**PURCHASE AND DEVELOPMENT AGREEMENT**

**by and between**

**CITY OF GRAND RAPIDS, MINNESOTA,**

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY,**

**and**

**[UNIQUE OPPORTUNITIES GRAND RAPIDS, L.L.C.]**

**Dated: August __, 2024**

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Drafted by:
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**PURCHASE AND DEVELOPMENT AGREEMENT**

THIS PURCHASE AND DEVELOPMENT AGREEMENT, made on or as of the ___ day of August, 2024 (the "Agreement"), by and between the CITY OF GRAND RAPIDS, MINNESOTA, a statutory city organized and existing under the Constitution and the laws of the State of Minnesota (the "City"), the GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic (the "Authority"), and [UNIQUE OPPORTUNITIES GRAND RAPIDS, L.L.C.], a Minnesota limited liability company (the "Developer").

WITNESSETH:

WHEREAS, the City has undertaken a program to promote economic development and job opportunities and to promote the development of land which is underutilized within the City, and in connection herewith created a development project known as Municipal Development District No. 1 (the "Development District") pursuant to Minnesota Statutes, Sections 469.124 through 469.133, as amended (the "City Development Act"), and has adopted a development program therefor (the "Development Program"); and

WHEREAS, within the Development District the City has created Tax Increment Financing District No. 1-16: Downtown Housing Development (the "TIF District"), a housing tax increment financing district, in order to facilitate development of certain property in the Development District and promote the development of affordable housing within the City, and has adopted a tax increment financing plan therefor (the "TIF Plan"), all pursuant to the City Development Act and Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"); and

WHEREAS, the Authority was created pursuant to Minnesota Statutes, Sections 469.090 through 469.1081, as amended (the "EDA Act"), and is authorized to transact business and exercise its powers by a resolution of the City Council of the City; and

WHEREAS, pursuant to the EDA Act, the Authority is authorized to acquire real property, or interests therein, and to undertake certain activities to prepare such real property for development by private enterprise; and

WHEREAS, the Developer has requested that the Authority sell it certain property legally described in EXHIBIT A attached hereto (the "Development Property"), and the Developer proposes to acquire, construct and equip an approximately 63-unit multifamily rental housing facility with underground parking and enhanced finishes including _____, with at least twenty percent (20%) of such units to be available to persons or families of low and moderate income, with all related improvements to be completed, owned and operated by the Developer on the Development Property (the "Minimum Improvements"); and

WHEREAS, in order to achieve the objectives of the Development Program and the TIF Plan, and to make the Minimum Improvements economically feasible for the Developer to construct, the City is prepared to reimburse the Developer for a portion of the public development costs related to the Minimum Improvements, as more particularly set forth in this Agreement; and

WHEREAS, the City and the Authority believe that the sale and improvement of the Development Property and the development of the TIF District pursuant to this Agreement, and fulfillment generally of this Agreement are vital and are in best interests of the City and the Authority, and the health, safety, morals, and welfare of the residents of the City, and in accordance with the public purposes and provisions of the applicable

state and local laws and the requirements under which the Development District has been undertaken and is being assisted.

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

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## ARTICLE I

## DEFINITIONS

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

"Administrative Costs" has the meaning set forth in Section 3.8.

"Affiliate" means with respect to the Developer (a) any corporation, partnership, limited liability company or other business entity or person controlling, controlled by or under common control with the Developer, 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" 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 possession, directly or indirectly, of the power to direct or cause the direction of management policies of such entity, whether ownership of voting securities or by contract or otherwise.

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

"Authority" means the Grand Rapids Economic Development Authority, a public body corporate and politic organized and existing under the laws of the State.

"Authorizing Resolution" means the resolution of the City, substantially in the form set forth in EXHIBIT F attached hereto, adopted by the City Council to authorize the issuance of the Note.

"Available Tax Increment" has the meaning provided in the Authorizing Resolution.

"Board" means the Board of Commissioners of the Authority.

"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.

"Certificate of Completion" means the certificate to be provided to the Developer pursuant to Section 4.5 hereof, in the form set forth in EXHIBIT B attached hereto.

"City" means the City of Grand Rapids, Minnesota, a statutory city organized and existing under the Constitution and the laws of the State.

"City Council" means the City Council of the City.

"City Development Act" means Minnesota Statutes, 469.124 through 469.133, as amended.

"City Representative" means the City Administrator of the City or any person designated in writing by the City Administrator to act as the City Representative for the purposes of this Agreement.

"Construction Plans" means the plans, specifications, drawings and related documents on the construction work to be performed by the Developer on the Development Property, including the Minimum Improvements and the Public Improvements, 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: (1) site plan; (2) foundation plan; (3) basement plans; (4) floor plan for each floor; (5) cross sections of each (length and width); (6) elevations (all sides); (7) landscape plan; and (8) such other plans or supplements to the foregoing plans as the City may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.

"County" means the County of Itasca, Minnesota, a public body corporate and politic under the laws of the State.

"Developer" means [Unique Opportunities Grand Rapids, L.L.C.], a Minnesota limited liability company, or permitted successors and assigns.

"Development District" means the City's Municipal Development District No. 1, as amended.

"Development Program" means the City's Development Program for the Development District, as amended.

"Development Property" means the real property located in the City and legally described in EXHIBIT A attached hereto.

"EDA Act" means the Economic Development Authority Act, Minnesota Statutes, Sections 469.090 to 469.1082, as amended.

"Event of Default" means an action by the Developer listed in Article IX hereof.

"Holder" means the owner of a Mortgage.

"Minimum Improvements" means the acquisition of the Development Property by the Developer from the Authority and the construction and equipping thereon of an approximately 63-unit multifamily rental housing facility with underground parking and enhanced finishes including _____ with at least twenty percent (20%) of such units to be available to persons or families of low and moderate income with all related improvements to be completed, owned and operated by the Developer on the Development Property.

"Mortgage" means any mortgage made by the Developer which is secured, in whole or in part, with the Development Property and which is a permitted encumbrance pursuant to the provisions of Article VII hereof.

"Note" means the City's pay-as-you-go Tax Increment Revenue Note, Series 2024 (Downtown Housing Development), substantially in the form contained in the Authorizing Resolution, to be delivered by the City to the Developer in consideration for the Developer's payment of Public Development Costs, and any obligation issued to refund the Note.

"Payment Date" has the meaning provided in the Authorizing Resolution.

"Public Development Costs" means those costs to be paid or reimbursed to the Developer by the City in connection with the development hereunder pursuant to Section 3.6 hereof, and as described in EXHIBIT D attached hereto.

"Public Improvements" has the meaning set forth in Section 4.4 hereof.

"State" means the State of Minnesota.

"Tax Increment" means that portion of the real property taxes which is paid with respect to the Development Property and which is remitted to the City by the County as tax increment pursuant to the TIF Act. The term Tax Increment does not include any amounts retained by or payable to the State auditor under Section 469.177, subdivision 11 of the TIF Act.

"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 City's Tax Increment Financing District No. 1-16: Downtown Housing Development, a housing tax increment financing district, within the Development District.

"Tax Increment Plan" or "TIF Plan" means the Tax Increment Financing Plan for the TIF District, as approved by the City Council on August 12, 2024, 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 earlier of the following: (a) the Final Payment Date (as defined in the Note), (b) the date when the Note has been fully paid, defeased or terminated in accordance with its terms; or (c) the date of termination of the Note and this Agreement by the City due to an Event of Default as set forth in Section 9.2 hereof.

"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, material shortages, prolonged adverse weather or acts of God, pandemic affecting the State as determined by the Governor, acts of war or terrorism, fire or other casualty to the Minimum Improvements, discovery of unknown hazardous materials or other concealed site conditions or delays of contractors due to such discovery, 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 City or Authority in exercising its rights under this Agreement) which directly result in delays. Unavoidable Delays shall not include delays in the Developer's obtaining of permits or governmental approvals necessary to enable construction of the Minimum Improvements by the dates such construction is required under Section 4.3 hereof.

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## ARTICLE II

## REPRESENTATIONS AND WARRANTIES

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

(a) The Authority is a public body corporate and politic duly organized and existing under the laws of the State. Under the provisions of the EDA Act, the Authority has the power to enter into this Agreement and carry out its obligations hereunder, and the execution of this Agreement has been duly, properly and validly authorized by the Authority. This Agreement contains the valid and binding obligations of the Authority and is enforceable in accordance with its terms.

(b) The Authority makes no representation or warranty, either express or implied, as to the Development Property or its condition, or that the Development Property shall be suitable for the Developer's purposes or needs or suitable for the construction of the Minimum Improvements.

(c) The activities of the Authority hereunder are undertaken for the purpose of fostering affordable rental housing for persons of low and moderate income, and for the purpose of promoting economic development and the development of certain real property which for a variety of reasons is presently unutilized and underutilized.

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

(a) The City is a statutory city duly organized and existing under the laws of the State. Under the provisions of the City Development Act and the TIF Act, the City has the power to enter into this Agreement and carry out its obligations hereunder, and the execution of this Agreement has been duly, properly and validly authorized by the City. This Agreement contains the valid and binding obligations of the City and is enforceable in accordance with its terms.

(b) The activities of the City under this Agreement are undertaken for the purpose of fostering affordable rental housing for persons of low and moderate income, and for the purpose of promoting economic development and the development of certain real property which for a variety of reasons is presently unutilized and underutilized.

(c) The City has taken the actions necessary in accordance with the terms of the TIF Act to establish the Tax Increment District as a "housing district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 11.

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

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

(f) The City has not entered into any other contracts for the sale of the Development Property, nor are there any rights of first refusal, options to purchase, rights to build, leases or any other agreements regarding the Development Property, or any other rights of third parties that might prevent the execution of this Agreement or Developer's purchase of the Development Property.

(g) There are no tenants, persons or entities occupying any portion of the Development Property and no claim exists against any portion of the Development Property by reason of adverse possession or prescription.

(h) The Development Property is properly zoned for construction and operation of the Minimum Improvements.

