TIF DEVELOPMENT AGREEMENT

by and between

CITY OF GRAND RAPIDS, MINNESOTA,

and

ELEVATION GRAND RAPIDS LLC

Dated: ___________, 2026

Drafted by:
Kutak Rock LLP
60 South Sixth Street, Suite 3400
Minneapolis, MN 55402

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TIF DEVELOPMENT AGREEMENT

THIS TIF DEVELOPMENT AGREEMENT, made on or as of the __ day of September, 2026 (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") and ELEVATION GRAND RAPIDS LLC, 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. 1-18: Elevation Apartments (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 Developer proposes to acquire, construct and equip an approximately 99-unit multifamily rental housing facility 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 believes that the 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 the best interests of the City, 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:

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 3.3.

"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 or possession, directly or indirectly, of the power to direct or cause the direction of management policies of such entity, whether through ownership of voting securities or by contract or otherwise.

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

"Authorizing Resolution" means the resolution of the City, substantially in the form set forth in EXHIBIT E 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.

"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 4.4 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, Sections 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, 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 Elevation Grand Rapids LLC, 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.

"Event of Default" has the meaning provided in Section 9.1 hereof.

"Holder" means the owner of a Mortgage.

"Indemnified Parties" has the meaning provided in Section 8.3 hereof.

"Minimum Improvements" means the acquisition of the Development Property and the construction and equipping thereon of an approximately 99-unit multifamily rental housing facility 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 2026 (Elevation Apartments Project), 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 3.1 hereof, and as described in EXHIBIT C attached hereto.

"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 and are permitted to be retained by 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. 1-18: Elevation Apartments, 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 July 27, 2026, 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 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.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. 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 Development Property is properly zoned for construction and operation of the Minimum Improvements.

(f) The City will act in a timely manner, consistent with statutory and the City's procedural requirements, with regard to all approvals required under this Agreement.

(g) The City has approved execution of this Agreement. The individuals executing this Agreement and related agreements and documents on behalf of the City have the authority to do so and to bind the City by their actions.

Section 2.2. 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 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 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 has 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 or other officer of the City has either a direct or indirect financial interest in this Agreement, nor will any member of the City Council or other officer of the City benefit financially from this Agreement within the meaning of Minnesota Statutes, 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 or the City 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 is 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 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 City, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by 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 $___________and the sources of revenue to pay such costs are approximately $_______________, 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.

(q) The Developer owns fee title to the Development Property.

ARTICLE III

TAX INCREMENT FINANCING AND REIMBURSEMENT

Section 3.1. 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 C attached hereto. The total principal amount of Public Development Costs subject to reimbursement will not exceed $2,167,000. The Developer anticipates that the Public Development Costs will be at least $2,167,000. Public Development Costs in excess of the aggregate total are the responsibility of the Developer.

Section 3.2. 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 $2,167,000 to pay for Public Development Costs associated with 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 has 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 3.3 hereof; and

(vi) no Event of Default regarding the Developer exists which has not been cured under of this Agreement 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 E 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 simple interest at an interest rate equal to 6.50%.

(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 whether 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 on any Payment Date or on any date thereafter shall be conditioned upon the requirement that (A) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement that has not been cured during the applicable cure period, (B) this Agreement shall not have been terminated pursuant to Section 9.2, and (C) all conditions set forth in Section 3.2(a) have been satisfied as of such date.

Section 3.3. <u>Developer to Pay City's Fees and Expenses</u>. The Developer will pay all of the reasonable Administrative Costs (as defined below) of the City and must pay such costs to the City within 30 days after receipt of a written invoice from the City describing the amount and nature of the costs to be reimbursed. For the purposes of this Agreement, the term "Administrative Costs" means out of pocket costs incurred by the City together with third-party consultant (including reasonable legal, financial advisor, etc.) costs of the City, all attributable to or incurred in connection with the establishment of the TIF District, 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. In addition, certain engineering, environmental advisor, legal, land use, zoning, subdivision and other costs related to the development of the Development Property are required to be paid, or additional funds deposited in escrow, as provided in accordance with the City's planning, zoning, and building fee schedules. The City acknowledges that the Developer has deposited $[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, 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, as applicable, written request. Any unused amount of such deposit shall be returned to the Developer.

Section 3.4. <u>Use of Tax Increments</u>. 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 3.2 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 3.5. <u>Records</u>. 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 3.6. 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 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. The City shall have no obligation to operate or maintain the Minimum Improvements.

Section 4.2. Construction Plans.

