 2022 by and between the Columbia Heights Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota (the "Authority") and 42 Central Limited Partnership, a Minnesota limited partnership (the "Redeveloper").

WITNESSETH, that

WHEREAS, on or before the date hereof the Authority and Redeveloper have entered into a Contract for Private Redevelopment dated [_____], 2022 (the "Redevelopment Contract"), pursuant to which the Authority is to facilitate development of certain property in the City of Columbia Heights hereinafter referred to as the "Property" and legally described in Exhibit A hereto; and

WHEREAS, pursuant to the Redevelopment Contract the Redeveloper is obligated to construct certain improvements (the "Minimum Improvements") upon the Property; and

WHEREAS, the Authority and Redeveloper desire to establish a minimum market value for the Property and the Minimum Improvements to be constructed thereon, pursuant to Minnesota Statutes, Section 469.177, subdivision 8, as amended; and

WHEREAS, the Authority and the Anoka County Assessor (the "Assessor") have reviewed the preliminary plans and specifications for the improvements and have inspected such improvements;

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. The minimum market value which shall be assessed for ad valorem tax purposes for the Property described in Exhibit A, together with the Minimum Improvements constructed thereon, shall be $3,100,000 as of January 2, 2023, $9,300,000 as of January 2, 2024, and $12,400,000 as of January 2, 2025 notwithstanding the progress of construction by such date, and as of each January 2 thereafter until termination of this Agreement under Section 2 hereof.

2. The minimum market value herein established shall be of no further force and effect and this Agreement shall terminate on the Termination Date, as defined in the Redevelopment Contract.

The event referred to in Section 2 of this Agreement shall be evidenced by a certificate or affidavit executed by the Authority.

3. This Agreement shall be promptly recorded by the Authority. The Redeveloper shall pay all costs of recording.

4. Neither the preambles nor provisions of this Agreement are intended to, nor shall they be construed as, modifying the terms of the Redevelopment Contract between the Authority and the Redeveloper.

5. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

6. Each of the parties has authority to enter into this Agreement and to take all actions required of it, and has taken all actions necessary to authorize the execution and delivery of this Agreement.

7. In the event any provision of this Agreement shall be held invalid and unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

8. The parties hereto agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements, amendments and modifications hereto, and such further instruments as may reasonably be required for correcting any inadequate, or incorrect, or amended description of the Property or the Minimum Improvements or for carrying out the expressed intention of this Agreement, including, without limitation, any further instruments required to delete from the description of the Property such part or parts as may be included within a separate assessment agreement.

9. Except as provided in Section 8 of this Agreement, this Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by all parties hereto.

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

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

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

By_____
Its President

By_____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by Marlaine Szurek, the President of the Columbia Heights Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

_____
Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by Kelli Bourgeois, the Executive Director of the Columbia Heights Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

_____
Notary Public

42 CENTRAL LIMITED PARTNERSHIP, a Minnesota limited partnership

By: 42 Central GP, LLC, a Minnesota limited liability company
Its: General Partner

By:_____
Name: Nicholas Walton
Its: Manager

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2022 by Nicholas Walton, the authorized representative of 42 Central GP, LLC, a Minnesota limited liability company, the General Partner of 42 Central Limited Partnership, a Minnesota limited partnership, on behalf of the partnership.

_____
Notary Public

CERTIFICATION BY COUNTY ASSESSOR

The undersigned, having reviewed the plans and specifications for the improvements to be constructed and the market value assigned to the land upon which the improvements are to be constructed, hereby certifies as follows: The undersigned Assessor, being legally responsible for the assessment of the above described property, hereby certifies that the values assigned to the land and improvements are reasonable.

_____
Anoka County Assessor

STATE OF MINNESOTA)
) ss
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this ___ day of _____, 20__, by _____, the Assessor of Anoka County.

_____
Notary Public

EXHIBIT A of ASSESSMENT AGREEMENT

Legal Description of Property

[Lot 2, Block 1, Northwestern 3rd Addition], Anoka County, Minnesota.

(Abstract Property)

SCHEDULE E

Form of Declaration of Restrictive Covenants

THIS DECLARATION OF RESTRICTIVE COVENANTS, made as of the _____ day of _____, 2022 (the "Declaration"), is by 42 CENTRAL LIMITED PARTNERSHIP, a Minnesota limited partnership (the "Redeveloper"), in favor of the COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and political subdivision of the State of Minnesota (the "Authority").

RECITALS:

WHEREAS, the Authority intends to convey the real property legally described in EXHIBIT A attached hereto (the "Redevelopment Property") to the Redeveloper under a Contract for Private Redevelopment, dated _____, 2022 (the "Contract"), between the Authority and the Redeveloper; and

WHEREAS, pursuant to the Contract, the Redeveloper will construct a multifamily housing development consisting of approximately 62 units of multifamily rental housing (the "Project") on the on the property legally described in Exhibit A attached hereto (the "Redevelopment Property"), and to cause compliance with certain affordability covenants described in Section 4.6 of the Contract; and

WHEREAS, Section 4.5 of the Contract requires that the Redeveloper cause to be executed an instrument in recordable form substantially reflecting the covenants set forth in Section 4.5 of the Contract; and

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

WHEREAS, capitalized terms in this Declaration have the meaning provided in the Contract 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 Redeveloper agrees as follows:

1. Term of Restrictions.

(a) Occupancy and Rental Restrictions. The term of the Occupancy Restrictions set forth in Section 3 hereof will commence on the date a certificate of occupancy is received from the City of Columbia Heights, Minnesota. The period from commencement to termination is the

"Qualified Project Period."

(b) Termination of Declaration. This Declaration will terminate upon the date that is twenty-five (25) years after the commencement of the Qualified Project Period.

(c) Removal from Real Estate Records. Upon termination of this Declaration, the Authority will, upon request by the Redeveloper or its assigns, file any document appropriate to remove this Declaration from the real estate records of Hennepin County, Minnesota.

2. Project Restrictions.

(a) the Redeveloper represents, warrants, and covenants that:

(i) All leases of residential housing units of the Project (the "Rental Housing Units") to Qualifying Tenants (as defined in Section 3(a)(i) 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(a)(ii) hereof); and

(2) agrees that the family income at the time the lease is executed will be deemed 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 Redeveloper or the Authority, 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.

