

PRELIMINARY DEVELOPMENT AGREEMENT

THIS AGREEMENT, made and entered into this [] day of March, 2025, between the CITY OF GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic under the laws of the State of Minnesota (“Authority”), and the ITASCA COUNTY HOUSING AND REDEVELOPMENT AUTHORITY, a public body corporate and politic under the laws of the State of Minnesota (“HRA”):

RECITALS

WHEREAS, the Authority owns certain property within the City of Grand Rapids, Minnesota (the “City”), legally described in Exhibit A attached hereto (the “Property”); and

WHEREAS, the HRA has submitted a proposal to acquire the Property and develop eight owner-occupied, affordable single family homes (the “Development”); and

WHEREAS, the Authority intends to work to find funding for demolition of existing structures on the site and the construction of sanitary sewer and water extensions to the Property; and

WHEREAS, the Authority has determined that it is in its best interest that the HRA be designated sole developer of the Property during the term of this Agreement; and

WHEREAS, the Authority and the HRA are willing and desirous to undertake the Development if (i) satisfactory mortgage and equity financing, or adequate cash resources for the Development can be secured by the HRA; (ii) a satisfactory agreement can be reached regarding the Authority’s commitment for any public assistance that may be necessary for the Development; and (iii) satisfactory resolution of zoning, land use, site design, and engineering issues, and other necessary preconditions have been determined to the satisfaction of the parties; and

WHEREAS, the Authority is willing to evaluate the Development and work toward all necessary agreements with the HRA.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and obligations set forth herein, the parties agree as follows:

Section 1. Intention of Parties. It is the intention of the parties that this Agreement: (a) documents the present understanding and commitments of the parties; and (b) will lead to negotiation and execution of a mutually satisfactory Purchase and Development Agreement (together, the “Contract”) prior to the termination date of this Agreement. The Contract (together with any other agreements entered into between the parties hereto contemporaneously therewith) when executed, will supersede all obligations of the parties hereunder. If the following conditions can be fulfilled to the satisfaction of the Authority and the HRA, the parties will proceed to formulate a Contract:

- (a) a satisfactory agreement can be reached regarding the purchase price to be paid by the HRA for the Property;
- (b) funding for demolition of existing structures on the site and the construction of sanitary sewer and water extensions to the Property can be secured;
- (c) satisfactory financing for the Development can be secured;
- (d) the completion of all undertakings required by this Agreement in a satisfactory and timely manner;
- (e) the satisfaction of all zoning and use requirements of the City including replatting the Property; and
- (f) the satisfaction of such other conditions as are determined to be necessary by either party.

The Contract (together with any other agreements entered into between the parties hereto contemporaneously therewith) when executed will supersede all understandings and obligations of the parties hereunder.

Section 2. Preliminary Nature of Agreement. The Authority and HRA agree that this Agreement is intended to be preliminary in nature. Before the Authority and HRA can decide on whether to proceed with the Development, it will be necessary to assemble and consider information relative to the uses, design, economics and other aspects of the Development. The purpose of this Agreement is to allow the HRA and Authority an opportunity to assemble such necessary information, to refine the concept for the Development, and to negotiate the execution of the Contract which, if executed, will set forth the rights and responsibilities of the Authority and the HRA with respect to the Development.

Section 3. HRA's Obligations. During the term of this Agreement, the HRA shall:

- (a) Submit to the Authority a design proposal to be approved by the Authority showing the location, size, and nature of the proposed Development.
- (b) Submit a time schedule for all phases of the Development.
- (c) Submit zoning, land use, platting and subdivision applications for the Development, as appropriate.
- (d) Undertake and obtain such other preliminary economic feasibility studies, income and expense projections, and such other economic information as the HRA may desire to further confirm the economic feasibility and soundness of the Development.
- (e) Provide any other information that the Authority may request.

All of the information described above shall be prepared or collected at the sole expense of the HRA.

Section 4. Authority's Obligations. During the term of this Agreement, the Authority agrees to:

- (a) Use its best efforts to secure funding for demolition of existing structures on the site and the construction of sanitary sewer and water extensions to the Property.
- (b) Review zoning, planning and subdivision implications of the Development, as appropriate.
- (c) Determine the amount and type of public financial assistance, if any, needed and authorized under the laws of the State of Minnesota. If any such financial assistance is actually provided in connection with the Development, the amount, timing and terms of such assistance will be subject to approval in accordance with applicable law, including without limitation a public hearing as required by law and a final "but for" analysis, and will be set forth in the Contract. No commitment is being made in this Agreement at this time that any such assistance will be provided to the Development.

Section 5. Contingencies. It is expressly understood that execution and implementation of the Contract shall be subject to:

- (a) A determination by the HRA that the Development is feasible and in the best interests of the HRA.
- (b) A determination by the City Council of the City and the Board of Commissioners of the Authority that the Development is in the best interests of the City and the Authority.
- (c) A determination by the City and the Authority, in their sole discretion, that any public financial assistance for the Development is feasible based on the projected sources available, and that financial assistance is warranted. If the use of tax increment financing is considered, a determination by the City and the Authority, in their sole discretion, that the Development meets the requirements of Sections 469.174 through 469.1794, as amended (the "TIF Act").

