

CONTRACT FOR PRIVATE DEVELOPMENT
BETWEEN
HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MARSHALL, MINNESOTA
AND
BLOCK 11 MARSHALL, LLC

Dated: _____, 2022

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CONTRACT FOR PRIVATE DEVELOPMENT

THIS CONTRACT FOR PRIVATE DEVELOPMENT, made as of the ____ day of _____, 2022, by and between the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota (the “HRA” or “Authority”), a public body corporate and politic under the laws of the State of Minnesota, and Block 11 Marshall, LLC, a Minnesota limited liability company (the “Developer”).

WITNESSETH:

WHEREAS, the HRA was created pursuant to Minnesota Statutes Sections 469.001 to 469.0047 (the “HRA Act”) and was authorized to transact business and exercise its powers by a resolution of the City Council of the City of Marshall, Minnesota (the “City”); and

WHEREAS, pursuant to the HRA Act, the HRA has undertaken a program to promote the development and redevelopment of land which is underutilized and characterized by blight within the City, and in this connection created Redevelopment Project No. 1 (the “Project Area”) and adopted a Redevelopment Plan therefor (the “Redevelopment Plan”); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended, (the “TIF Act”), the City has created Tax Increment Financing (Redevelopment) District No. 1-15, a redevelopment district within the Project Area (the “TIF District”), the legal description of which is attached hereto as **Exhibit A**, and has adopted a tax increment financing plan therefor approved by the City Council of the City on April 12, 2022 (the “TIF Plan”) which provides for the use of tax increment financing in connection with certain development within the Project Area and TIF District; and

WHEREAS, the Developer proposes to acquire certain property from the HRA (the “Development Property”) within the Project Area and TIF District and to construct thereon a mixed-use project, in three (3) phases, including approximately 83 residential rental apartment units, comprised of 69 1-bedroom units and 14 two-bedroom units, and 8,840 square feet of commercial space, to be completed, owned and operated by the Developer (the “Project”); and

WHEREAS, the Developer has requested that the HRA use tax increment financing to assist the Developer with certain costs thereof in order for the Project to be economically feasible;

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 Expenses has the meaning set forth in Section 3.4;

Affiliate means a corporation, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or a state thereof which is directly controlled by or under common control with a Developer or any other Affiliate. For purposes of this definition, control means the power to direct management and policies through the ownership of at least a majority of its voting securities, or the right to designate or elect at least a majority of the members of its governing body by contract or otherwise;

Agreement means this Contract for Private Development, as the same may be from time to time modified, amended or supplemented;

Available Tax Increments means the Tax Increments received by the HRA less the amount of Tax Increments, if any, which the HRA must pay to the school district, the City, the County and the State pursuant to the TIF Act including, without limitation, Minnesota Statutes, Sections 469.177, Subds. 9 and 11; 469.176, Subd. 4h; and 469.175, Subd. 1a, as the same may be amended from time to time;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the HRA are authorized by law or executive order to close;

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

Certificate of Completion means a Certificate of Completion with respect to each Phase of the Project executed by the HRA pursuant to Section 3.8;

Certificate of Release means the certificate in substantially the form attached to the Deed attached hereto as **Exhibit F** signed by the City certifying the construction of the applicable Phase on the applicable portion of the Development Property has commenced beyond the point of site clearance and grading;

City means the City of Marshall, Minnesota;

Construction Costs means the capital costs of the construction of the Project, including the costs of labor and materials; construction management and supervision expenses; insurance and payment or performance bond premiums; architectural and engineering fees and expenses; property taxes; usual and customary fees or costs payable to the HRA, the City, or any other public body with regulatory authority over construction of the Project (e.g. building permits and

inspection fees); the developer fee; and all other costs chargeable to the capital account of the Project under generally accepted accounting principles;

Construction Documents shall mean the following documents, for any Phase, all of which shall be in form and substance acceptable to the HRA: Evidence satisfactory to the HRA showing that the Phase conforms to applicable zoning, subdivision and building code laws and ordinances, including a copy of the building permit for such Phase;