(a) Before commencing construction of the Minimum Improvements, the Developer shall submit to the City Construction Plans for the Minimum Improvements. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in conformity with the Development Program, this Agreement, and all applicable State and local laws and regulations. The City Representative will approve the Construction Plans in writing if: (i) the Construction Plans substantially conform in all material respects to the terms and conditions of this Agreement; (ii) the Construction Plans substantially conform in all material respects to the goals and objectives of the Development Program; (iii) the Construction Plans substantially conform in all material respects to all applicable federal, state and local laws, ordinances, rules and regulations; (iv) the Construction Plans are adequate to provide for construction of the Minimum Improvements; (v) the Construction Plans do not provide for expenditures in excess of the funds available to the Developer from all sources for construction of the Minimum Improvements; and (vi) no Event of Default of Developer has occurred and remains uncured. 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 in accordance therewith. No approval by the City Representative shall constitute a waiver of an Event of Default that 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 adequate detail the specific 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 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 adequate detail the specific 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, conditioned or delayed.

Section 4.3. Commencement and Completion of Construction. Subject to the terms and conditions of this Agreement and to Unavoidable Delays, the Developer shall commence the construction of the Minimum Improvements by December 31, 2026 and substantially complete construction of the Minimum Improvements by December 31, 2028. 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 as provided herein, 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. Certificate of Completion.

(a) Promptly after substantial completion of the Minimum Improvements in accordance with those provisions of this Agreement relating solely to the obligations of the Developer to construct the Minimum 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 with respect to the obligations of the Developer, and its successors and assigns, to construct the Minimum 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 4.4, the City Representative shall, within thirty (30) days after written request by the Developer, provide the Developer with a written statement, indicating in adequate and specific detail in what respects the Developer has failed to complete the Minimum Improvements in accordance with the provisions of this Agreement, or is otherwise in default, and what measures or acts 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 on the first day that any physical construction work is performed on the Development Property; and shall be deemed to be substantially complete upon issuance of a certificate of occupancy by the City.

Section 4.5. 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, commencing on the date a certificate of occupancy is received from the City and 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 residential units of the Minimum Improvements (20 units) will be reserved for persons or families with incomes at or less than fifty percent (50%) of areawide median income, as adjusted for family size.

(b) On or before April 1 of each year for the duration of the TIF District, commencing after the date a certificate of occupancy is received from the City, the Developer shall submit evidence in substantially the form set forth in EXHIBIT D 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 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 an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the City, furnish 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 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 City shall be protected in accordance with a clause in form and content satisfactory to the City;

(ii) comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations, and contractual liability insurance) with limits against bodily injury and property damage of not less than $1,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used). 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 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 as an additional insured; 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 a certificate or certificates 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 and the City 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 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) Notwithstanding the foregoing or anything in this Agreement apparently to the contrary, 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 and the City agree that all of the insurance provisions set forth in this Article V shall terminate upon the Termination Date.

Section 5.2. <u>Subordination</u>. Notwithstanding anything to the contrary herein, the rights of 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.

(d) It will not apply for or obtain designation of the Development Property as low income rental property classified as "4d(1)" under Minnesota Statutes, Section 273.13, subdivision 25.

ARTICLE VII

MORTGAGE FINANCING

Section 7.1. Financing. Before commencement of construction of the Minimum Improvements, the Developer shall submit to the City 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'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 with copies of any notice of default received by the Developer from the holder of such Mortgage. Thereafter, the City 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 prior to issuance of the Certificate of Completion, the City 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 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 City, and in form recordable among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of 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 City) deprive 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 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 City would have had, had there been no such transfer or change. In the absence of specific written agreement by and the City to the contrary, no such transfer or approval 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 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 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 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 or the City 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 an Event of 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. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City or the 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 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 9.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 9.5. Attorney Fees. Whenever any Event of Default on the part of the Developer occurs and if the City 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, 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; City Representatives Not Individually Liable. The City and the Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of 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 City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by 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 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. 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 10.5. 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 3155 Pioneer Road SE, Alexandria, MN 56308, Attn: Samuel Herzog; and

(b) 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 10.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 10.7. 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 10.8. 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 10.9. Amendment. This Agreement may be amended only by written agreement approved by the City 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 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 10.10. 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 10.11. 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 10.12. Estoppel Certificates. The City agrees that it will, from time to time, upon request by Developer and at the Developer's 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 have been modifications, that the same are in full force and effect as so modified), (ii) that there are no defaults hereunder (or specifying any claimed 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.