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

3. Occupancy Restrictions.

(a) Tenant Income Provisions. The Redeveloper represents, warrants, and covenants that:

(i) Qualifying Tenants. During the Qualified Project Period, one hundred percent (100%) of the Rental Housing Units will be occupied (or treated as occupied as provided herein) or held vacant and available for occupancy by Qualifying Tenants. "Qualifying Tenants" means those persons and families who are determined on annual basis by the Redeveloper to have combined adjusted income that does not exceed sixty percent (60%) of the Minneapolis-St. Paul metropolitan statistical area (the "Metro Area") median income for the applicable calendar year. For purposes of this definition, the occupants of a residential unit will not be deemed to be Qualifying Tenants if all the occupants of such residential unit at any time are "students," as defined in

Section 151(c)(4) 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 on an ongoing basis thereafter, determined at least annually. If during their tenancy a Qualifying Tenant's income exceeds one hundred forty percent (140%) of the maximum income qualifying as low or moderate income for a family of its size, the next available 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. If the Next Available Unit Rule is violated, the Rental Housing Unit will not continue to be treated as a Qualifying Unit.

(ii) Certification of Tenant Eligibility. As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant will be required annually to sign and deliver to the Redeveloper a certification of tenant eligibility substantially in the form attached hereto as EXHIBIT B, or in any other form as may be approved by the Authority (the "Eligibility Certification"), in which the prospective Qualifying Tenant certifies as to qualifying as low or moderate income. In addition, the person will be required to provide whatever other information, documents, or certifications are deemed necessary by the Authority 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 Redeveloper with respect to each Qualifying Tenant who resides in a Rental Housing Unit or resided therein during the immediately preceding calendar year.

(iii) Lease. The form of lease to be utilized by the Redeveloper in renting any Rental Housing Units 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.

(iv) Annual Report. The Redeveloper covenants and agrees that during the term of this Declaration, it will prepare and submit to the Authority on or before March 1 of each year, a certificate substantially in the form of EXHIBIT C hereto, executed by the Redeveloper, (a) identifying the tenancies and the dates of occupancy (or vacancy) for all Qualifying Tenants in the Project, including the percentage of the Rental Housing Units 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 knowledge of the person executing the certificate after due inquiry, all the Rental Housing Units were rented or available for rental on a continuous basis during the year to members of the general public and that the Redeveloper was not otherwise in default under this Declaration during the year.

(v) Notice of Non-Compliance. The Redeveloper will immediately notify the Authority if at any time during the term of this Declaration the Rental Housing Units are

not occupied or available for occupancy as required by the terms of this Declaration.

(b) Section 8 Housing. During the term of this Declaration, the Redeveloper shall not adopt any policies specifically excluding rental to tenants holding Section 8 certificate/voucher holders.

4. Transfer Restrictions. The Redeveloper covenants and agrees that the Redeveloper 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 Rental Restrictions and 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 Authority, all duties and obligations of the Redeveloper under this Declaration, including this Section 4, in the event of a subsequent Transfer by the transferee prior to expiration of the Rental Restrictions and Occupancy Restrictions provided herein (the "Assumption Agreement"). The Redeveloper will deliver the Assumption Agreement to the Authority prior to the Transfer.

5. Amendment. If the Redeveloper determines that operation of the Redevelopment Property would endanger the financial viability thereof or the Redeveloper's lender(s) request(s) reasonable modifications or amendments to this Declaration, the Redeveloper may request that the Authority consent to the modification, amendment, or termination of any of the restrictions in any respect. The Authority is under no obligation to amend, modify, or terminate any of the restrictions, and may, in its sole discretion, refuse to do so. The Authority will not consent to any modification or amendment that would result in disqualification of the Project as a housing tax increment financing district pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended.

6. Enforcement.

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

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

(c) The Redeveloper acknowledges that the primary purpose for requiring compliance by the Redeveloper with the restrictions provided in this Declaration is to ensure compliance of the property with the housing affordability covenants set forth in Section 4.6 of the Contract, and by reason thereof, the Redeveloper, in consideration for assistance provided by the Authority under the Contract that makes possible the construction of the Project on the Redevelopment Property, hereby agrees and consents that the Authority 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 Redeveloper of its obligations under this Declaration in a state court of competent jurisdiction. The Redeveloper hereby further specifically acknowledges that the Authority cannot be adequately compensated by monetary

damages in the event of any default hereunder.

(d) The Redeveloper 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 Authority may exercise any remedy available to it under Article IX of the Contract.

7. Indemnification. The Redeveloper hereby indemnifies, and agrees to defend and hold harmless the Authority and its members, officers, and agents 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 Redeveloper to comply with the terms of this Declaration, or on account of any representation or warranty of the Redeveloper contained herein being untrue.

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

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

10. 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 Redeveloper and the Authority 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 Redeveloper:	42 Central Limited Partnership c/o Reuter Walton Development, LLC 4450 Excelsior Boulevard, Suite 400 St Louis Park, Minnesota 55416 Attn: Nick Walton
To the Authority:	Columbia Heights Economic Development Authority 590 40th Avenue NE Columbia Heights, Minnesota 55421 Attn: Executive Director

11. 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.

12. Attorneys' Fees. In case any action at law or in equity, including an action for declaratory relief, is brought against the Redeveloper to enforce the provisions of this

Declaration, the Redeveloper agrees to pay the reasonable attorneys' fees and other reasonable expenses paid or incurred by the Authority in connection with the action.

13. Declaration Binding. This Declaration and the covenants contained herein will run with the real property comprising the Project and will bind the Redeveloper and its successors and assigns and all subsequent owners of the Project or any interest therein, and the benefits will inure to the Authority and its successors and assigns for the term of this Declaration as provided in Section 1(b) hereof.

14. HUD Rider to Declaration. The HUD Rider to Restrictive Covenants (the "HUD Rider") attached to this Declaration is hereby made a part of this Declaration.

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

IN WITNESS WHEREOF, the Redeveloper has caused this Declaration of Restrictive Covenants to be signed by its duly authorized representative as of the date and year first written above.

42 CENTRAL LIMITED PARTNERSHIP, a Minnesota limited partnership

By: 42 Central GP, LLC, a Minnesota limited liability company
Its: General Partner

By:_____
Name: Nicholas Walton
Its: Manager

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2022 by Nicholas Walton, the authorized representative of 42 Central GP, LLC, a Minnesota limited liability company, the General Partner of 42 Central Limited Partnership, a Minnesota limited partnership, on behalf of the partnership.

_____
Notary Public

This document was drafted by:
Kennedy & Graven, Chartered (SEL)
150 South Fifth Street, Suite 700
Minneapolis, Minnesota 55402-1299
Telephone: 612-337-9300

This Declaration of Restrictive Covenants is acknowledged and consented to by:

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

By_____
Its President

By_____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by Marlaine Szurek, the President of the Columbia Heights Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

_____
Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by Kelli Bourgeois, the Executive Director of the Columbia Heights Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

_____

Notary Public

EXHIBIT A TO DECLARATION OF RESTRICTIVE COVENANTS

LEGAL DESCRIPTION OF REDEVELOPMENT PROPERTY

[Lot 2, Block 1, Northwestern 3rd Addition], Anoka County, Minnesota.