Section 2.3 Representations and Warranties of the Developer. The Developer makes the following representations and warranties:

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

(b) In the event the Development Property is conveyed to the Developer, then the Developer will construct, operate, and maintain the Minimum Improvements, or cause the same to be constructed, operated and maintained, in accordance with the terms of this Agreement, and all applicable local, state, and federal laws and regulations (including, but not limited to, environmental, zoning, building code, and public health laws and regulations).

(c) Before the Minimum Improvements and the Public Improvements may be constructed, the Developer will obtain or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable City, County, State, and federal laws and regulations.

(d) 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 contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

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

(f) No member of the City Council, no other officer of the City, no member of the Board or other officer of the Authority has either a direct or indirect financial interest in this Agreement, nor will any member of the City Council, any other officer of the City, any member of the Board or any other officer of the Authority benefit financially from this Agreement within the meaning of Minnesota Statutes, Section 471.87.

(g) The Developer did not obtain a building permit for any portion of the Minimum Improvements or for any other improvements on the Development Property not included in the calculation of the original tax capacity before the date of original approval of the TIF Plan by the City.

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

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

(j) The Developer has received no notice or communication from any local, state, or federal official that the activities of the Developer, the City or the Authority on the Development Property may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the City and Authority are aware). The Developer 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 applicable local, state, or federal environmental law, regulation or review procedure.

(k) The Developer will construct the Minimum Improvements in accordance with all applicable local, state, or federal energy-conservation laws or regulations.

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

(m) Whenever any Event of Default occurs and if the Authority or the City shall employ 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 Developer under this Agreement, the Developer agrees that it shall, within ten days of written demand by the Authority or the City, pay to the Authority or the City the reasonable fees of such attorneys and such other expenses so incurred by the Authority or the City.

(n) The Developer shall promptly advise the City in writing of all litigation or claims affecting any part of the Minimum Improvements and all written complaints and charges made by any governmental authority materially affecting the Minimum Improvements or materially affecting the Developer or its business which may delay or require changes in construction of the Minimum Improvements.

(o) The total development costs of the Minimum Improvements are estimated to be approximately $10,150,000 and the sources of revenue to pay such costs are approximately $8,821,746, excluding the tax increment assistance, and the Developer has been unable to obtain additional private financing for the total development costs.

(p) The Developer has made its own projections of Tax Increments and revenues to be generated from the Minimum Improvements and of the Developer's return on investment and the Developer has not relied on any assumptions, calculations, determinations or conclusions made by the City, its governing body members, officers or agents, including the independent contractors, consultants and legal counsel, servants and employees thereof, with respect to the foregoing or in determining to proceed with the Minimum Improvements.

## ARTICLE III

## ACQUISITION AND CONVEYANCE OF PROPERTY; PUBLIC DEVELOPMENT COSTS; FINANCING

Section 3.1. Acquisition and Conveyance of the Development Property. As of the date of this Agreement, the Authority owns the Development Property. The Developer will acquire the Development Property from the Authority in accordance with the terms and conditions of this Agreement. The Developer will pay a purchase price of $200,000.00(the "Purchase Price") to the City. Upon execution of this Agreement, the Developer shall pay $5,000 in earnest money (the "Earnest Money") to the Authority. The Earnest Money shall be nonrefundable. The balance of the Purchase Price shall be due and payable by the Developer at Closing (as defined in Section 3.2(c) hereof). The parties agree and acknowledge that the Purchase Price for the Development Property represents the fair market value of the Development Property.

Section 3.2. Conditions of Conveyance; Purchase Price.

(a) *Generally*. The Authority shall convey title to and possession of the Development Property to the Developer by a quit claim deed substantially in the form of the deed attached as EXHIBIT C to this Agreement (the "Deed"). The Authority's obligation to convey the Development Property to the Developer and Developer's obligation to purchase the Development Property and otherwise perform any other obligations under this Agreement, are subject to and contingent upon satisfaction of the following terms and conditions:

(1) The City and the Authority having approved Construction Plans for the Minimum Improvements and the Public Improvements in accordance with Section 4.2.

(2) The Developer having obtained and the City and the Authority having reviewed the Developer's evidence of adequate financing in accordance with Article VII hereof.

(3) The Developer having received approval by the City, the Authority and by all governmental agencies from which approval must be obtained for the development of the Development Property and the construction of the Minimum Improvements and the Public Improvements (as hereinafter defined), including without limitation a building permit and approval of the site plans, building plans, and any other City approvals, all to the extent so required under City ordinances or other applicable regulations.

(4) The Developer having reviewed and approved (or waived Objections (as hereinafter defined) to) title to the Development Property as set forth in Section 3.4.

(5) The Developer having reviewed and approved (or waived Objections to) soil and environmental conditions and Inspections (as hereinafter defined) as set forth in Section 3.5.

(6) There is no uncured Event of Default under this Agreement.

(7) The Board having held a public hearing on the sale of the Development Property to the Developer.

(8) All of the representations and warranties of the Authority and City set forth in this Agreement being true and correct as of the Closing Date.

(9) The Authority and City having performed all of their obligations as and when required pursuant to this Agreement.

(b) *Exercise and waiver of conditions.* Conditions (4) and (5) and (8) through (9) are solely for the benefit of the Developer and may be waived by the Developer. Conditions (1) through (3) and (6) through (7) are for the benefit of both parties and may be exercised by either party.

All conditions must be satisfied or waived on or before Closing. If any of such conditions have not been satisfied or waived by the applicable date stated in this Section, then this Agreement may be terminated, at the benefitted party's option, by written notice from that party to the other. Upon such termination, this Agreement shall become null and void and neither party will have any further rights or obligations under this Agreement other than Developer's obligations under Section 3.8 hereof relating to the payment of Administrative Costs. Should a party fail to give notice of termination as provided herein with respect to any of contingencies benefitting that party, the contingency in question shall be conclusively deemed to have been waived by that party. Waiver of any condition (to the extent permitted under this paragraph) must be in writing delivered by the waiving party to the other party.

(c) *Closing*. The closing on conveyance of the Development Property from the Authority to the Developer (the "Closing") shall occur on a mutually acceptable date after satisfaction or waiver of the conditions specified in this Section, but no later than September 27, 2024.

Section 3.3. Place of Document Execution, Delivery and Recording; Costs.

(a) Unless otherwise mutually agreed by the Authority and the Developer, the execution and delivery of all deeds, documents and the payment of any purchase price shall be made at the offices of the title company selected by Developer (the "Title Company") or such other location to which the parties may agree.

(b) The Deed shall be in recordable form and shall be promptly recorded in the proper office for the recordation of deeds and other instruments pertaining to the Development Property. At Closing, the Developer shall pay recording costs for recordable documents except for any instruments required to clear title encumbrances, title insurance policy fees and premiums, if any, and one half of the title company closing fees, if any. The Authority shall pay any state deed tax, costs of recording any instruments required to clear title encumbrances, if any, and one half of any closing fees charged by the Title Company. The parties agree and understand that the Development Property is exempt from property taxes in 2024. The Authority will pay any and all outstanding special assessments on the Development Property as of the Closing.

(c) The Authority shall deliver such certificates, affidavits or other information as may be necessary to convey title to the Development Property to Developer, and allow Developer to obtain title insurance in an acceptable form, all as may be reasonably requested.

Section 3.4. Title.

(a) As soon as practical after the date of this Agreement, the Developer, at the Authority's expense, shall obtain a commitment for the issuance of a policy of title insurance for the Development Property from the Title Company (the "Title Commitment"). The Developer shall have thirty (30) days from the date of its receipt of the Title Commitment and a current ALTA survey of the Development Property obtained at the Developer's sole expense (the "Survey") to review the state of title to the Development Property and to provide the Authority with a list of written objections to such title (the "Objections"). If an update to the Title Commitment or Survey reveals any additional encumbrances not provided in the original Title Commitment, the Developer reserves the right to make additional Objections and the provisions of this Section shall apply to such additional Objections. Upon receipt of the Developer's list of written objections, the Authority shall proceed in good faith and with all due diligence to attempt to cure the Objections made by the Developer. In the event that the Authority has failed to cure Objections within sixty (60) days after its receipt of the

Developer's list of such Objections, the Developer may by the giving of written notice to the others parties, (i) terminate this Agreement, upon the receipt of which this Agreement shall be null and void and neither party shall have any liability hereunder, other than Developer's obligations under Section 3.8 hereof; or (ii) waive the Objections and proceed to Closing. Notwithstanding the previous sentence, if costs to the Authority to clear the Objections is more than $10,000, the Authority may, by giving written notice to the Developer, terminate this Agreement, upon the receipt of which this Agreement shall be null and void and neither party shall have any liability hereunder, other than Developer's obligations under Section 3.8 hereof. The Authority shall have no obligation to take any action to clear defects in the title to the Development Property, other than the good faith efforts described above.

(b) The City and Authority shall take no actions to encumber title to the Development Property between the date of this Agreement and the time which the Deed is delivered to the Developer. The City and Authority expressly agree that they will not cause or permit the attachment of any mechanics, attorneys, or other liens to the Development Property prior to Closing. Upon Closing, the Authority is obligated to remove any mortgages or liens and pay all costs to discharge any encumbrances to the Development Property attributable to actions of the City or the Authority, their employees, officers, agents or consultants, including without limitation any architect, contractor and or engineer. The Authority will remove any personal property from the Development Property before the Closing Date.

(c) The Developer shall take no actions to encumber title to the Development Property between the date of this Agreement and the time the Deed is delivered to the Developer. The Developer expressly agrees that it will not cause or permit the attachment of any mechanics, attorneys, or other liens to the Development Property prior to Closing. Notwithstanding termination of this Agreement prior to Closing, Developer is obligated to pay all costs to discharge any encumbrances to the Development Property attributable to actions of Developer, its employees, officers, agents or consultants, including without limitation any architect, contractor and or engineer.

Section 3.5. Soil Conditions; Other Representations.