Section 6. Reimbursement of Costs. Each party shall be solely responsible for all of its own costs including attorneys fees in connection with the negotiation and preparation of this Agreement.

Section 7. Designation As Sole Developer of Property. The Authority hereby agrees that for the term of this Agreement it will not negotiate or contract with any other party concerning the sale or development of the Property.

During such period the HRA shall have the exclusive right to work with the Authority in negotiating a definitive Contract for the Property. The HRA may not assign its rights or obligations under this Agreement to any person or entity without prior written approval by the Authority.

Section 8 **Term of Agreement.** This Agreement is effective for [one hundred and eighty (180)] days from the date hereof provided. After such date, neither party shall have any obligation hereunder except as expressly set forth to the contrary herein.

This Agreement may also be terminated upon ten (10) days written notice by the Authority to the HRA if:

- (a) an essential precondition to the execution of a Contract cannot be met; or
- (b) if, in the sole discretion of the Authority, an impasse has been reached in the negotiation or implementation of any material term or condition of this Agreement or the Contract.

Section 9. **Remedies.** In the event that the HRA, its heirs, successors or assigns, fail to comply with any of the provisions of this Agreement, the Authority may proceed to enforce this Agreement by appropriate legal or equitable proceedings, or other similar proceedings, and the HRA, its heirs, successors or assigns, agree to pay all costs of such enforcement, including reasonable attorneys' fees.

Section 10. **Severability.** If any portion of this Agreement is held invalid by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portion of the Agreement.

Section 11. **Amendment and Waiver.** In the event any covenant contained in this Agreement should be breached by one party and subsequently waived by another 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. This Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by all parties hereto.

Section 12. **Notice.** Notice or demand or other communication between or among the parties shall be sufficiently given if sent by mail, postage prepaid, return receipt requested or delivered personally:

- (a) As to the HRA: Itasca County Housing and Redevelopment Authority
1115 NW 4th Street
Grand Rapids, MN 55744
- (b) As to the Authority: Grand Rapids Economic Development Authority
420 N Pokegama Ave
Grand Rapids, MN 55744
Attn: Executive Director

Section 13. **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, all of which shall constitute one and the same instrument.

Section 14. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out

of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 15. Indemnification. The Developer hereby agrees to protect, defend and hold the City and its officers, elected and appointed officials, employees, administrators, commissioners, agents, and representatives harmless from and indemnified against any and all loss, cost, fines, charges, damage and expenses, including, without limitation, reasonable attorneys fees, consultant and expert witness fees, and travel associated therewith, due to claims or demands of any kind whatsoever arising by reason of the execution of this Agreement or the performance of this Agreement. The Developer, and the Developer's successors or assigns, agree to protect, defend and save the City, and its officers, agents, and employees, harmless from all such claims, demands, damages, and causes of action and the costs, disbursements, and expenses of defending the same, including but not limited to, attorneys fees, consulting engineering services, and other technical, administrative or professional assistance. This indemnity shall be continuing and shall survive the performance, termination or cancellation of this Agreement. Nothing in this Agreement shall be construed as a limitation of or waiver by the City of any immunities, defenses, or other limitations on liability to which the City is entitled by law, including but not limited to the maximum monetary limits on liability established by Minnesota Statutes, Chapter 466.

Section 16. Assignment. The HRA shall not assign or transfer its rights or obligations under this Agreement in full or in part, or enter into any subcontract to perform any of its obligations hereunder, without the prior written consent of the Authority.

Section 17. Effect of Approvals. No approval given by the Authority hereunder or in connection herewith shall be deemed to constitute an approval of the Development for any purpose other than as stated herein and the process outlined in this Agreement shall not be deemed to supersede any concept review, conditional use permit, vacation, subdivision, or other zoning or planning approval process of the Authority or the City relative to the development of real estate.

Section 18. Nonbinding. The HRA acknowledges that, except for Section 7 and the indemnification provisions of Section 15 above which shall all be binding upon the HRA, this Agreement shall not be deemed conclusive or legally binding upon either the HRA or the Authority, and neither the HRA nor the Authority shall have any obligations regarding the Property, the Development or any public assistance described herein, unless and until a Contract is approved by the Board and executed by both the HRA and the Authority.

Section 19. Data Practices. This Agreement is subject to the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13.

IN WITNESS WHEREOF, the Authority has caused this Agreement to be duly executed in its name and behalf and its seal to be duly affixed hereto, and the HRA has caused this Agreement to be duly executed as of the day and year first above written.

ITASCA COUNTY HOUSING AND
REDEVELOPMENT AUTHORITY

By _____
Its: _____

CITY OF GRAND RAPIDS ECONOMIC
DEVELOPMENT AUTHORITY

By _____
Its President

By _____
Its Executive Director

EXHIBIT A

Description of Property

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

Block 29 of Kearney's 1st Addition to Grand Rapids, less the South 140 feet, County of Itasca, State of Minnesota.

Parcel Number: 91-585-2910