(Abstract Property)

EXHIBIT B TO DECLARATION OF RESTRICTIVE COVENANTS

ELIGIBILITY CERTIFICATION

TENANT INCOME CERTIFICATION

□ Initial Certification □ Recertification □ Other_____

Effective Date: _____
Move-in Date: _____
(MM/DD/YYYY)

PART I. DEVELOPMENT DATA

Property Name: _____ County: _____ BIN #: _____

Address: _____ Unit Number: _____ #Bedrooms: _____

PART II. HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Last 4 Digits of Social Security No. if applicable
1						
2						
3						
4						
5						
6						
7						
8						

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Social Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	$	$	$	$

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 If over $5,000 $_____ X Current Passbook Rate = (J) Imputed Income $

Enter the greater of the total of 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)*

`

Revised 1/1/20

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1 $

Designated Income Restriction:
❑ 80% ❑ 70% ❑ 60%
❑ 50% ❑ 40% ❑ 30%
❑ 20% ❑ __%

RECERTIFICATION ONLY:
Designated Income Limit x 140%:
$ _____

Current Income Limit per Family Size: $_____

Household Income at Move-in: $_____

Household Size at Move-in: _____

Household is over income at recertification:
❑ Yes ❑ No

PART VI. RENT

Tenant Paid Rent: $_____

Unit Meets Rent Restriction at:
❑ 80% ❑ 70% ❑ 60% ❑ 50% ❑ 40%
❑ 30% ❑ 20% ❑ ____%

Utility Allowance: $_____

Rental Assistance: $_____

Other non-optional charges and mandatory fees: $_____

Gross Rent For Unit (See Instructions): $_____

Is the source of the Rental Assistance Federal? ☐ Yes ☐ No *If No, what is the source of the assistance?* _____

If Yes, identify the type of Federal Rental Assistance:

☐ HUD Multi-Family Project-Based Rental Assistance (PBRA)
☐ HUD Section 8 Moderate Rehabilitation
☐ Public Housing Operating Subsidy
☐ HOME Tenant Based Rental Assistance (TBRA)
☐ HUD Housing Choice Voucher (HCV-tenant based)
☐ HUD Project-Based Voucher (PBV)
☐ USDA Section 521 Rental Assistance Program
☐ Other Federal Rental Assistance _____

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL-TIME STUDENTS?	If yes, enter Student Explanation* and attach documentation Enter 1-5	*Student Explanation
❑ Yes ❑ No		1. TANF assistance 2. Previously in state foster care system 3. Job Training Program 4. Single parent/dependent child 5. Married/joint return

PART VIII. PROGRAM TYPE

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

a. Housing Credit ❑	b. HOME ❑	c. Tax-exempt Housing Bond ❑	d. National HTF ❑	e._____ ❑ (Name of Program)
See Part V above.	*Income Status* ❑ ≤ 50% AMGI ❑ ≤ 60% AMGI ❑ ≤ 80% AMGI ❑ OI**	*Income Status* ❑ 50% AMGI ❑ 60% AMGI ❑ 80% AMGI ❑ OI**	*Income Status* ❑ 30%/Poverty line ❑ 50% AMGI ❑ OI**	*Income Status* ❑ _____ ❑ _____ ❑ OI**

** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

_____ _____
SIGNATURE OF OWNER/REPRESENTATIVE DATE

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

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

Part I. Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., resyndication, 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. For acquisition/rehabilitation where existing tenants are being initially certified within 120 days of the date of acquisition, the effective date is the date of acquisition. Otherwise the effective date is the date the existing household signs the TIC.
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 address of the building.
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 household by using one of the following coded definitions:

H	-	Head of household	S	-	Spouse
A	-	Adult co-tenant	F	-	Foster child(ren)/adult(s)
C	-	Child	O	-	Other
L	-	Live-in caretaker			

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

If there are more than eight (8) 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 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. Cash value is the market value less expenses involved in converting the asset to cash.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate). Anticipated income is the market value multiplied by the interest rate for the asset.
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 current passbook rate 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 (5) 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 at the designated income limit for that unit.

Household Income at Move-In	For recertifications only. Enter the household income from the move-in certification.
Household Size at Move-In	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 minimum set-aside(s) for the project, including the specific unit designation for Average Income Test developments.
Current Income Limit x 140% *(170% for Deep Rent Skewed)*	For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% (170% for Deep Rent Skewed) and enter the total. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% (170% for Deep Rent Skewed) of the current income limit, then the available unit rule must be followed. For units designated at 50 percent or below in Average Income Test developments, use 60% limit for Current Income Limit.

Part VI. Rent

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Rental Assistance	Enter the amount of rent assistance, if any.
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.
Source of Rental Assistance	Check whether the rental assistance is provided under a federal rental assistance program. If so, check the type of federal rental assistance in one of the boxes below. If the rental assistance is not provided under a federal rental assistance program, indicate the source of the assistance.
Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the minimum set-aside(s) for the project, including the specific unit designation for Average Income Test developments.

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 household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME Investment Partnerships (HOME) program, Tax-Exempt Housing Bond, Housing Trust Fund (HTF), or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property receives financing from the HOME program and the unit this household will occupy will count toward the HOME program set-asides, mark the appropriate box indicting the household's income designation for purposes of HOME.

Housing Bond	If the property receives financing from the tax-exempt Housing Bond program, mark the appropriate box indicating the household's income designation for purposes of the Housing Bond program.
HTF	If the property receives financing from HTF and this household's unit will count towards the HTF set-aside requirements, mark the appropriate box indicting the household's income designation for purposes of HTF.
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 tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

EXHIBIT C TO DECLARATION OF RESTRICTIVE COVENANTS

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Certificate of
Continuing Program Compliance

Date: _____

The following information with respect to the multifamily housing development located at 800 42nd Avenue NE, Columbia Heights, Minnesota (the "Project"), is being provided by 42 Central Limited Partnership, a Minnesota limited partnership (the "Owner"), to the Columbia Heights Economic Development Authority (the "Authority"), pursuant to that certain Declaration of Restrictive Covenants, dated _____, 2022 (the "Declaration"), with respect to the Project:

(A) The total number of residential units which are available for occupancy is _____. The total number of these units occupied is _____.

(B) The total number of these units occupied or held open for occupancy by "Qualifying Tenants," as the term is defined in the Declaration is _____.