(a) The Developer acknowledges that except as specifically provided in this agreement neither the Authority nor the City makes any representations or warranties as to the condition of the soils on the Development Property or its fitness for construction of the Minimum Improvements or any other purpose for which the Developer may make use of such property and that the assistance provided to the Developer under this Agreement neither implies any responsibility by the City or the Authority for any contamination of the Development Property nor imposes any obligation on such parties to participate in any cleanup of the Development Property. The Developer acquires the Development Property "as is." DEVELOPER ACKNOWLEDGES THAT DEVELOPER IS PURCHASING THE PROPERTY IN RELIANCE DEVELOPER'S INSPECTION OF THE PROPERTY PURSUANT TO THIS SECTION 3.5; AND ON DEVELOPER'S JUDGMENT REGARDING THE SUFFICIENCY OF SUCH INSPECTIONS EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT. DEVELOPER IS NOT RELYING ON ANY WRITTEN OR ORAL REPRESENTATIONS, WARRANTIES OR STATEMENTS THAT AUTHORITY OR AUTHORITY'S AGENTS HAVE MADE. SUBJECT TO DEVELOPER'S RIGHT TO TERMINATE THIS AGREEMENT PURSUANT TO THIS SECTION 3.5, PURCHASER IS PURCHASING THE PROPERTY IN "AS IS" CONDITION.

(b) Without limiting its obligations under Section 8.3 of this Agreement the Developer further agrees that it will indemnify, defend, and hold harmless the Authority, the City, and their governing body members, officers, and employees, from any claims or actions arising out of the presence, if any, of hazardous wastes or pollutants existing on or in the Development Property which either (i) arise out of activities of Developer on the Development Property or (ii) arise out of hazardous substances, asbestos,

petroleum substances, or pollutants, irritants or contaminants brought onto Development Property by Developer. In addition, Developer 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 Development Property as of the Date of Closing which are not caused by the actions of the Indemnified Parties. Nothing in this section will be construed to limit or affect any limitations on liability of the Authority or the City under State or federal law, including without limitation Minnesota Statutes, Sections 466.04 and 604.752.

(c) Before closing on conveyance of the Development Property, the Developer may enter the Development Property and conduct any environmental, soils studies, surveys, geothermal or any other inspections, investigations, testing or studies deemed necessary by the Developer (collectively, the "Inspections"). The Developer agrees that it shall cause all Inspections performed on the Development Property to be performed in a manner that does not disturb the Development Property and that the Development Property shall be returned to its original condition after Developer's entry. Except for soil borings and test pits, the Developer shall not conduct or cause to be conducted any physically intrusive investigations, examinations or studies of the Development Property without obtaining the prior written consent of the Authority, which consent shall not be unreasonably withheld. If on or before the Closing the Developer, in its sole discretion, is not satisfied with the results of its Inspections, determines that hazardous waste or other pollutants as defined under federal and state law exist on the Development Property, or that the soils are otherwise unsuitable for construction of the Minimum Improvements, the Developer may at its option terminate this Agreement by giving written notice to the Authority, upon receipt of which this Agreement shall be null and void and neither party shall have any liability hereunder, other than Developer's obligations under Section 3.8 hereof.

(d) The Authority represents and certifies that there are no wells on the Development Property.

Section 3.6. Public Development Costs. In order to make development of the Minimum Improvements economically feasible, the City will reimburse the Developer for a portion of the Public Development Costs as set forth in more detail in EXHIBIT D attached hereto. The total principal amount of Public Development Costs subject to reimbursement will not exceed $1,328,254. The Developer anticipates that the Public Development Costs will be at least $1,328,254. Public Development Costs in excess of the aggregate total are the responsibility of the Developer.

Section 3.7. Issuance of Note.

(a) *Terms*. To reimburse the Developer for a portion of the Public Development Costs paid by the Developer, the City shall issue the Note in the maximum principal amount of $1,328,254 to pay for Public Development Costs associated with of the Minimum Improvements. The City shall issue and deliver the Note upon Developer having:

(i) delivered to the City written evidence reasonably satisfactory to the City that Developer has incurred Public Development Costs for the Minimum Improvements in an amount at least equal to the principal amount of the Note, which evidence must include copies of the paid invoices or other comparable evidence for costs of allowable Public Development Costs, and a statement that no part of such cost has been included in any previous certification under this Section;

(ii) submitted evidence of financing in accordance with Section 7.1 hereof;

(iii) delivered to the City an investment letter in a form reasonably satisfactory to the City;

(iv) the construction of the Minimum Improvements and the Public Improvements have been substantially completed in accordance with Article IV hereof;

(v) paid all of the Administrative Costs required to have been paid as of such date in accordance with Section 3.8 hereof; and

(vi) the Developer is in material compliance with each term or provision of this Agreement required to have been satisfied as of such date.

The terms of the Note will be substantially those provided in the form of the note set forth in Schedule B of EXHIBIT F attached hereto, and the Note will be subject to all terms of the Authorizing Resolution, which is incorporated herein by reference. The Note shall bear interest at the rate of 7.50% as set forth in the Note.

(b) *Assignment of Note*. The City acknowledges that the Developer may assign the Note to a third party. The City consents to such an assignment, conditioned upon receipt of a written instrument of transfer reasonably satisfactory to the City approving such transfer and investment letter from such third party in a form reasonably acceptable to the City.

(c) *Qualifications.*

(i) The Developer understands and acknowledges that all Public Development Costs must be paid by the Developer and will be reimbursed solely from Available Tax Increment pursuant to the terms of the Note. Public Development Costs exceeding the principal amount of the Note are the sole responsibility of the Developer.

(ii) The City makes no representations or warranties regarding the amount of Available Tax Increment will be sufficient to pay the principal and interest on the Note. Any estimates of Tax Increment prepared by the City or its municipal advisors in connection with the TIF District or this Agreement are for the benefit of the City, and are not intended as representations on which the Developer may rely.

(iii) The Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Available Tax Increment shall be used to pay the principal of and interest on the Note.

(iv) The City's obligation to make payments on the Note any Payment Date or on any date thereafter shall be conditioned upon the requirement (A) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement that has not been cured during the applicable cure period, (B) this Agreement shall not have been terminated pursuant to Section 5.2, and (C) all conditions set forth in Section 3.7(a) have been satisfied as of such date.

Section 3.8. Developer to Pay City and Authority's Fees and Expenses. The Developer will pay all of the reasonable Administrative Costs (as defined below) of the City and the Authority and must pay such costs to the City and the Authority within 30 days after receipt of a written invoice from the City or the Authority describing the amount and nature of the costs to be reimbursed. For the purposes of this Agreement, the term "Administrative Costs" means out of pocket costs incurred by the City or the Authority together with staff and consultant (including reasonable legal, financial advisor, etc.) costs of the City or the Authority, all attributable to or incurred in connection with the establishment of the TIF District, the drafting and adoption of the TIF Plan, and the review, negotiation and preparation of this Agreement

(together with any other agreements entered into between the parties hereto contemporaneously therewith) and the review and approvals of other documents and agreements in connection with the Minimum Improvements and the Public Improvements. In addition, certain engineering, environmental advisor, legal, land use, zoning, subdivision and other costs related to the development of the Development Property are required to be paid, or additional funds deposited in escrow, as provided in accordance with the City's planning, zoning, and building fee schedules. The City and the Authority acknowledge that the Developer has deposited $5,000 with the City toward payment of the Administrative Costs. If such costs exceed such amount, then at any time, but not more often than monthly, the City or the Authority, as applicable, will deliver written notice to Developer setting forth any additional fees and expenses and Developer agrees to pay all fees and expenses within 30 days of the City's or the Authority's, as applicable, written request. Any unused amount of such deposit shall be returned to the Developer.

Section 3.9. Use of Tax Increments. The City shall be free to use the Tax Increments, other than those to which the Developer is entitled pursuant to the provisions of Section 3.7 hereof, for its Administrative Expenses, and for any other purpose for which the Tax Increments may lawfully be used pursuant to applicable provisions of State law.

Section 3.10. Records. The City and its representatives shall have the right at all reasonable times, after reasonable notice, to inspect, examine and copy all books and records of the Developer relating to the Minimum Improvements and the Public Development Costs.

Section 3.11. No Business Subsidy. The parties agree and understand that the purpose of the City's financial assistance to the Developer is to facilitate development of affordable rental housing for persons of low and moderate income, and is not a "business subsidy" within the meaning of Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

## ARTICLE IV

## CONSTRUCTION OF MINIMUM IMPROVEMENTS

Section 4.1. Construction of Improvements. The Developer agrees that it will construct the Minimum Improvements and the Public Improvements on the Development Property in accordance with the approved Construction Plans, and at all times prior to the Termination Date will operate and maintain, preserve and keep the Minimum Improvements or cause the Minimum Improvements to be maintained, preserved, and kept with the appurtenances and every part and parcel thereof, in good repair and condition, ordinary wear and tear excepted. Neither the City nor the Authority shall have any obligation to operate or maintain the Minimum Improvements.

Section 4.2. Construction Plans.

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

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

(b) If the Developer desires to make any material change in the Construction Plans after their approval by the City, the Developer shall submit the proposed change to the City for approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section with respect to such previously approved Construction Plans, the City shall approve the proposed change and notify the Developer in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the City unless rejected, in whole or in part, by written notice by the City to the Developer, setting forth in detail the reasons therefor. Such rejection shall be made within ten (10) days after receipt of the notice of such change. The City's approval of any such change in the Construction Plans will not be unreasonably withheld.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer shall commence the construction of the Minimum Improvements by May 31, 2025 and substantially complete construction of the Minimum Improvements by June 1, 2026. All work with respect to the Minimum Improvements to be constructed or provided by the Developer on the Development Property shall be in substantial conformity with the Construction Plans as submitted by the Developer and approved by the City.

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

Section 4.4. Public Improvements. The Developer shall construct a six-foot wide public sidewalk adjacent to the Minimum Improvements (the "Public Improvements"). The Public Improvements shall extend along the north curb line of 2nd Street North between the east and west boundary line of the Development Property, a length of approximately 480 feet. The Developer must substantially complete construction of the Public Improvements by June 1, 2026.

Section 4.5. Certificate of Completion.