Construction Lender means a commercial lender or other financial institution who makes a Construction Loan to a Developer;

Construction Loan means any loan or loans to be made to provide financing for the construction of the applicable Phase of the Project;

Construction Plans means the plans, specifications, drawings and related documents for the construction of any Phase of the Project which shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the building inspector of the City;

County means Lyon County, Minnesota;

Deed means the warranty deed in substantially the form attached hereto as **Exhibit F** from the HRA to the Developer relating to the conveyance of the Development Property;

Design Drawings means the floor plans, renderings, elevations and material specifications for any Phase of the Project;

Developer means Block 11 Marshall, LLC, a Minnesota limited liability company;

Development Property means the real property legally described in **Exhibit B** attached to this Agreement;

Event of Default means any of the events described in Section 5.1 hereof;

Final Payment Date means, with respect to each TIF Note, the earlier of (i) the date on which the entire principal and accrued interest, if any, on all of such TIF Note have been paid in full; or (ii) February 1, 2051; or (iii) or any earlier date this Agreement or such TIF Note is cancelled in accordance with the terms hereof or deemed paid in full; or (iv) the February 1 following the date the TIF District is terminated in accordance with the TIF Act;

HRA means the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota;

Interfund Loan means the interfund loan described in Section 3.14;

Mortgage means any mortgage loan that is secured, in whole or in part, by any portion of the Development Property, and which is an approved encumbrance under this Agreement.

Parcel means each or any of the Phase I Property, the Phase II Property, and the Phase III Property;

Payment Date means each February 1 and August 1, commencing, with respect to each TIF Note, with the February 1 or August 1 immediately following the issuance of such TIF Note pursuant to Section 3.2 hereof, to and including the Final Payment Date; provided, that if any such Payment Date should not be a Business Day, the Payment Date shall be the next succeeding Business Day;

Phase means each or any of the Phase I Residential, the Phase II Residential/Commercial, and the Phase III Residential/Commercial;

Phase I Completion Date means the date on which the Certificate of Completion with respect to the Phase I Residential is executed by the HRA pursuant to Section 3.8;

Phase I Pledged Tax Increments means the Pledged Tax Increments multiplied by the ratio of (i) the outstanding principal amount of the Phase I TIF Note to (ii) the outstanding principal amount of all of the TIF Notes, as determined in the sole discretion of the HRA;

Phase I Property means the real property legally described under the heading Phase I Property in **Exhibit B** attached to this Agreement;

Phase I Reimbursement Amount means the lesser of (i) \$434,048 or (ii) the Public Development Costs relating to the Phase I Residential and the Phase I Property actually incurred and paid by the Developer;

Phase I Residential means the acquisition, construction and equipping of a residential development, comprised of approximately 39 rental apartment units, including 33 one-bedroom units and 6 two-bedroom units, and all related amenities and improvements, to be completed, owned and operated by the Developer on the Phase I Property;

Phase I TIF Note means the Taxable Tax Increment Revenue Note (Phase I) to be executed by the HRA and delivered to the Developer pursuant to Article III hereof in connection with the Phase I Residential, a form of which is attached hereto as **Exhibit D**;

Phase II Completion Date means the date on which the Certificate of Completion with respect to the Phase II is executed by the HRA pursuant to Section 3.8;

Phase II Pledged Tax Increments means the Pledged Tax Increments multiplied by the ratio of (i) the outstanding principal amount of the Phase II TIF Note to (ii) the outstanding principal amount of all of the TIF Notes, as determined in the sole discretion of the HRA.