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

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

(D) The following residential units are considered to be occupied by Qualifying Tenants based on the information set forth below:

	Unit Number	Name of Tenant	Number of Persons Residing in the Unit	Number of Bedrooms	Total Adjusted Gross Income	Date of Initial Occupancy	Rent
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
[etc.]							

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

(F) 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 (D) 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 twelve (12) months.

(G) 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.

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

(I) The Owner certifies that as of the date hereof at least _____ of the residential dwelling units in the Project are occupied or held open for occupancy by Qualifying Tenants, as defined and provided in the Declaration.

(J) The rental levels for each Qualifying Tenant comply with the maximum permitted under the Declaration.

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

42 CENTRAL LIMITED PARTNERSHIP, a Minnesota limited partnership

By: 42 Central GP, LLC, a Minnesota limited liability company
Its: General Partner

By:_____
Name: _____
Its: _____

HUD RIDER TO RESTRICTIVE COVENANTS

This RIDER TO RESTRICTIVE COVENANTS is made as of [_____], 2022, by COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and political subdivision of the State of Minnesota (the "Authority"), and 42 CENTRAL LIMITED PARTNERSHIP, a Minnesota limited partnership (the "Borrower").

WHEREAS, Borrower has obtained financing from the Colliers Mortgage LLC, a Delaware limited liability company ("Lender"), for the benefit of the project known as 42nd & Central ("Project"), which loan is secured by a Multifamily Mortgage, Assignment of Leases and Rents, and Security Agreement (Minnesota) ("Security Instrument") dated as of June 1, 2022, and recorded in the Recorder's Office or other land records office of Anoka County, Minnesota ("Records") simultaneously herewith, and is insured by the United States Department of Housing and Urban Development ("HUD");

WHEREAS, Borrower has received tax increment financing from the Authority, in connection with which the Authority is requiring certain restrictions be recorded against the Project ("Restrictive Covenants"); and

WHEREAS, HUD requires as a condition of its insuring Lender's financing to the Project, that the lien and covenants of the Restrictive Covenants be subordinated to the lien, covenants, and enforcement of the Mortgage Loan Documents; and

WHEREAS, the Authority has agreed to subordinate the Restrictive Covenants to the lien of the Mortgage Loan in accordance with the terms of this Rider.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

(a) In the event of any conflict between any provision contained elsewhere in the Restrictive Covenants and any provision contained in this Rider, the provision contained in this Rider shall govern and be controlling in all respects as set forth more fully herein.

(b) The following terms shall have the following definitions:

"Code" means the Internal Revenue Code of 1986, as amended.

"HUD" means the United States Department of Housing and Urban Development.

"HUD Regulatory Agreement" means the Regulatory Agreement between Borrower and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

"Lender" means Colliers Mortgage LLC, a Delaware limited liability company, its successors and assigns.

"Mortgage Loan" means the mortgage loan made by Lender to the Borrower pursuant to the Mortgage Loan Documents with respect to the Project.

"Mortgage Loan Documents" means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.

"National Housing Act" means the National Housing Act, 12 USC § 1701 *et seq.*, as amended.

"Program Obligations" has the meaning set forth in the Security Instrument.

"Residual Receipts" has the meaning specified in the Program Obligations.

"Security Instrument" means the mortgage or deed of trust from Borrower in favor of Lender, as the same may be supplemented, amended or modified.

"Surplus Cash" has the meaning specified in the HUD Regulatory Agreement.

(c) Notwithstanding anything in the Restrictive Covenants to the contrary, except the requirements in 26 U.S.C. 42(h)(6)(E)(ii), to the extent applicable, the provisions hereof are expressly subordinate to (i) the Mortgage Loan Documents, including without limitation, the Security Instrument, and (ii) Program Obligations (the Mortgage Loan Documents and Program Obligations are collectively referred to herein as the "HUD Requirements"). Borrower covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the provisions of the Restrictive Covenants and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limits the Authority's ability to enforce the terms of the Restrictive Covenants, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Borrower represents and warrants that to the best of Borrower's knowledge the Restrictive Covenants impose no terms or requirements that conflict with the National Housing Act and related regulations.

(d) In the event of foreclosure (or deed in lieu of foreclosure), the Restrictive Covenants (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate, with the exception of the requirements of 26 U.S.C. 42(h)(6)(E)(ii) above, to the extent applicable, or as otherwise approved by HUD.

(e) Borrower and the Authority acknowledge that Borrower's failure to comply with the covenants provided in the Restrictive Covenants will does not and will not serve as a basis for default under the HUD Requirements, unless a separate default also arises under the HUD Requirements.

(f) Except for the Authority's reporting requirement, in enforcing the Restrictive Covenants the Authority will not file any claim against the Project, the Mortgage Loan proceeds,

any reserve or deposit required by HUD in connection with the Security Instrument or HUD Regulatory Agreement, or the rents or other income from the property other than a claim against:

i. Available surplus cash, if the Borrower is a for-profit entity;

ii. Available distributions of surplus cash and residual receipts authorized for release by HUD, if the Borrower is a limited distribution entity;

iii. Available residual receipts authorized for release by HUD, if the Borrower is a non-profit entity; or

iv. A HUD approved collateral assignment of any HAP contract.

(g) For so long as the Mortgage Loan is outstanding, Borrower and Authority shall not further amend the Restrictive Covenants, with the exception of clerical errors or administrative correction of non-substantive matters, without HUD's prior written consent.

(h) Subject to the HUD Regulatory Agreement, the Authority may require the Borrower to indemnify and hold the Authority harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against Authority relating to the subordination and covenants set forth in the Restrictive Covenants, provided, however, that Borrower's obligation to indemnify and hold the Authority harmless shall be limited to available surplus cash and/or residual receipts of the Borrower.

(i) Notwithstanding anything to the contrary contained herein, it is not the intent of any of the parties hereto to cause a recapture of the Low Income Housing Tax Credits or any portion thereof related to any potential conflicts between the HUD Requirements and the Restrictive Covenants. Borrower represents and warrants that to the best of Borrower's knowledge the HUD Requirements impose no requirements which may be inconsistent with full compliance with the Restrictive Covenants. The acknowledged purpose of the HUD Requirements is to articulate requirements imposed by HUD, consistent with its governing statutes, and the acknowledged purpose of the Restrictive Covenants is to articulate requirements imposed by Section 42 of the Code. In the event an apparent conflict between the HUD Requirements and the Restrictive Covenant arises, the parties and HUD will work in good faith to determine which federally imposed requirement is controlling. It is the primary responsibility of the Borrower, with advice of counsel, to determine that it will be able to comply with the HUD Requirements and its obligations under the Restrictive Covenants. No action shall be taken in accordance with the rights granted herein to preserve the tax exemption of the interest on the notes or bonds issued by the City of Columbia Heights, Minnesota to finance the Project, or prohibiting the owner from taking any action that might jeopardize the tax-exemption, except in strict accord with Program Obligations.