(a) Promptly after completion of the Minimum Improvements and the Public Improvements in accordance with those provisions of this Agreement relating solely to the obligations of the Developer to construct the Minimum Improvements and the Public Improvements (including the dates for commencement and completion thereof), the City Representative will furnish the Developer with a Certificate of Completion in substantially the form set forth in EXHIBIT B attached hereto. The Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement and in the Deed with respect to the obligations of the Developer, and its successors and assigns, to construct the Minimum Improvements and the Public Improvements and the date for the completion thereof. Such Certificate of Completion and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any Holder of a Mortgage, or any insurer of a Mortgage, securing money loaned to finance the Minimum Improvements, or any part thereof.

(b) If the City Representative shall refuse or fail to provide the Certificate of Completion in accordance with the provisions of this Section 4.5, the City Representative shall, within thirty (30) days after written request by the Developer, provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Minimum Improvements and/or the Public Improvements in accordance with the provisions of this Agreement, or is otherwise in default, and what

measures or acts it will be necessary, in the reasonable opinion of the City, for the Developer to take or perform in order to obtain such certification.

(c) The construction of the Minimum Improvements shall be deemed to be commenced when foundations are completed; and shall be deemed to be substantially complete upon issuance of a certificate of occupancy by the City. The construction of the Public Improvements shall be deemed to be substantially completed upon final inspection by the City and acceptance by the City.

Section 4.6. Income Limits.

(a) The City and the Developer understand and agree that the TIF District will constitute a "housing district" under Section 469.174, subdivision 11 of the TIF Act. The Developer covenants that, for the duration of the TIF District, it will comply with all income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code of 1986, as amended. Specifically, the Developer agrees and covenants that twenty percent (20%) of the units of the Minimum Improvements (13 units) will be reserved for persons with incomes at or less than fifty percent (50%) of areawide median income.

(b) On or before April 1 of each year for the duration of the TIF District, the Developer shall submit evidence in substantially the form set forth in EXHIBIT E attached hereto, showing that the Minimum Improvements meet the relevant income and rent requirements. The parties agree and understand that the Developer may retain a manager (the "Manager") who will review such evidence and may certify on behalf of the Developer that the Minimum Improvements meet the relevant income and rent requirements. The Developer is responsible for any costs incurred to compensate the Manager (or any successor) for such activities.

(c) If the City reasonably determines based on evidence submitted by the Developer or receives notice from any Manager, 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," such event shall be deemed an Event of Default under this Agreement. In addition to any remedies available to the City under Article IX hereof, the Developer shall indemnify, defend and hold harmless the City and the Authority for any damages or costs resulting therefrom.

(d) The Developer understands that if it does not comply with the affordability covenants in this Section, the TIF Act requires the City to decertify the TIF District.

## ARTICLE V

## INSURANCE AND CONDEMNATION

Section 5.1. Insurance.

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

(i) builder's risk insurance, written on the so-called "Builder's Risk -- Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements and the Public Improvements at the date of completion, and with coverage available in nonreporting form on the so-called "all risk" form of policy. The interest of the Authority and the City shall be protected in accordance with a clause in form and content satisfactory to the Authority and the City;

(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 $1,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used). The Authority and the City shall be listed as additional insureds on the policy; and

(iii) workers' compensation insurance, with statutory coverage, provided that the Developer 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 Developer shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the Authority or the City 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 $1,000,000, and shall be endorsed to show the City and Authority as additional insureds; and

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

(c) All insurance required in this Article shall be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the City policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article, each policy shall contain a provision that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts

required herein without giving written notice to the Developer, the City, and the Authority at least thirty (30) days before the cancellation or modification becomes effective. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer shall deposit with the City a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

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

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

(e) In lieu of its obligation to reconstruct the Minimum Improvements as set forth in this Section, the Developer shall have the option of: (i) paying to the City an amount that, in the reasonable opinion of the City and its municipal advisor, is sufficient to pay in full the outstanding principal and accrued interest on the Note, or (ii) so long as the Developer is the owner of the Note, waiving its right to receive subsequent payments under the Note.

(f) The Developer, the City and the Authority agree that all of the insurance provisions set forth in this Article V shall terminate upon the Termination Date.

Section 5.2. Subordination. Notwithstanding anything to the contrary herein, the rights of the Authority and the City 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.

## ARTICLE VI

## REAL PROPERTY TAXES

Section 6.1. Right to Collect Delinquent Taxes. The Developer acknowledges that the City is providing substantial aid and assistance in furtherance of the construction of the Minimum Improvements through issuance of the Note. The Developer understands that the Tax Increments collected by the City from the Development Property pledged to payment on the Note are derived from real estate taxes on the Development Property, which taxes must be promptly and timely paid. To that end, the Developer agrees for itself, its successors and assigns, in addition to the obligation pursuant to statute to pay real estate taxes, that it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes assessed against the Development Property and the Minimum Improvements. The Developer acknowledges that this obligation creates a contractual right on behalf of the City to sue the Developer 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 City shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 6.2. Reduction of Taxes. The Developer agrees that prior to the Termination Date,

(a) It will not cause a reduction in the real property taxes paid in respect of the Development Property by (i) willful destruction of the Development Property or any part thereof; or (ii) willful refusal to reconstruct damaged or destroyed property, except to the extent otherwise provided in Section 5.1; (iii) filing any petition to seek reduction in market value or property taxes on any portion of the Development Property under any State law.

(b) It will not seek any tax exemption, tax deferral or abatement, either presently or prospectively or any other State or federal law, of the taxation of real property contained in the Development Property between the date of execution of this Agreement and the Termination Date.

(c) It will not seek administrative review or judicial review of the applicability or constitutionality of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Minimum Improvements or the Developer or raise the inapplicability or constitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; provided, however, that "tax statute" does not include any local ordinance or resolution levying a tax.

## ARTICLE VII

## MORTGAGE FINANCING

Section 7.1. Financing. Before commencement of construction of the Minimum Improvements, the Developer shall submit to the City and the Authority evidence of one or more commitments for financing which, together with committed equity for such construction, is sufficient for the acquisition of the Development Property, and constructing the Minimum Improvements. Such commitments may be submitted as short-term financing, long-term financing, a bridge loan with a long term take-out financing commitment, or any combination of the foregoing. Such commitment or commitments for short-term or long-term financing shall be subject only to such conditions as are normal and customary in the mortgage banking industry.

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

## ARTICLE VIII

## PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER; INDEMNIFICATION

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

Section 8.2. Prohibition Against Developer's Transfer of Property and Assignment of Agreement. The Developer represents and agrees that prior to issuance of the Certificate of Completion for the Minimum Improvements:

(a) Except as specifically described by this Agreement, the Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to the Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same (except a lease to a residential occupant) (collectively a "Transfer"), to any person or entity, without the prior written approval of the City Council. The term "Transfer" does not include (i) encumbrances made or granted by way of security for, and only for, the purpose of obtaining construction, interim or permanent financing necessary to enable the Developer or any successor in interest to the Development Property, or any part thereof, to acquire the Development Property or construct the Minimum Improvements; (ii) any lease, license, easement or similar arrangement entered into in the ordinary course of business related to operation of the Minimum Improvements; or (iii) any sale, conveyance, or transfer in any form to any Affiliate.

(b) If the Developer seeks to effect a Transfer requiring the approval of the City and the Authority prior to issuance of the Certificate of Completion, the City and the Authority shall be entitled to require as conditions to such Transfer that:

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

(ii) Any proposed transferee, by instrument in writing reasonably satisfactory to the Authority and the City, and in form recordable among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of the Authority and the City, have expressly assumed all of the obligations of the Developer under this Agreement as to the portion of the Development Property and Minimum Improvements to be transferred and agreed to be subject to all the conditions and restrictions to which the Developer is subject as to such portion; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Development Property and Minimum Improvements, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the Authority and the City) deprive the Authority or the City of any rights or remedies or controls with respect to the Development Property, the Minimum Improvements or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Development Property, the Minimum Improvements or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally, or practically, to deprive or limit the Authority or the City of or with respect to any rights or remedies on controls

provided in or resulting from this Agreement with respect to the Development Property and Minimum Improvements that the Authority or the City would have had, had there been no such transfer or change. In the absence of specific written agreement by the Authority and the City to the contrary, no such transfer or approval by the Authority and the City thereof shall be deemed to relieve the Developer, or any other party bound in any way by this Agreement or otherwise with respect to the Development Property, from any of its obligations with respect thereto.

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

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

(d) After issuance of the Certificate of Completion, the Developer may transfer or assign the Minimum Improvements and/or the Developer's rights and obligations under this Agreement with respect to such property without the prior written consent of the City; provided that:

(i) until the Termination Date the transferee or assignee is bound by all the Developer's obligations hereunder with respect to the property and rights transferred. The Developer shall submit to the City written evidence of any such transfer or assignment, including the transferee or assignee's express assumption of the Developer's obligations under this Agreement. If the Developer fails to provide such evidence of transfer and assumption, the Developer shall remain bound by all obligations with respect to the subject property under this Agreement; and

(ii) upon compliance with clause (d)(i) above, the Developer shall be released from its obligations under this Agreement with respect to the property transferred.

The provisions of this paragraph (d) apply to all subsequent transferors, assuming compliance with the terms of this Article.

Section 8.3. Release and Indemnification Covenants.

(a) The Developer 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 Development Property or the Minimum Improvements other than loss or damage to property or any injury to or death of any person resulting from the willful misconduct of the Indemnified Parties..

(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 Developer 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 Development Property.

(c) The Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Developer or its officers, agents, servants, or employees or any other person who may be about the Development Property or Minimum Improvements except for any action arising from the willful misconduct of the Indemnified Parties.

(d) All covenants, stipulations, promises, agreements, and obligations of the Authority and the City 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.

## 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 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 the event will be cured and will be cured as soon as reasonably possible:

(a) Failure by the Developer, the City, or Authority to observe or perform any covenant, condition, obligation, or agreement on its part to be observed or performed under this Agreement;

(b) Commencement by the Holder of any Mortgage on the Development Property or any improvements thereon, or any portion thereof, of foreclosure proceedings as a result of default under the applicable Mortgage documents; or

(c) If the Developer 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; or

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

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

(iv) be adjudicated a bankrupt or insolvent.

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

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

(b) Cancel and rescind or terminate this Agreement.

(c) Upon a default by the Developer, the City may terminate the Note and decertify the TIF District.