Phase II Property means the real property legally described under the heading Phase II Property in **Exhibit B** attached to this Agreement;

Phase II Reimbursement Amount means the lesser of (i) \$434,048 or (ii) the Public Development Costs relating to the Phase II Residential/Commercial and the Phase II Property actually incurred and paid by the Developer;

Phase II Residential/Commercial means the acquisition, construction and equipping of a mixed-use commercial/residential development, comprised of approximately 22 rental apartment units, including 18 one-bedroom units and 4 two-bedroom units, and approximately 4,420 square feet of commercial space, and all related amenities and improvements, to be completed, owned and operated by the Developer on the Phase II Property;

Phase II TIF Note means the Taxable Tax Increment Revenue Note (Phase II) to be executed by the HRA and delivered to the Developer pursuant to Article III hereof in connection with the Phase II Residential/Commercial, a form of which is attached hereto as **Exhibit D**;

Phase III Completion Date means the date on which the Certificate of Completion with respect to the Phase III Residential/Commercial is executed by the HRA pursuant to Section 3.8;

Phase III Pledged Tax Increments means the Pledged Tax Increments multiplied by the ratio of (i) the outstanding principal amount of the Phase III TIF Note to (ii) the outstanding principal amount of all of the TIF Notes, as determined in the sole discretion of the HRA.

Phase III Property means the real property legally described under the heading Phase III Property in **Exhibit B** attached to this Agreement;

Phase III Reimbursement Amount means the lesser of (i) \$434,048 or (ii) the Public Development Costs relating to the Phase III Residential/Commercial and the Phase III Residential/Commercial actually incurred and paid by the Developer;

Phase III Residential/Commercial means the acquisition, construction and equipping of a mixed-use commercial/residential development, comprised of approximately 22 rental apartment units, including 18 one-bedroom units and 4 two-bedroom units, and approximately 4,420 square feet of commercial space, and all related amenities and improvements, to be completed, owned and operated by the Developer on the Phase III Property;

Phase III TIF Note means the Taxable Tax Increment Revenue Note (Phase III) to be executed by the HRA and delivered to the Phase III Residential/Commercial Developer pursuant to Article III hereof in connection with the Phase III Residential/Commercial, a form of which is attached hereto as **Exhibit D**;

Pledged Tax Increments means for any six month period, 50% of the Available Tax Increments received by the HRA since the last Payment Date;

Project means, collectively, the Phase I Residential, the Phase II Residential/Commercial, and the Phase III Residential/Commercial, to be completed, owned and operated by the Developer on the Development Property;

Project Area means Redevelopment Project No. 1 within the City;

Public Development Costs means the Public Development Costs of the Project identified on **Exhibit C** attached hereto and any other cost incurred by the Developer, or its assigns, that the HRA determines is eligible for reimbursement with Pledged Tax Increments;

Site Plan means the site plan or plans prepared for each Phase of the Project to be developed on the Development Property approved by the City;

State means the State of Minnesota;

Tax Increments means the tax increments derived from the TIF District and the improvements thereon which have been received and are permitted to be retained by the HRA in accordance with the TIF Act including, without limitation, Minnesota Statutes, Section 469.177, as amended;

Termination Date means the earlier of (i) the date on which the TIF District is required to be decertified in accordance with the TIF Act or (ii) the date on which the principal of and accrued interest, if any, on all TIF Notes and the Interfund Loan have been fully paid;

TIF Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

TIF District means the Tax Increment Financing (Redevelopment) District No. 1-15 consisting of the property legally described in **Exhibit A** attached hereto, which was established as a redevelopment district under the TIF Act;

TIF Notes means, collectively, the Phase I TIF Note, Phase II TIF Note, and the Phase III TIF Note;

TIF Plan means the tax increment financing plan approved for the TIF District;

Unavoidable Delays means delays, outside the control of the party claiming their occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, acts of war or terrorism, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City or the HRA) which directly result in delays, acts of the public enemy or acts of terrorism and discovery of unknown hazardous materials or other concealed site conditions or delays of contractors due to such discovery; and

Unpledged Tax Increments means for any six month period, 50% of the Available Tax Increments received by the HRA.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

(1) The HRA is a public body, corporate and politic organized and existing under the Constitution and laws of the State of Minnesota and has the power to enter into this Agreement and carry out its obligations hereunder.

(2) The HRA has taken the actions necessary to establish the TIF District as a “redevelopment district” within the meaning of Minnesota Statutes, Section 469.174, Subdivision 10.

(3) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Redevelopment Plan and the TIF Plan.

(4) The HRA makes no representation or warranty, either express or implied, as to the Development Property or its condition, or that the Development Property will be suitable for the Developer’s purposes or needs.