The statements and representations contained in this rider and all supporting documentation thereto are true, accurate, and complete. This certification has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring a multifamily loan, and may be relied upon by HUD as a true statement of the facts contained therein.

Warning: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to, 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802, 24 C.F.R. Parts 25, 28 and 30, and 2 C.F.R. Parts 180 and 2424.

Exhibit A to HUD Rider to Restrictive Covenants

Legal Description

[Lot 2, Block 1, Northwestern 3rd Addition], Anoka County, Minnesota.

(Abstract Property)

Authority:

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

By_____
Its President

By_____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by Marlaine Szurek, the President of the Columbia Heights Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

_____
Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by Kelli Bourgeois, the Executive Director of the Columbia Heights Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

_____
Notary Public

BORROWER:

42 CENTRAL LIMITED PARTNERSHIP, a Minnesota limited partnership

By: 42 Central GP, LLC, a Minnesota limited liability company
Its: General Partner

By:_____
Name: Nicholas Walton
Its: Manager

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2022 by Nicholas Walton, the authorized representative of 42 Central GP, LLC, a Minnesota limited liability company, the General Partner of 42 Central Limited Partnership, a Minnesota limited partnership, on behalf of the partnership.

SCHEDULE F

Estimated Public Redevelopment Costs

Public Redevelopment Cost	Amount
Construction of affordable housing	$732,000
TOTAL	$732,000

SCHEDULE G

Form of Parking and Access Agreement

PARKING AND ACCESS EASEMENT AGREEMENT

This Parking and Access Easement Agreement (this "Agreement") is made this __ day of _____, 20__, by and between SOUTHERN ANOKA COMMUNITY ASSISTANCE, a Minnesota nonprofit corporation (the "Lot 3 Owner"), and 42 CENTRAL LIMITED PARTNERSHIP, a Minnesota limited partnership (the "Redeveloper").

WHEREAS, the Redeveloper is the owner of that certain parcel of real property in Anoka County, Minnesota, legally described as follows:

[Lot 2, Block 1, Northwestern 3RD Addition], according to the recorded plat thereof

(the "Redevelopment Property"); and

WHEREAS, the Lot 3 Owner is the owner of that certain parcel of real property in Anoka County, Minnesota, legally described as follows:

[Lot 3, Block 1, Northwestern 3RD Addition], according to the recorded plat thereof

(the "SACA Parcel" or "Lot 3 Parcel"); and

WHEREAS, the Redeveloper intends to construct a multifamily rental housing facility (the "Minimum Improvements") on the Redevelopment Property, and has requested tax increment financing assistance (the "TIF Assistance") from the Columbia Heights Economic Development Authority (the "Authority") to offset certain extraordinary costs of constructing such Minimum Improvements; and

WHEREAS, in connection with the TIF Assistance, the Authority and the Redeveloper entered into a Contract for Private Redevelopment, pursuant to which the Redeveloper agreed to make available to the Lot 3 Owner ten (10) surface parking stalls on the Redevelopment Property, depicted and legally described on the attached EXHIBIT A (the "Parking Easement Area"), and to provide access to 42nd Avenue NE through an alleyway abutting the Redevelopment Property (the "Alleyway") by granting an easement over the area on the Redevelopment Property, depicted and legally described on the attached EXHIBIT B (the "Access Easement Area"); and

WHEREAS, the Redeveloper has agreed to grant the Lot 3 Owner a non-exclusive easement for parking purposes over the Parking Easement Area during the time period set forth herein; and

WHEREAS, the Lot 3 Parcel utilizes the Redevelopment Property to access 42nd Avenue NE through the Alleyway; and

WHEREAS, to utilize this access the Lot 3 Parcel requires an easement over Access Easement Area; and

WHEREAS, the Redeveloper has agreed to grant the Lot 3 Parcel a non-exclusive perpetual easement over the Access Easement Area for the purposes of access to 42nd Avenue NE through the Alleyway.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Grant of Easements.

a. The Redeveloper grants to the Lot 3 Owner, for the benefit of the Lot 3 Owner and its employees, agents, contractors, tenants, guests, or invitees, a non-exclusive parking easement ("Parking Easement") on, over, and across the Parking Easement Area, during business hours, 7:30 a.m. to 5:00 p.m. The Parking Easement shall also allow vehicular and pedestrian ingress and egress over the Parking Easement Area. The Parking Easement shall terminate upon the sale or transfer by the Lot 3 Owner of the Lot 3 Parcel to a third party.

b. The Redeveloper grants to the Lot 3 Owner, for the benefit of Lot 3 Parcel, a non-exclusive access easement (the "Access Easement") for ingress, egress, and driveway purposes on, over, and across the Access Easement Area for pedestrian and vehicular access to and from 42nd Avenue NE through the Alleyway. The Access Easement shall run with the land, shall be perpetual, and shall be binding upon and inure to the benefit of the Lot 3 Parcel. Notwithstanding the foregoing, in the event of termination of the Parking Easement, as provided in Section 1a above, the Access Easement Area shall be reduced to an area on the Redevelopment Property, depicted and legally described on the attached EXHIBIT C (the "Reduced Access Easement Area"). The Reduced Access Easement shall run with the land, shall be perpetual, and shall be binding upon and inure to the benefit of the Lot 3 Parcel.

c. The Parking Easement and the Access Easement (or, if applicable, the Reduced Access Easement Area), are sometimes hereinafter collectively referred to as "Easements" and the Parking Easement Area and the Access Easement Area are sometimes hereinafter collectively referred to as "Easement Areas."

2. Continuous Access. Neither party shall do or permit anything to be done on or to the Easement Areas which may unreasonably impede, limit or restrict vehicular or pedestrian access over such Easement Area to and from the public street known as 42nd Avenue NE through the Alleyway. All maintenance and repair work done within the Easement Areas shall be performed in such manner so as to minimize interference with the continuing use thereof for parking and access purposes.

3. Limitation of Access. The parties shall only use those portions of the Access Easement that are then improved as a driveway for vehicular access and shall only use those portions of the Parking Easement Areas that are then improved as parking lots for parking vehicles.