(d) 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, including but not limited to exercising its rights under Section 469.105 of the EDA Act.

Section 9.3. Revesting Title in Authority Upon Happening of Event Subsequent to Conveyance to Developer. In the event that subsequent to conveyance of the Development Property to the Developer and prior to receipt by the Developer of the Certificate of Completion for the Minimum Improvements and the Public Improvements:

(a) the Developer, subject to Unavoidable Delays, shall fail to begin construction of the Minimum Improvements in conformity with this Agreement and such failure to begin construction is not cured within ninety (90) days after written notice from the City or the Authority to the Developer to do so; or

(b) subject to Unavoidable Delays, the Developer after commencement of the construction of the Minimum Improvements, fails to carry out its obligations with respect to the construction of such improvements (including the nature and the date for the completion thereof), or abandons or substantially suspends construction work, and any such failure, abandonment, or suspension shall not be cured, ended, or remedied within ninety (90) days after written demand from the City or the Authority to the Developer to do so; or

(c) the Developer fails to pay real estate taxes or assessments on the parcel or any part thereof when due, or creates, suffers, assumes, or agrees to any encumbrance or lien on the parcel (except to the extent permitted by this Agreement), or shall suffer any levy or attachment to be made, or any materialmen's or mechanics' lien, or any other unauthorized encumbrance or lien to attach, and such taxes or assessments shall not have been paid, or the encumbrance or lien removed or discharged or provision satisfactory to the City and the Authority made for such payment, removal, or discharge, within sixty (60) days after written demand by the City or Authority to do so; provided, that if the Developer first notifies the City and the Authority of its intention to do so, it may in good faith contest any mechanics' or other lien filed or established and in such event the City and the Authority shall permit such mechanics' or other lien to remain undischarged and unsatisfied during the period of such contest and any appeal and during the course of such contest the Developer shall keep the City and the Authority informed respecting the status of such defense; or

(d) there is, in violation of this Agreement, any Transfer of the Development Property, and such violation is not cured within sixty (60) days after written demand by the City or the Authority to the Developer, or if the event is by its nature incurable within sixty (60) days, the Developer does not, within such sixty (60) day period, provide assurances reasonably satisfactory to the City and the Authority that the event will be cured as soon as reasonably possible;

(e) the Developer fails to comply with any of its other covenants under this Agreement related to the Minimum Improvements and the Public Improvements and fails to cure any such noncompliance or breach within sixty (60) days after written demand from the City or the Authority to the Developer to do so, or if the event is by its nature incurable within sixty (60) days, the Developer does not, within such sixty (60) day period, provide assurances reasonably satisfactory to the City and the Authority that the event will be cured as soon as reasonably possible; or

(f) the Holder of any Mortgage secured by the subject property exercises any remedy provided by the Mortgage documents or exercises any remedy provided by law or equity in the event of a default in any of the terms or conditions of the Mortgage, in either case which would materially adversely affect the rights and obligations of the Authority hereunder,

then the Authority shall have the right to re-enter and take possession of the parcel and to terminate (and revest in the Authority) the estate conveyed by the Deed to the Developer, it being the intent of this provision, together with other provisions of this Agreement, that the conveyance of the parcel to the Developer shall be made upon, and that the Deed shall contain a condition subsequent to the effect that in the event of any default on the part of the Developer and failure on the part of the Developer to remedy, end, or abrogate such default within the period and in the manner stated in such subdivisions, the Authority at its option may declare a termination in favor of the Authority of the title, and of all the rights and interests in and to the parcel conveyed to the Developer, and that such title and all rights and interests of the Developer, and any assigns or successors

in interest to and in the parcel, shall revert to the Authority, but only if the events stated in this Section have not been cured within the time periods provided above.

Section 9.4. Resale of Reacquired Property; Disposition of Proceeds. Upon the revesting in the Authority of title to and/or possession of the parcel or any part thereof as provided in Section 9.3, the Authority shall, pursuant to its responsibilities under law, use its best efforts to sell the parcel or part thereof as soon and in such manner as the Authority shall find feasible and consistent with the objectives of such law and of the Development Program to a qualified and responsible party or parties (as determined by the Authority) who will assume the obligation of making or completing the Minimum Improvements and the Public Improvements or such other improvements in their stead as shall be satisfactory to the Authority in accordance with the uses specified for such parcel or part thereof in the Development Program. During any time while the Authority has title to and/or possession of a parcel obtained by reverter, the Authority will not disturb the rights of any owner of any tenant under any leases encumbering such parcel. Upon resale of the parcel, the proceeds thereof shall be applied:

(a) First, to reimburse the Authority and the City for all costs and expenses incurred by them, including but not limited to salaries of personnel, in connection with the recapture, management, and resale of the parcel (but less any income derived by the Authority and the City from the property or part thereof in connection with such management); all taxes, assessments, and water and sewer charges with respect to the parcel or part thereof (or, in the event the parcel is exempt from taxation or assessment or such charge during the period of ownership thereof by the Authority, an amount, if paid, equal to such taxes, assessments, or charges (as determined by the Authority assessing official) as would have been payable if the parcel were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the parcel or part thereof at the time of revesting of title thereto in the Authority or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the subject improvements or any part thereof on the parcel or part thereof; and any amounts otherwise owing the Authority and the City by the Developer and its successor or transferee; and

(b) Second, to reimburse the Developer, its successor or transferee, up to the amount equal to the amount actually invested by it in making any of the subject improvements on the parcel or part thereof.

Any balance remaining after such reimbursements shall be retained by the Authority as its property.

Section 9.5. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority, the City, or Developer in this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority and the City to exercise any remedy reserved to them, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.

Section 9.6. 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. Whenever any Event of Default on the part of the Developer occurs and if the City or the Authority employs attorneys or incurs 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 Developer under this Agreement, the Developer shall, within ten (10) days of written demand by the City or the Authority, pay to such entity the reasonable fees of such attorneys and such other expenses so incurred by such entity.

## ARTICLE X

## ADDITIONAL PROVISIONS

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

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

Section 10.3. Restrictions on Use. The Developer agrees that, until the Termination Date, the Developer, and its successors and assigns (a) shall use the Development Property solely for the development of residential rental housing in accordance with the terms of this Agreement, and (b) shall not discriminate upon the basis of race, color, creed, sex, or national origin in the sale, lease, or rental, or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

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

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

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

(a) in the case of the Developer, is addressed to or delivered personally to the Developer at [Unique Opportunities Grand Rapids, L.L.C.], at 119 North Union Avenue, Fergus Falls, MN 56537, Attn: Samuel Herzog;

(b) in the case of the Authority, is addressed to or delivered personally to the Authority at City Hall, 420 North Pokegama Avenue, Grand Rapids, MN 55744, Attn: Executive Director; and

(c) in the case of the City, is addressed to or delivered personally to the City at City Hall, 420 North Pokegama Avenue, Grand Rapids, MN 55744, Attn: City Administrator;

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

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 City may record this Agreement and any amendments thereto with the Itasca County recorder. The Developer shall pay all costs for recording.

Section 10.9. Termination. This Agreement terminates on the Termination Date, except that termination of the Agreement does not terminate, limit or affect the rights of any party that arise before the Termination Date.

Section 10.10. Amendment. This Agreement may be amended only by written agreement approved by the City, the Authority, and the Developer. The Developer shall pay all costs for recording. The Developer's obligations under this Agreement are covenants running with the land for the term of this Agreement, enforceable by the City and the Authority against the Developer, its successor and assigns, and every successor in interest to the Development Property, or any part thereof or any interest therein.

Section 10.11. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the State or federal courts of the State, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 10.12. Good Faith. Each party shall act in good faith and in a commercially reasonable manner with respect to any matter contemplated by this Agreement, including, without limitation, approving or disapproving any request, including any request for approval of plans.

Section 10.13. Estoppel Certificates. The Authority and City agree that they will, from time to time, upon request by Developer and at the Developer sole expense, execute and deliver to Developer and to any parties designated by Developer, within ten (10) days following demand therefor, an estoppel certificate certifying (i) that this Agreement is unmodified and in full force and effect (or if there had been modifications, that the same are in full force and effect as so modified), (ii) that there are no defaults hereunder (or specifying any claim defaults), and (iii) such other matters as may be reasonably requested by Developer including, without limitation, certifications as to the completion and acceptance of the Minimum Improvements and the Public Improvements.

Section 10.14. Interpretation; Concurrence. The language in this Agreement shall be construed simply according to its generally understood meaning, and not strictly for or against any party and no interpretation shall be affected by which party drafted any part of this Agreement. By executing this Agreement, the parties acknowledge that they (a) enter into and execute this Agreement knowingly, voluntarily and willingly of their own volition with such consultation with legal counsel as they deem appropriate; (b) have had a sufficient amount of time to consider this Agreement's terms and conditions, and to consult an attorney before signing this Agreement; (c) have read this Agreement, understand all of its terms, appreciate the significance of those terms and have made the decision to accept them as stated herein; and (d) have not relied upon any representation or statement not set forth herein.

Section 10.15. Government Data. The Developer has been required to provide certain data to the City and the Authority, or their consultants in connection with applying for financial assistance in constructing the Minimum Improvements. It is also likely that the Developer will be required to provide additional data to the City or consultants in the course of administering the TIF District to ensure compliance with this Agreement and the TIF Act. All data provided to the City or the Authority or their consultants is government data within the meaning of the Minnesota Statutes, Chapter 13 (the "MGDPA"). The parties recognize that some of the

data provided by the Developer to the City or the Authority or their consultants may be nonpublic data as defined by the MGDPA. The parties acknowledge that the City and the Authority are subject to the MGDPA and will handle all government data in its possession in accordance with the MGDPA, notwithstanding any other agreement or understanding to the contrary.

IN WITNESS WHEREOF, the City, the Authority, and the Developer have caused this Purchase and Development Agreement to be duly executed on or as of the date first above written.

**CITY OF GRAND RAPIDS, MINNESOTA**

By _____
Its Mayor

By _____
Its City Administrator

STATE OF MINNESOTA )
) SS.
COUNTY OF ITASCA )

The foregoing instrument was acknowledged before me this ____day of _____, 2024 by Tasha Connelly, the Mayor of the City of Grand Rapids, Minnesota, on behalf of the City.