(5) No member of the Board of Commissioners, or officer of the HRA, has either a direct or indirect financial interest in this Agreement, nor will any member of the Board of Commissioners, or officer of the HRA, benefit financially from this Agreement within the meaning of Minnesota Statutes, Sections 412.311 and 471.87.

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

(1) 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 power and authority to enter into this Agreement and to perform its obligations hereunder and is not in violation of any provision of the laws of the State.

(2) The construction of the Project 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.

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

(4) The Developer understands that the HRA or the City may subsidize or encourage the development of other developments in the City, including properties that compete with the Development Property and the Project, and that such subsidies may be more favorable than the terms of this Agreement, and that neither the HRA nor the City has informed the Developer that development of the Development Property will not be favored over the development of other properties.

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ARTICLE III

UNDERTAKINGS BY DEVELOPER AND HRA

Section 3.1. Project Costs and Public Development Costs.

(1) The Developer's estimate of the Total Development Costs of the Project and sources of revenue to pay such costs are set forth on **Exhibit H** attached hereto.

(2) Based on the Developer's representation that the Total Development Costs are approximately \$12,374,000, that the funding sources available to pay such costs, excluding the tax increment assistance contemplated herein, is \$11,071,854, and that the Developer is unable to obtain additional private financing or other public funding for the estimated Total Development Costs, the City has agreed to provide tax increment financing subject to the terms and conditions as hereinafter set forth.

(3) The parties agree that the Public Development Costs to be incurred by the Developer are essential to the successful completion of the Project. The Developer anticipates that the Public Development Costs for the Project which are identified on **Exhibit C** attached hereto will be at least \$1,302,146.

(4) As of January 2, 2026, the estimated market value of the Development Property, as improved, is expected to be at least \$4,646,000.

(5) The Developer will acquire fee title to the Property from the HRA pursuant to a purchase agreement, dated March [], 2022 (the "Purchase Agreement").

(6) The Developer will cause each Phase of the Project to be constructed in accordance with the terms of this Agreement, the Redevelopment Plan, and all local, state and federal laws and regulations including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations.

(7) 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 local, state, and federal laws and regulations which must be obtained or met for the construction and operation of each Phase of the Project.

(8) The costs of the Project shall be paid by the Developer, and the HRA shall reimburse the Developer for certain Public Development Costs in the Phase I Reimbursement Amount, the Phase II Reimbursement Amount, and the Phase III Reimbursement Amount solely through the issuance of the Phase I TIF Note, the Phase II TIF Note, and the Phase III TIF Note, respectively, as provided herein.

Section 3.2. TIF Notes.

(1) *Phase I TIF Note.* The Phase I TIF Note will be originally issued to the Developer, as provided in Section 3.2(1)(a), in a principal amount equal to the Phase I

Reimbursement Amount and shall be dated as of its date of issuance. The principal of the Phase I TIF Note and interest thereon, if any, shall be payable on a pay-as-you-go basis solely from the Phase I Pledged Tax Increments as provided below.

(a) The Phase I TIF Note shall be issued, in substantially the form attached hereto as Exhibit D, only when: (A) the Developer shall have submitted written proof and other documentation as may be reasonably satisfactory to the HRA of the exact nature and amount of the Public Development Costs incurred by the Developer related to the Phase I Residential and the Phase I Property, together with such other information or documentation as may be reasonably necessary and satisfactory to the HRA to enable the HRA to substantiate the Developer's tax increment eligible expenditures and/or to comply with its tax increment reporting obligations to the Commissioner of Revenue, the Office of the State Auditor or other applicable official; (B) the Developer shall have obtained a Certificate of Completion from the HRA and certificate of occupancy for all housing units in the Phase I Residential from the City; (C) the Developer shall have paid all of the HRA's Administrative Costs required to have been paid as of such date in accordance with Section 3.4 hereof; and (D) the Developer is in material compliance with each term or provision of this Agreement required to have been satisfied as of such date. The documentation required to comply with Section 3.2(1)(a)(A) shall include specific invoices for the particular work from the contractor or other provider relating to the Phase I Residential and the Phase I Property and shall include paid invoices, copies of remittances and/or other suitable documentary proofs of the Developer's payment thereof.