4. Maintenance.

a. The Redeveloper shall keep the Parking Easement Area in good condition, including, without limitation, keeping the Parking Easement Area free of ice, snow, and debris, as well as patching and minor repairs to the surface of the parking and drive areas, at its own cost. The Redeveloper may seek reimbursement from SACA for a portion of the reasonable costs thereof. If the Redeveloper fails to keep the Parking Easement Area in good condition and such failure continues for 30 days after receipt of written notice from the Lot 3 Owner, the Lot 3 Owner may perform such repairs and the Redeveloper shall pay for its share of the reasonable costs of such repairs within 10 business days after receipt of an invoice therefor. This self-help remedy shall only apply to snow, ice, and debris removal, patching, and minor repairs of the parking and drive areas.

b. The Redeveloper shall be responsible for maintaining, repairing, resurfacing, or replacing the Access Easement Area. The Redeveloper shall also be responsible for removing snow, ice, and debris from the Access Easement Area. The Redeveloper may seek reimbursement from the owner of the Lot 3 Parcel for a portion of the reasonable costs thereof maintaining, repairing, resurfacing, or replacing the Access Easement Area and for removing snow, ice, and debris from the Access Easement Area

c. All work performed within the Easement Areas shall be performed in a good and workmanlike manner, using materials of a quality at least as good as is utilized for the driveway or parking areas on the date hereof and such work shall be performed by reputable and insured contractors, licensed to do business in Minnesota. Each party shall indemnify the other for mechanic's liens filed against the other party's parcel, which liens arise from non-payment or non-performance of the indemnifying party.

d. A party performing any work described in this Section 4 on the other party's parcel shall be permitted to access areas adjacent to the applicable Easement Area when necessary, and to the extent necessary, to complete such work.

e. If the excessive use, negligence or willful misconduct, individually or collectively, (the "Misconduct") of either party, or such party's employees, agents or contractors, result in damage to the improvements upon the Easement Area(s) on the other party's parcel, then the damaged party shall reasonably determine the maintenance, repair, or replacement cost attributable to the Misconduct and shall provide the other party with a written demand (including reasonable justification) for such attributable costs. Thereafter, the party whose Misconduct caused the damages shall remit its share of the maintenance, repair or replacement costs to the damaged within 10 business days after receipt of the written demand.

5. Insurance/Indemnity.

a. All parties shall cause their property and liability insurance policies to insure the Easement Areas and the use thereof. The parties each agree to maintain general commercial liability insurance covering claims for personal injury, death and property damage occurring on or about either Easement Areas with a combined single limit of not less than Two Million Dollars ($2,000,000), naming the other party and any mortgagee with an interest in its property as an additional insured thereunder. Upon request from any party, the other party shall provide the requesting party with a certificate of such liability insurance.

b. The parties hereto (the "Benefitted Parties" or "Parties"), their successors and assigns, agree to indemnify and defend each other from all damages, losses, claims, and liability of every kind arising from injuries or damages to any person or property in connection with any maintenance, repair, construction, or other activities undertaken by any employee, agent, tenant, or contractor of a party hereto (the "Indemnified Activities") on the Easement Areas. It is the expressed intention of the parties hereto, that the indemnity provided for herein is a mutual indemnity with each party protecting the other when the negligence, act, or omission of the indemnifying party causes injury or damage due to the Indemnified Activities. When the injury or damage is the result of joint negligence, act or omission of more than one party hereto, then each party's duty of indemnification shall be in proportion to its allocable share of such joint negligence, act or omission for the Indemnified Activities.

c. Notwithstanding the foregoing, if the United States Department of Housing and Urban Development ("HUD") is ever deemed the "Owner" of all or part of the property described on EXHIBIT A or EXHIBIT B, HUD shall not be subject to the indemnification provisions contained in this Section 5. HUD prohibits and does not authorize any expenditure which would violate 31 USC 1341 (the "Anti-Deficiency Act"). Any provision of this Agreement which violate(s) the Anti-Deficiency Act, in the past, present or future, will not be enforced against HUD. Notwithstanding any other provision of this Agreement, HUD whether in the capacity of subsidy provider, loan insurer, lender, owner, lessee or mortgagee in possession, shall have no obligation of reimbursement, indemnity, or holding harmless, of any nature whatsoever, to any governmental entity, private entity, person or party, either now or in the future. Additionally, any indemnification obligation of "Owner" shall be limited to available liability insurance proceeds, Surplus Cash and/or non-Project Assets, as each such term is defined in the Regulatory Agreement for Multifamily Projects by and between Owner and HUD.

6. Not a Public Dedication. Nothing herein contained shall be deemed to be a gift or declaration of all or any portion of any Easement Area to the general public.

7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

8. Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and understandings of the Parties, whether written or oral. No

modification or amendment of this Agreement shall be binding unless executed in writing by all the Parties.

9. Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

10. Counterpart Signatures. This Agreement may be signed in counterpart, and the compilation of all executed pages will constitute a single, fully executed, original.

11. Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the signatories hereto and the successors and assigns of each who become owners, respectively, of the Redevelopment Property and the Lot 3 Parcel.

12. Notices. All notices, demands and requests required or desired to be given under this Agreement must be in writing and shall be deemed to have been given as of the date such writing is (i) delivered to the party intended, or (ii) one (1) day after deposit, if deposited cost paid for overnight service with a nationally recognized, reputable overnight courier, to the following addresses:

To the Redeveloper:	42 Central Limited Partnership c/o Reuter Walton Development, LLC 4450 Excelsior Boulevard, Suite 400 St. Louis Park, MN 55416 Attention: General Counsel
With a copy to:	Stoel Rives LLP 600 University Street, Suite 3600 Seattle, WA 98101 Attention: Joseph McCarthy, Esq.
To SACA:	Southern Anoka Community Assistance [Address] City, State, Zip] Attention: [_____]
With a copy to:	Name] [Address] [City, State, Zip] Attention: [_____]

Either Party may change its notice address in the manner set forth above, upon not less than five business days' prior notice.

[*Signature page(s) to follow*]

IN WITNESS WHEREOF, the parties have caused these presents to be executed intending to be legally bound by the provisions herein contained.

42 CENTRAL LIMITED PARTNERSHIP, a Minnesota limited partnership

By: 42 Central GP, LLC, a Minnesota limited liability company
Its: General Partner

By:_____
Name: Nicholas Walton
Its: Manager

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 20__, by Nicholas Walton, the Manager of 42 Central GP, LLC, a Minnesota limited liability company, the general partner of 42 Central Limited Partnership, a Minnesota limited partnership, on behalf of the limited liability company and limited partnership.

_____
Notary Public

SOUTHERN ANOKA COMMUNITY ASSISTANCE, a Minnesota nonprofit corporation

By: _____

Its: _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this __day of _____, 20__ by _____the _____, of Southern Anoka Community Assistance, a Minnesota nonprofit corporation, on behalf of the corporation.