_____
Notary Public

STATE OF MINNESOTA )
) SS.
COUNTY OF ITASCA )

The foregoing instrument was acknowledged before me this ____day of _____, 2024 by Tom Pagel, the City Administrator of the City of Grand Rapids, Minnesota, on behalf of the City.

_____
Notary Public

Execution page of the Authority to the Purchase and Development Agreement, dated the date and year first written above.

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY**

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA )
) SS.
COUNTY OF ITASCA )

The foregoing instrument was acknowledged before me this _____ day of _____, 2024 by Sholom Blake, the President of the Grand Rapids Economic Development Authority, Minnesota, on behalf of said Authority.

_____
Notary Public

STATE OF MINNESOTA )
) SS.
COUNTY OF ITASCA )

The foregoing instrument was acknowledged before me this _____ day of _____, 2024 by Robert Mattei, the Executive Director of the Grand Rapids Economic Development Authority, Minnesota, on behalf of said Authority.

_____
Notary Public

Execution page of the Developer to the Purchase and Development Agreement, dated the date and year first written above.

**[UNIQUE OPPORTUNITIES GRAND RAPIDS, L.L.C.]**

By _____

Its _____

STATE OF MINNESOTA )
) SS.
COUNTY OF ITASCA )

The foregoing instrument was acknowledged before me this ____day of _____, 2024 by _____, the _____ of [Unique Opportunities Grand Rapids, L.L.C.], a Minnesota limited liability company, on behalf of said limited liability company.

_____
Notary Public

**EXHIBIT A**

**LEGAL DESCRIPTION**

That property located in the City of Grand Rapids, Itasca County, Minnesota, legally described as follows:

Parcel 1:

The South Half of Block Twenty (20), Town of Grand Rapids, Minnesota, according to the plat thereof on file and of record in the office of the Register of Deeds, of Itasca County, Minnesota, AND the West Half (W1/2) of vacated 2nd Avenue East lying adjacent to the South 125 feet (S 125) of Block Twenty (20) LESS that part conveyed by Document No. 45251, described as follows: The West 220 feet of the South half of Block 20, Town of Grand Rapids.

(Torrens Cert. No. 23062)

Parcel 2:

That portion of Block Twenty-one (21), Town of Grand Rapids, AND the vacated North-South alley lying within Block 21, lying South and West of a line extending from a point along the East boundary of Block 21, Thirty (30) feet North of the Southeast corner of Lot One (1) to a point along the West boundary of Block 21, One Hundred Thirty (130) feet North of the Southwest corner of Lot Twenty-four (24) and the East Half (E1/2) of vacated 2nd Avenue East lying adjacent to Lots Twenty thru Twenty-four (20-24), Block 21, according to the recorded plat thereof on file and of record in the office of the Registrar of Titles of Itasca County, Minnesota. Less and Except that part of Lot 19, Block 21, according to the Plat of Grand Rapids on file in the office of the Itasca County Recorder, lying southwesterly of a line extending from a point along the East boundary of Block 21, Thirty (30) feet North of the Southeast corner of Lot One (1) to a point along the West boundary of Block 21, One Hundred Thirty (130) feet North of the Southwest corner of Block 21.

AND

That portion of the West Half (W1/2) of Lot Twenty (20), Block Twenty-one (21), Town of Grand Rapids, lying northeast of a line extending from a point along the East boundary of Block 21, Thirty (30) feet North of the Southeast corner of Lot One (1) to a point along the West boundary of Block 21, One Hundred Thirty (130) feet North of the Southwest corner of Lot Twenty-four (24), Block 21, according to the recorded plat thereof on file and of record in the office of the Registrar of Titles of Itasca County, Minnesota.

AND

That part of the North Half (N1/2) of vacated Second Street North lying adjacent to Blocks Twenty-one (21) and Twenty-four (24) and lying northeast of the following described line: beginning at a point along the north line of Block Twenty-four (24) lying One Hundred five (105) feet West of the Northeast corner of said Block: thence Northwesterly to the southwest corner of said Lot Twenty-four (24), Block Twenty-one (21) and there terminating.

(Torrens Cert. No. 24386)

Parcel 3:

That part of the South Half of vacated Second Street North, lying between Blocks 21 and 24, of the Plat of Town of Grand Rapids, Itasca County, Minnesota, lying northeasterly of the following described line:

Beginning at a point on the north line of said Block 24, 105 feet West of the northeast corner thereof; thence northwesterly to the southwest corner of Lot 24, block 21, said Town of Grand Rapids.

(Abstract)

**EXHIBIT B**

**CERTIFICATE OF COMPLETION**

The undersigned hereby certifies that [Unique Opportunities Grand Rapids, L.L.C.] (the "Developer") has fully complied with its obligations under Articles III and IV of the Purchase and Development Agreement (the "Agreement"), dated August __, 2024, between the City of Grand Rapids, Minnesota, the Grand Rapids Economic Development Authority, and the Developer, with respect to construction of the Minimum Improvements and the Public Improvements (as both defined in the Agreement) in accordance with Article IV of the Agreement, and that the Developer is released and forever discharged from its obligations with respect to construction of the Minimum Improvements and the Public Improvements under Articles III and IV of the Agreement.

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY**

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA )
) SS.
COUNTY OF ITASCA )

The foregoing instrument was acknowledged before me this _____ day of _____, 20___ by _____, the President of the Grand Rapids Economic Development Authority, on behalf of said Authority.

_____
Notary Public

STATE OF MINNESOTA )
) SS.
COUNTY OF ITASCA )

The foregoing instrument was acknowledged before me this _____ day of _____, 20___ by Robert Mattei, the Executive Director of the Grand Rapids Economic Development Authority, on behalf of said Authority.

_____
Notary Public

This document was drafted by:
Kennedy & Graven, Chartered (GAF)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402

**EXHIBIT C**

**FORM OF QUIT CLAIM DEED**

**QUIT CLAIM DEED**

STATE DEED TAX DUE HEREON: $_____

Date: _____, 2024

THIS QUIT CLAIM DEED is between the Grand Rapids Economic Development Authority, a public body corporate and politic (the "Grantor"), and [Unique Opportunities Grand Rapids, L.L.C.], a Minnesota limited liability company (the "Grantee").

WITNESSETH, that Grantor, in consideration of the sum of Two Hundred Thousand Dollars ($200,000.00) and other good and valuable consideration the receipt whereof is hereby acknowledged, does hereby grant, bargain, quitclaim and convey to the Grantee, its successors and assigns forever, all the tract or parcel of land lying and being in the County of Itasca and State of Minnesota described as follows, to-wit (such tract or parcel of land is hereinafter referred to as the "Property"):

Parcel 1:

The South Half of Block Twenty (20), Town of Grand Rapids, Minnesota, according to the plat thereof on file and of record in the office of the Register of Deeds, of Itasca County, Minnesota, AND the West Half (W1/2) of vacated 2nd Avenue East lying adjacent to the South 125 feet (S 125) of Block Twenty (20) LESS that part conveyed by Document No. 45251, described as follows: The West 220 feet of the South half of Block 20, Town of Grand Rapids.

(Torrens Cert. No. 23062)

Parcel 2:

That portion of Block Twenty-one (21), Town of Grand Rapids, AND the vacated North-South alley lying within Block 21, lying South and West of a line extending from a point along the East boundary of Block 21, Thirty (30) feet North of the Southeast corner of Lot One (1) to a point along the West boundary of Block 21, One Hundred Thirty (130) feet North of the Southwest corner of Lot Twenty-four (24) and the East Half (E1/2) of vacated 2nd Avenue East lying adjacent to Lots Twenty thru Twenty-four (20-24), Block 21, according to the recorded plat thereof on file and of record in the office of the Registrar of Titles of Itasca County, Minnesota.

Less and Except that part of Lot 19, Block 21, according to the Plat of Grand Rapids on file in the office of the Itasca County Recorder, lying southwesterly of a line extending from a point along the East boundary of Block 21, Thirty (30) feet North of the Southeast corner of Lot One (1) to a point along the West boundary of Block 21, One Hundred Thirty (130) feet North of the Southwest corner of Block 21.

AND

That portion of the West Half (W1/2) of Lot Twenty (20), Block Twenty-one (21), Town of Grand Rapids, lying northeast of a line extending from a point along the East boundary of Block 21, Thirty (30) feet North of the Southeast corner of Lot One (1) to a point along the West boundary of Block 21, One Hundred Thirty (130)

feet North of the Southwest corner of Lot Twenty-four (24), Block 21, according to the recorded plat thereof on file and of record in the office of the Registrar of Titles of Itasca County, Minnesota.

AND

That part of the North Half (N1/2) of vacated Second Street North lying adjacent to Blocks Twenty-one (21) and Twenty-four (24) and lying northeast of the following described line: beginning at a point along the north line of Block Twenty-four (24) lying One Hundred five (105) feet West of the Northeast corner of said Block: thence Northwesterly to the southwest corner of said Lot Twenty-four (24), Block Twenty-one (21) and there terminating.

(Torrens Cert. No. 24386)

Parcel 3:

That part of the South Half of vacated Second Street North, lying between Blocks 21 and 24, of the Plat of Town of Grand Rapids, Itasca County, Minnesota, lying northeasterly of the following described line:

Beginning at a point on the north line of said Block 24, 105 feet West of the northeast corner thereof; thence northwesterly to the southwest corner of Lot 24, block 21, said Town of Grand Rapids.

(Abstract)

*Check here if part or all of the land is Registered (Torrens)* ☑

To have and to hold the same, together with all the hereditaments and appurtenances thereunto belonging.