Section 10.13. 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 10.14. Government Data. The Developer has been required to provide certain data to the City or its 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 its consultants is government data within the meaning of Minnesota Statutes, Chapter 13 (the "MGDPA"). The parties recognize that some of the data provided by the Developer to the City or its consultants may be nonpublic data as defined by the MGDPA. The parties acknowledge that the City is 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 and the Developer have caused this TIF 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 _________, 2026 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 _________, 2026 by Tom Pagel, the City Administrator of the City of Grand Rapids, Minnesota, on behalf of the City.

____
Notary Public

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

ELEVATION GRAND RAPIDS LLC

By ____

Its ____

STATE OF MINNESOTA)
) SS.
COUNTY OF _______)

The foregoing instrument was acknowledged before me this ____day of __________, 2026 by ______________________, the ________________________ of Elevation Grand Rapids LLC, 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:

[INSERT LEGAL DESCRIPTION]

EXHIBIT B

CERTIFICATE OF COMPLETION

The undersigned hereby certifies that Elevation Grand Rapids LLC (the "Developer") has fully complied with its obligations under Articles III and IV of the TIF Development Agreement (the "Agreement"), dated __________, 2026, between the City of Grand Rapids, Minnesota (the "City") and the Developer, with respect to construction of the Minimum 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 under Articles III and IV of the Agreement.

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 _________, 2026 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 _________, 2026 by Tom Pagel, the City Administrator of the City of Grand Rapids, Minnesota, on behalf of the City.

____
Notary Public

This document was drafted by:
Kutak Rock LLP
60 South Sixth Street, Suite 3400
Minneapolis, MN 55402

EXHIBIT C

PUBLIC DEVELOPMENT COSTS

EXHIBIT D

COMPLIANCE CERTIFICATE

The undersigned officer of Elevation Grand Rapids LLC (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 or families whose income is fifty percent (50%) or less of the area median gross income, as adjusted for family size. 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 4.5 of the TIF Development Agreement, dated __________, 2026, between the City of Grand Rapids, Minnesota and the Developer.

Dated this ____ day of _________________, 20___.

ELEVATION GRAND RAPIDS LLC

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 TIF Development Agreement between the City of Grand Rapids and Elevation Grand Rapids LLC dated as of ___________, 2026, at least 20 of the 99 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 Elevation Grand Rapids LLC

By ____ Date ______________________________

EXHIBIT E

AUTHORIZING RESOLUTION

CITY OF GRAND RAPIDS, MINNESOTA

RESOLUTION NO. ______

APPROVING A TIF DEVELOPMENT AGREEMENT, AND AWARDING THE SALE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS TAX INCREMENT REVENUE NOTE (ELEVATION APARTMENTS PROJECT) TO ELEVATION GRAND RAPIDS LLC

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. 1-18: Elevation Apartments Project, 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 and Elevation Grand Rapids LLC, a Minnesota limited liability company, or an affiliate thereof or party related thereto (the "Developer"), have negotiated a TIF Development Agreement (the "Agreement") which provides for the issuance by the City of its Tax Increment Revenue Note, Series 2026 (Elevation Apartments Project) (the "Note") to the Developer to acquire certain real property located in the City (the "Development Property") and to construct and equip an approximately 99-unit multifamily rental housing facility 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").

1.02. Approval of Agreement.

(a) The Council approves the Agreement in substantially the form presented, 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 $2,167,000 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 set forth in the Agreement 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 3.1 of the Agreement. The Note is secured by Available Tax Increment, as further described in the form of the Note set forth in SCHEDULE A 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 A 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 _______, 2026, by the City Council of the City of Grand Rapids, Minnesota.

____
Mayor

ATTEST:

____
City Clerk

SCHEDULE B

FORM OF TIF NOTE

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

No. R-1 $____________

TAX INCREMENT REVENUE NOTE
SERIES 2026
(ELEVATION APARTMENTS PROJECT)

Rate	Date of Original Issue
6.50%	________, 20__

The City of Grand Rapids, Minnesota (the "City") for value received, certifies that it is indebted and hereby promises to pay to Elevation Grand Rapids LLC, a Minnesota limited liability company, or its registered assigns (the "Owner"), the principal sum of $______ and to pay interest thereon at the rate of ____% per annum, solely from the sources and to the extent set forth herein. Capitalized terms shall have the meanings provided in the TIF Development Agreement, dated as of __________, 2026 (the "Agreement"), between the City and the Owner, unless the context requires otherwise.

1. Payments. Principal and interest (the "Payments") shall be paid on August 1, 2028 and each August 1 and February 1 thereafter (the "Payment Dates") to and including the earliest of (i) February 1, 2054, (ii) such date (if any) as the City 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 $2,167,000, 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 July 27, 2026, 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 3.2(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
____________________	Elevation Grand Rapids LLC Federal Tax I.D. No.: ____________________	____________________