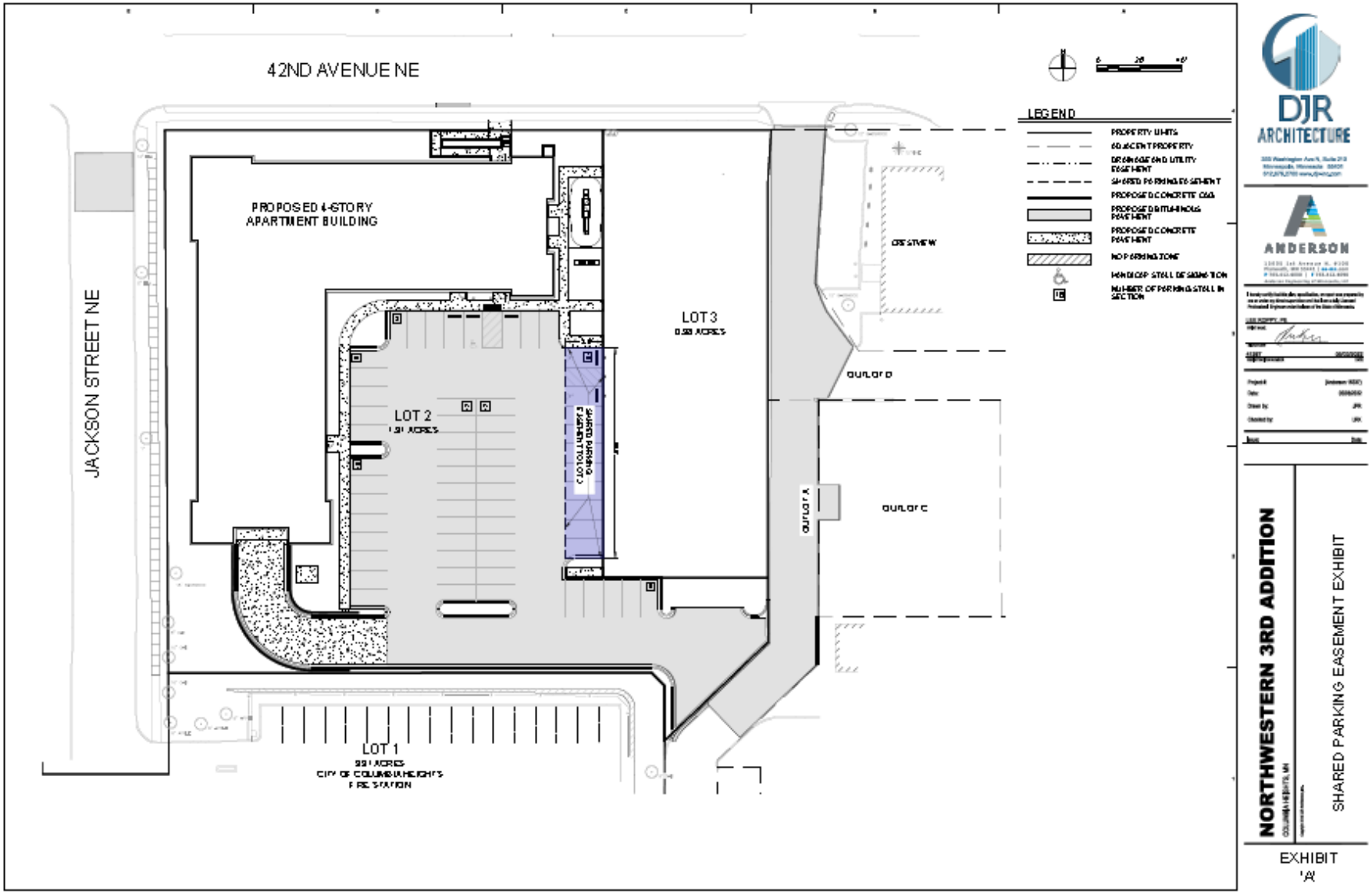
_____
Notary Public

This instrument drafted by:
Kennedy & Graven, Chartered (SEL)
150 South Fifth Street, Suite 700
Minneapolis, Minnesota 55402-1299

EXHIBIT A TO
PARKING AND ACCESS EASEMENT AGREEMENT

Depiction and Legal Description of the Parking Easement Area

[insert legal description]