SECTION 1

It is understood and agreed that this Deed is subject to the covenants, conditions, restrictions and provisions of an agreement recorded herewith entered into between the City of Grand Rapids, Minnesota, the Grantor and the Grantee on the ____ day of August, 2024, identified as "Purchase and Development Agreement" (hereinafter referred to as the "Agreement") and that the Grantee shall not convey this Property, or any part thereof, except as permitted by the Agreement until a certificate of completion releasing the Grantee from certain obligations of said Agreement as to this Property or such part thereof then to be conveyed, has been placed of record. This provision, however, shall in no way prevent the Grantee from mortgaging this Property in order to obtain funds for acquiring the Development Property or erecting the Minimum Improvements thereon (as defined in the Agreement) in conformity with the Agreement, any applicable development program and applicable provisions of the zoning ordinance of the City of Grand Rapids, Minnesota, or for the refinancing of the same.

It is specifically agreed that the Grantee shall promptly begin and diligently prosecute to completion the development of the Property through the construction of the Minimum Improvements thereon, as provided in the Agreement.

Promptly after completion of the Minimum Improvements in accordance with the provisions of the Agreement, the Grantor will furnish the Grantee with an appropriate instrument so certifying. Such certification by the Grantor shall be (and it shall be so provided in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants of the Agreement and of this Deed with respect to the obligation of the Grantee, and its successors and assigns, to construct the Minimum Improvements and the dates for the beginning and completion thereof. Such certifications and such determination shall not constitute evidence of

compliance with or satisfaction of any obligation of the Grantee to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the purchase of the Property hereby conveyed or the Minimum Improvements, or any part thereof.

All certifications provided for herein shall be in such form as will enable them to be recorded with the County Recorder, Itasca County, Minnesota. If the Grantor shall refuse or fail to provide any such certification in accordance with the provisions of the Agreement and this Deed, the Grantor shall, within thirty (30) days after written request by the Grantee, provide the Grantee with a written statement indicating in adequate detail in what respects the Grantee has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Grantor, for the Grantee to take or perform in order to obtain such certification.

SECTION 2

The Grantee's rights and interest in the Property are subject to the terms and conditions of Section 9.3 of the Agreement relating to the Grantor's right to re-enter and revest in the Grantor title to the Property under conditions specified therein, including but not limited to termination of such right upon issuance of a Certificate of Completion as defined in the Agreement.

SECTION 3

The Grantee agrees for itself and its successors and assigns to or of the Property or any part thereof, hereinbefore described, that the Grantee and such successors and assigns shall comply with all provisions of the Agreement that relate to the Property or use thereof for the periods specified in the Agreement, including without limitation the covenant set forth in Section 10.3 thereof.

It is intended that the above and foregoing agreements and covenants shall be covenants running with the land for the term of the Agreement, and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided in this Deed, be binding, to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by, the Grantor against the Grantee, its successors and assigns, and every successor in interest to the Property, or any part thereof or any interest therein, and any party in possession or occupancy of the Property or any part thereof.

In amplification, and not in restriction of, the provisions of the preceding section, it is intended and agreed that the Grantor shall be deemed a beneficiary of the agreements and covenants provided herein, both for and in its own right, and also for the purposes of protecting the interest of the community and the other parties, public or private, in whose favor or for whose benefit these agreements and covenants have been provided. Such agreements and covenants shall run in favor of the Grantor without regard to whether the Grantor has at any time been, remains, or is an owner of any land or interest therein to, or in favor of, which such agreements and covenants relate. The Grantor shall have the right, in the event of any breach of any such agreement or covenant to exercise all the rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant, to which it or any other beneficiaries of such agreement or covenant may be entitled; provided that Grantor shall not have any right to re-enter the Property or revest in the Grantor the estate conveyed by this Deed on grounds of Grantee's failure to comply with its obligations under this Section 3.

SECTION 4.

This Deed is also given subject to:

(a) Provision of the ordinances, building and zoning laws of the City of Grand Rapids, and state and federal laws and regulations in so far as they affect this real estate.

(b) [Others]

IN WITNESS WHEREOF, the Grantor has caused this Deed to be duly executed in its behalf by its President and Executive Director and has caused its corporate seal to be hereunto affixed this _____ day of _____, 2024.

☐ The Seller certifies that the Seller does not know of any wells on the described real property.

☐ A well disclosure certificate accompanies this document or has been electronically filed. (If electronically filed, insert WDC number: _____).

☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

By _____
Its President

By _____
Its Executive Director

} SS

STATE OF MINNESOTA

COUNTY OF ITASCA

The foregoing instrument was acknowledged before me this _____ day of _____, 2024, by Sholom Blake, the President of the Grand Rapids Economic Development Authority, a body corporate and politic of the State of Minnesota, on behalf of said Authority.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RAK)

_____
SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

STATE OF MINNESOTA

} SS

COUNTY OF ITASCA

The foregoing instrument was acknowledged before me this _____ day of _____, 2024, by Robert Mattei, the Executive Director of the Grand Rapids Economic Development Authority, a body corporate and politic of the State of Minnesota, on behalf of said Authority.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RAK)

_____

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

Check here if part or all of the land is Registered (Torrens) ☐

Tax Statements for the real property described in this instrument should be sent to (include name and address of Grantee):

[Unique Opportunities Grand Rapids, L.L.C.]
_____
_____

This instrument drafted by:

Kennedy & Graven, Chartered (GAF)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402

**EXHIBIT D**

**PUBLIC DEVELOPMENT COSTS**

Construction of Affordable Housing
Landscaping, including irrigation
Grading/earthwork
Engineering
Survey
Environmental Testing
Soil Borings
Site Preparation
Onsite Utilities
Storm Water/Ponding
Outdoor Lighting
Onsite Road, Curb, Gutter, Driveway, Sidewalk and Streetscape Improvements
Parking

## EXHIBIT E

## COMPLIANCE CERTIFICATE

The undersigned officer of [Unique Opportunities Grand Rapids, L.L.C.] (the "Developer") does hereby certify that as of the date of this Compliance Certificate not less than twenty percent (20%) of the residential units are occupied by individuals whose income is fifty percent (50%) or less of the area median gross income. Attached hereto as **Exhibit A** are the income verifications used to establish the above conclusions broken down by unit type and size.

This Compliance Certificate is given in accordance with the terms of Section 4.6 of the Purchase and Development Agreement, dated August __, 2024, between the City of Grand Rapids, Minnesota, the Grand Rapids Economic Development Authority and the Developer.

Dated this ____ day of _____, 20___.

**[UNIQUE OPPORTUNITIES GRAND RAPIDS, L.L.C.]**

By _____
Its _____

## EXHIBIT A TO COMPLIANCE CERTIFICATE

Form of Renter's Income Verification Form

PROPERTY INFORMATION

Postal Address of Property _____

Unit Number _____

TENANT INFORMATION
(TO BE COMPLETED BY TENANT)

Name of Tenant _____

Phone # _____

Number of family/household members: _____

Annual Household Income* $ _____

**Annual Household Income must be supported by documentation (i.e. copy of most current 1040's, etc.). Failure to provide verification will constitute a "non-qualifying tenant".*

Signature of Tenant(s) _____ Date _____

_____ Date _____

INCOME LIMIT INFORMATION
(TO BE COMPLETED BY DEVELOPER)

| 20 Income Limits | |
|---|---|
| Family Size | Income |
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |
| 6 | |
| 7 | |
| 8 | |

Does the Tenant meet these limits and has appropriate documentation been submitted?

_____ YES _____ NO

Pursuant to the Purchase and Development Agreement between the City of Grand Rapids and [Unique Opportunities Grand Rapids, L.L.C.] dated as of August __, 2024, at least 13 of the 63 rental units comprising the Minimum Improvements must be reserved for tenants whose income is 50% or less of the area's median gross income .

Reviewed and approved on behalf of [Unique Opportunities Grand Rapids, L.L.C.]

By _____ Date _____

**EXHIBIT F**

**AUTHORIZING RESOLUTION**

**CITY OF GRAND RAPIDS, MINNESOTA**

**RESOLUTION NO. _____**

APPROVING A PURCHASE AND DEVELOPMENT AGREEMENT, AND AWARDING THE SALE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS TAX INCREMENT REVENUE NOTE (DOWNTOWN HOUSING DEVELOPMENT) TO [UNIQUE OPPORTUNITIES GRAND RAPIDS, L.L.C.]

BE IT RESOLVED BY the City Council (the "Council") of the City of Grand Rapids, Minnesota (the "City") as follows:

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

1.01. Recitals.

(a) The City has heretofore approved the establishment of the Tax Increment Financing District No. 1-16: Downtown Housing Development, a housing district (the "TIF District"), within Municipal Development District No. 1 in the City (the "Development District"), and has adopted a tax increment financing plan therefor for the purpose of financing certain improvements within the Development District.

(b) To facilitate the development of certain property within the Development District and the TIF District, the City, the Grand Rapids Economic Development Authority (the "Authority"), and [Unique Opportunities Grand Rapids, L.L.C.], a Minnesota limited liability company, or an affiliate thereof or party related thereto (the "Developer"), have negotiated a Purchase and Development Agreement (the "Agreement") which provides for the conveyance of certain real property described in SCHEDULE A attached hereto (the "Development Property") from the Authority to the Developer and the acquisition, construction and equipping by the Developer of an approximately 63-unit multifamily rental housing facility with underground parking and enhanced finishes including _____ with at least twenty percent (20%) of such units to be available to persons or families of low and moderate income with all related improvements to be completed, owned and operated by the Developer on the Development Property (the "Minimum Improvements"), and the issuance by the City of its Tax Increment Revenue Note, Series 2024 (Downtown Housing Development) (the "Note") to the Developer.

1.02. Approval of Agreement.

(a) The Council approves the Agreement in substantially the form presented, including the provisions granting a business subsidy to the Developer, together with any related documents necessary in connection therewith, including without limitation all documents, exhibits, certifications, or consents referenced in or attached to the Agreement (the "Development Documents").

(b) The Council hereby authorizes the Mayor and the City Administrator in their discretion and at such time, if any, as they may deem appropriate, to execute the Development Documents on behalf of the City, and to carry out, the City's obligations thereunder when all conditions precedent thereto have been satisfied. The Development Documents shall be in substantially the form on file with the City and the approval hereby given to the Development Documents includes approval of such additional details therein

as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the City and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the City. The execution of any instrument by the appropriate officers of the City herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. This resolution shall not constitute an offer and the Development Documents shall not be effective until the date of execution thereof as provided herein.

(c) In the event of absence or disability of the officers, any of the documents authorized by this resolution to be executed may be executed without further act or authorization of the City by any duly designated acting official, or by such other officer or officers of the City as, in the opinion of the City Attorney, may act in their behalf. Upon execution and delivery of the Development Documents, the officers and employees of the City are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the City to implement the Development Documents, including without limitation the issuance of tax increment revenue obligations thereunder when all conditions precedent thereto have been satisfied and reserving funds for the payment thereof in the applicable tax increment accounts.

1.04. Authorization of Note. Pursuant to Minnesota Statutes, Section 469.178, the City is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Development District. Such bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The City hereby finds and determines that it is in the best interests of the City that it issue and sell the Note to the Developer for the purpose of financing certain public development costs of the Development District, subject to all terms and conditions of the Agreement.

1.05. Issuance, Sale, and Terms of the Note.

(a) The City hereby authorizes the Mayor and City Administrator 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 Developer in the maximum aggregate principal amount of $1,328,254 in consideration of certain eligible costs incurred by the Developer in connection with construction of the Minimum Improvements. The Note shall be dated the date of delivery thereof and shall bear interest at the rate of [7.50]% per annum from the date of issue to the earlier of maturity or prepayment. The Note will be issued in the principal amount of the Public Development 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 set forth in SCHEDULE B attached hereto. The City hereby delegates to the City Administrator 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 form set forth in SCHEDULE B attached hereto, with the blanks to be properly filled in and the principal amount adjusted as of the date of issue:

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 City hereby appoints the City Administrator of the City to perform the functions of registrar, transfer agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the City 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 any 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 City.

(d) Improper or Unauthorized Transfer. When any Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such 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 City 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 such 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 City upon such 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 such 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 such 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 City 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 City. 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 City Administrator and shall be executed on behalf of the City by the signatures of its Mayor and City Administrator. 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 City Administrator to the owner thereof in accordance with the Agreement.

Section 4. Security Provisions.

4.01. Pledge. The City hereby pledges to the payment of the principal of and interest on the Note all Available Tax Increment as defined in the Note.

4.02. TIF 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 City shall maintain a separate and special "TIF Fund" to be used for the payment of the principal of and interest on the Note. The City irrevocably agrees to appropriate to the TIF 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 TIF Fund upon the termination of the Note in accordance with its terms may be used for any authorized purpose in accordance with the TIF Act.

4.03. Additional Obligations. The City will issue no other obligations secured in whole or in part by Available Tax Increment unless such pledge is on a subordinate basis to the pledge on the Note.

Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The officers of the City are hereby authorized and directed to prepare and furnish to the owner of the Note certified copies of all proceedings and records of the City, 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 City as to the facts recited therein.

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

Approved this ___ day of _____, 2024, by the City Council of the City of Grand Rapids, Minnesota.

_____
Mayor

ATTEST:

_____
City Clerk

## SCHEDULE A

## DEVELOPMENT PROPERTY

The property located in the City of Grand Rapids, Itasca County, Minnesota legally described as:

Parcel 1:

The South Half of Block Twenty (20), Town of Grand Rapids, Minnesota, according to the plat thereof on file and of record in the office of the Register of Deeds, of Itasca County, Minnesota, AND the West Half (W1/2) of vacated 2nd Avenue East lying adjacent to the South 125 feet (S 125) of Block Twenty (20) LESS that part conveyed by Document No. 45251, described as follows: The West 220 feet of the South half of Block 20, Town of Grand Rapids.

(Torrens Cert. No. 23062)

Parcel 2:

That portion of Block Twenty-one (21), Town of Grand Rapids, AND the vacated North-South alley lying within Block 21, lying South and West of a line extending from a point along the East boundary of Block 21, Thirty (30) feet North of the Southeast corner of Lot One (1) to a point along the West boundary of Block 21, One Hundred Thirty (130) feet North of the Southwest corner of Lot Twenty-four (24) and the East Half (E1/2) of vacated 2nd Avenue East lying adjacent to Lots Twenty thru Twenty-four (20-24), Block 21, according to the recorded plat thereof on file and of record in the office of the Registrar of Titles of Itasca County, Minnesota. Less and Except that part of Lot 19, Block 21, according to the Plat of Grand Rapids on file in the office of the Itasca County Recorder, lying southwesterly of a line extending from a point along the East boundary of Block 21, Thirty (30) feet North of the Southeast corner of Lot One (1) to a point along the West boundary of Block 21, One Hundred Thirty (130) feet North of the Southwest corner of Block 21.

AND

That portion of the West Half (W1/2) of Lot Twenty (20), Block Twenty-one (21), Town of Grand Rapids, lying northeast of a line extending from a point along the East boundary of Block 21, Thirty (30) feet North of the Southeast corner of Lot One (1) to a point along the West boundary of Block 21, One Hundred Thirty (130) feet North of the Southwest corner of Lot Twenty-four (24), Block 21, according to the recorded plat thereof on file and of record in the office of the Registrar of Titles of Itasca County, Minnesota.

AND

That part of the North Half (N1/2) of vacated Second Street North lying adjacent to Blocks Twenty-one (21) and Twenty-four (24) and lying northeast of the following described line: beginning at a point along the north line of Block Twenty-four (24) lying One Hundred five (105) feet West of the Northeast corner of said Block: thence Northwesterly to the southwest corner of said Lot Twenty-four (24), Block Twenty-one (21) and there terminating.

(Torrens Cert. No. 24386)

Parcel 3:

That part of the South Half of vacated Second Street North, lying between Blocks 21 and 24, of the Plat of Town of Grand Rapids, Itasca County, Minnesota, lying northeasterly of the following described line:

Beginning at a point on the north line of said Block 24, 105 feet West of the northeast corner thereof; thence northwesterly to the southwest corner of Lot 24, block 21, said Town of Grand Rapids.

(Abstract)

**SCHEDULE B**

**FORM OF TIF NOTE**

UNITED STATE OF AMERICA
STATE OF MINNESOTA
COUNTY OF ITASCA
CITY OF GRAND RAPIDS

No. R-1 $_____

TAX INCREMENT REVENUE NOTE
SERIES 2024
(DOWNTOWN HOUSING DEVELOPMENT)

| Rate | Date of Original Issue |
|---|---|
| [7.50]% | _____, 20__ |

The City of Grand Rapids, Minnesota (the "City") for value received, certifies that it is indebted and hereby promises to pay to [Unique Opportunities Grand Rapids, L.L.C.], a Minnesota limited liability company, or its registered assigns (the "Owner"), the principal sum of $_____ and to pay interest thereon at the rate of 7.50% per annum, solely from the sources and to the extent set forth herein. Capitalized terms shall have the meanings provided in the Purchase and Development Agreement, dated as of August __, 2024 (the "Agreement"), between the City, the Grand Rapids Economic Development Authority (the "Authority"), and the Owner, unless the context requires otherwise.

1. Payments. Principal and interest (the "Payments") shall be paid on August 1, 2026 and each August 1 and February 1 thereafter (the "Payment Dates") to and including the earliest of (i) February 1, 2052, (ii) such date (if any) as the Authority shall have terminated the Agreement pursuant to its terms, or (iii) until the Developer has received the principal amount of the Note plus accrued interest thereon (the "Final Payment Date"), in the amounts and from the sources set forth in Section 3 hereof. 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 City. 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. Simple, non-compounding 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 consisting of twelve 30-day months and shall be 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 90% of the Tax Increment attributable to the Minimum Improvements and Development Property that is paid to the City by Itasca County in the six (6) months preceding the Payment Date on the Note. Available Tax Increment shall not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under the Agreement.

The City 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 City to pay the entire amount of principal or interest on this Note on any Payment Date shall not constitute a default hereunder as long as the City pays principal and interest hereon to the extent of Available Tax Increment. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the Final Payment Date.

4. Default. If on any Payment Date there has occurred and is continuing any Event of Default under the Agreement, the City may withhold from payments hereunder all Available Tax Increment. If the Event of Default is thereafter cured in accordance with the Agreement, the Available Tax Increment withheld under this Section shall be deferred and paid, without interest thereon, on the next Payment Date after the Event of Default is cured. If the Event of Default is not cured in a timely manner, the City may terminate this Note by written notice to the Owner in accordance with the Agreement.

5. Optional Prepayment. The principal sum and all accrued interest payable under this Note is prepayable in whole or in part at any time by the City 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. Termination. At the City's option, this Note shall terminate and the City's obligation to make any payments under this Note shall be discharged upon the occurrence of an Event of Default on the part of the Developer as defined in Section 9.1 of the Agreement, but only if the Event of Default has not been cured following notice to the Developer and the applicable cure period in accordance with the Agreement.

7. Nature of Obligation. This Note is issued in the total principal amount of $_____, issued to aid in financing certain public development costs and administrative costs of a Development District undertaken by the City pursuant to Minnesota Statutes, Sections 469.124 through 469.133, as amended, and is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the City on August 12, 2024, 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 City 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 City, the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, the City, 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 City or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

8. 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 City kept for that purpose at the principal office of the City Administrator of the City, 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 City, duly executed by the Owner and an investment letter executed by the transferee to the City. Upon such transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the City 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 date.

Except as otherwise provided in Section 3.7(b) of the Agreement, this Note shall not be transferred to any person or entity, unless the City has provided written consent to such transfer.

9. Estimates of Available Tax Increment. Any estimates of Tax Increment prepared by the City or its financial advisors in connection with the Available Tax Increment and the Agreement are for the benefit of the City only, and are not intended as representations on which the Developer may rely.

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 City 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 City Council of the City of Grand Rapids, Minnesota has caused this Note to be executed with the manual signatures of its Mayor and City Administrator, all as of the Date of Original Issue specified above.

CITY OF GRAND RAPIDS, MINNESOTA

| | |
|---|---|
| Mayor | City Administrator |

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the Note herein is registered in the bond register of the City Administrator of the City of Grand Rapids, Minnesota, in the name of the person last listed below.

| Date of Registration | Registered Owner | Signature of City Administrator |
|---|---|---|
| | [Unique Opportunities Grand Rapids, L.L.C.]<br>Federal Tax I.D. No.: _____ | |