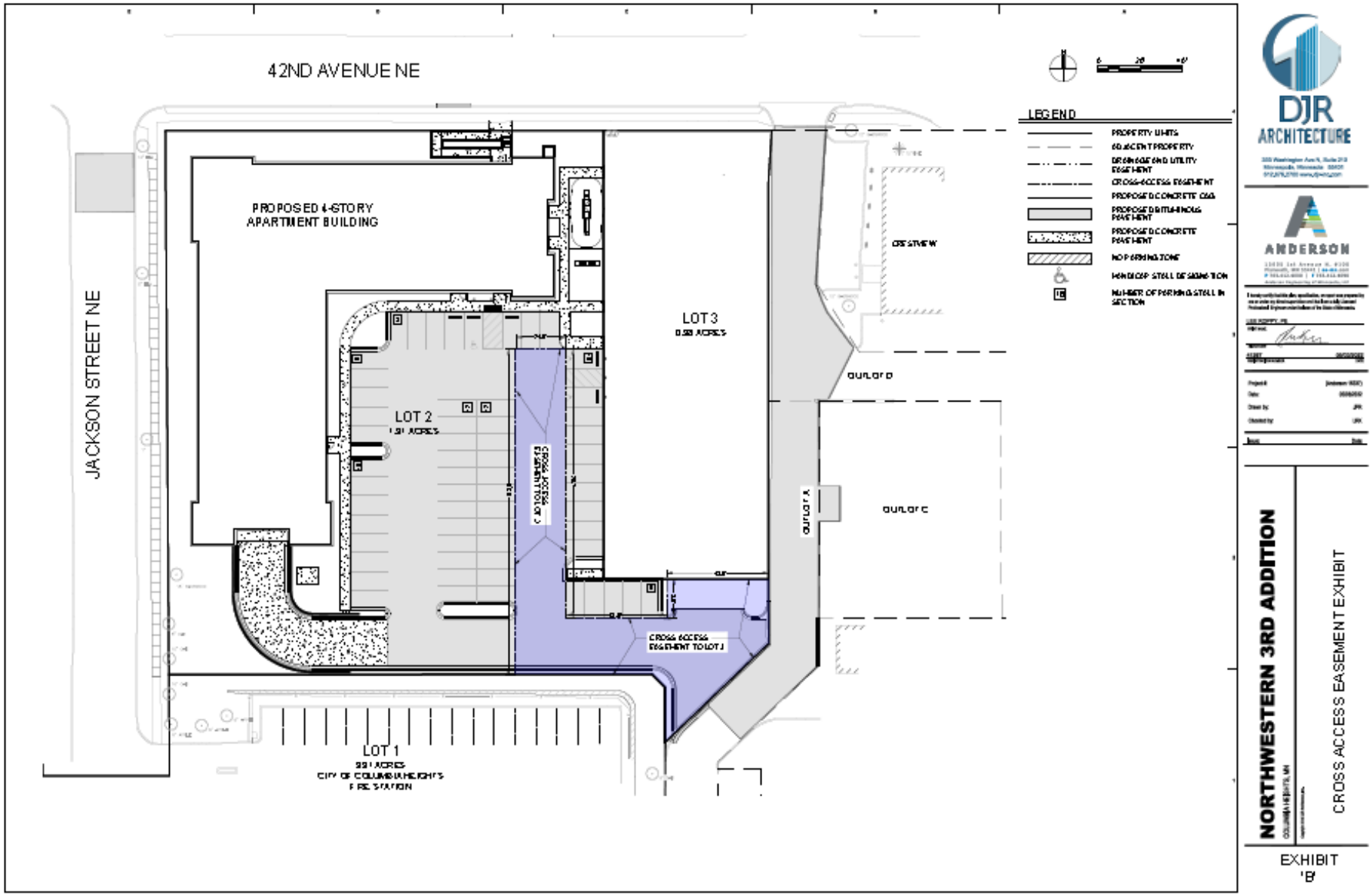


CL205-81-780976.v6

EXHIBIT B TO
PARKING AND ACCESS EASEMENT AGREEMENT

Depiction and Legal Description of the Access Easement Area

[insert legal description]

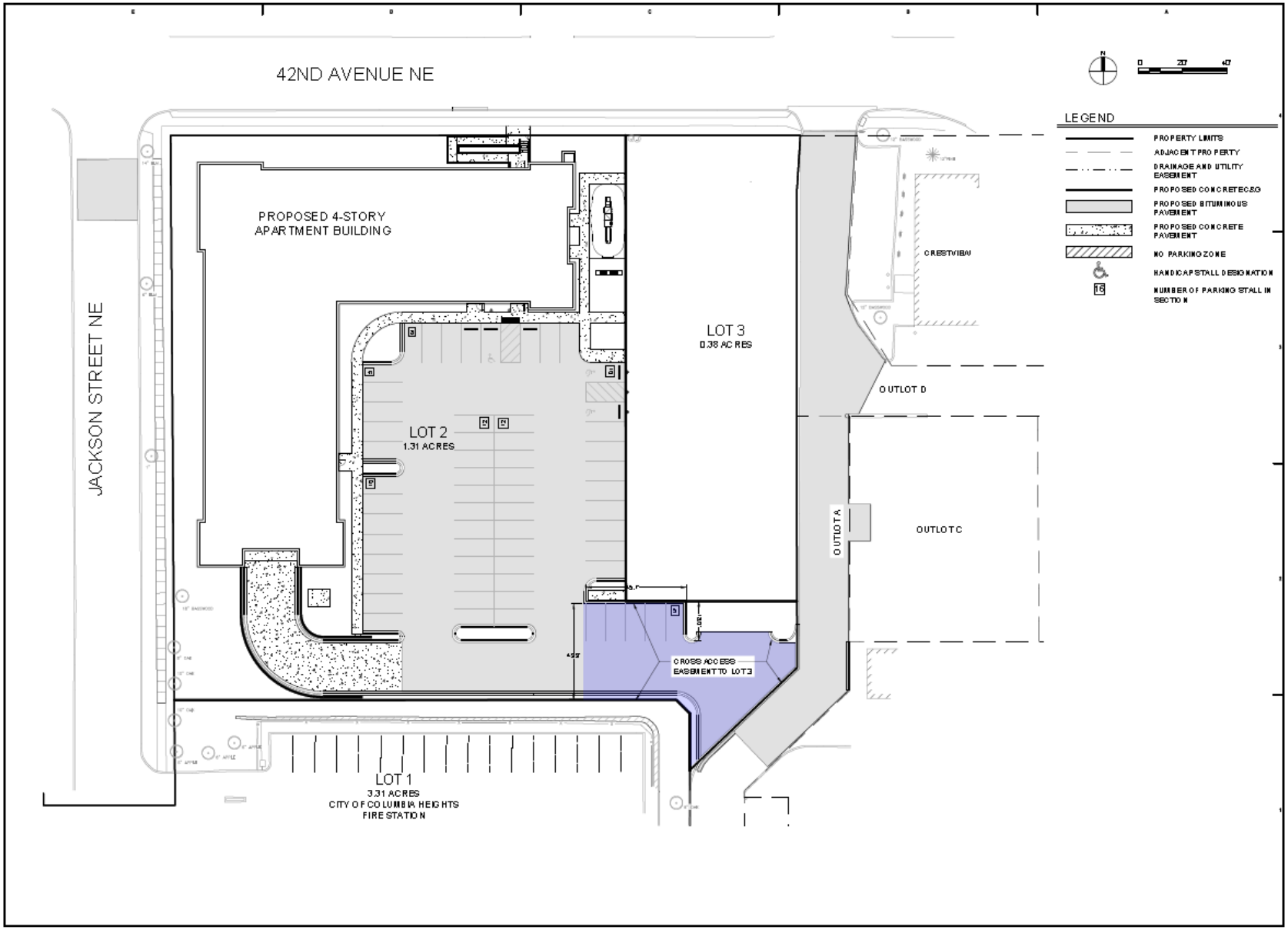


CL205-81-780976.v6

EXHIBIT C TO
PARKING AND ACCESS EASEMENT AGREEMENT

Depiction and Legal Description of the Reduced Access Easement Area

[insert legal description]



DJR ARCHITECTURE

333 Washington Ave N, Suite 210
Minneapolis, Minnesota 55401
612.676.2700 www.djrarc.com

ANDERSON

15605 1st Avenue N., #100
Plymouth, MN 55441 | ae-mn.com
P 763.412.4000 | F 763.412.4090
Anderson Engineering of Minnesota, LLC

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.

LEE KOPPY, PE
Printed

Signature

43257 — 09/23/2022
Registration Number — Date

Project #:	(Anderson 16537)
Date:	09/23/2022
Drawn by:	JRR
Checked by:	LKK
Issue:	Date:

NORTHWESTERN 3RD ADDITION

COLUMBIA HEIGHTS, MN

Copyright DJR Architecture, Inc.

CROSS ACCESS EASEMENT EXHIBIT

EXHIBIT
'D'

CL205-81-780976.v6