(b) No interest will accrue on the Phase I TIF Note. Principal on the Phase I TIF Note will be payable on each Payment Date from the date of issuance; however, the sole source of funds required to be used for payment of the HRA's obligations under this 3.2(1) and correspondingly under the Phase I TIF Note shall be the Phase I Pledged Tax Increments received in the 6-month period preceding each Payment Date. On each Payment Date the Phase I Pledged Tax Increments shall be applied to reduce the principal. To the extent that the Phase I Pledged Tax Increments are insufficient through the Final Payment Date, to pay all amounts otherwise due on the Phase I TIF Note, said unpaid amounts shall then cease to be any debt or obligation of the HRA whatsoever.

(c) The HRA's obligation to make payments on the Phase I TIF Note on any Payment Date shall be conditioned upon the requirement that (A) there shall not at that time be an Event of Default related to such Phase that has occurred and is continuing under this Agreement that has not been cured during the applicable cure period, and (B) this Agreement shall not have been terminated pursuant to Section 5.2, and (C) all conditions set forth in Section 3.2(1)(a) have been satisfied as of such date.

(2) *Phase II TIF Note.* The Phase II TIF Note will be originally issued to the Developer, as provided in Section 3.2(2)(a), in a principal amount equal to the Phase II Reimbursement Amount and shall be dated as of its date of issuance. The principal of the Phase II TIF Note and interest thereon, if any, shall be payable on a pay-as-you-go basis solely from the Phase II Pledged Tax Increments as provided below.

(a) The Phase II TIF Note shall be issued, in substantially the form attached hereto as Exhibit D, only when: (A) the Developer shall have submitted written proof and other documentation as may be reasonably satisfactory to the HRA of the exact nature and amount of the Public Development Costs incurred by the Developer related to the Phase II Residential/Commercial and the Phase II Property, together with such other information or documentation as may be reasonably necessary and satisfactory to the HRA to enable the HRA to substantiate the Developer's tax increment eligible expenditures and/or to comply with its tax increment reporting obligations to the Commissioner of Revenue, the Office of the State Auditor or other applicable official; (B) the Developer shall have obtained a Certificate of Completion from the HRA and certificate of occupancy for all housing units in the Phase II Residential/Commercial from the City; (C) the Developer shall have paid all of the HRA's Administrative Costs required to have been paid as of such date in accordance with Section 3.4 hereof; and (D) the Developer is in material compliance with each term or provision of this Agreement required to have been satisfied as of such date. The documentation required to comply with Section 3.2(2)(a)(A) shall include specific invoices for the particular work from the contractor or other provider relating to the Phase II Residential/Commercial and the Phase II Property and shall include paid invoices, copies of remittances and/or other suitable documentary proofs of the Developer's payment thereof.

(b) No interest will accrue on the Phase II TIF Note. Principal on the Phase II TIF Note will be payable on each Payment Date from the date of issuance; however, the sole source of funds required to be used for payment of the HRA's obligations under this 3.2(2) and correspondingly under the Phase II TIF Note shall be the Phase II Pledged Tax Increments received in the 6-month period preceding each Payment Date. On each Payment Date the Phase II Pledged Tax Increments shall be applied to reduce the principal. To the extent that the Phase II Pledged Tax Increments are insufficient through the Final Payment Date, to pay all amounts otherwise due on the Phase II TIF Note, said unpaid amounts shall then cease to be any debt or obligation of the HRA whatsoever.

(c) The HRA's obligation to make payments on the Phase II TIF Note on any Payment Date shall be conditioned upon the requirement that (A) there shall not at that time be an Event of Default related to such Phase that has occurred and is continuing under this Agreement that has not been cured during the applicable cure period, and (B) this Agreement shall not have been terminated pursuant to Section 5.2, and (C) all conditions set forth in Section 3.2(2)(a) have been satisfied as of such date.

(3) *Phase III TIF Note.* The Phase III TIF Note will be originally issued to the Phase III Residential/Commercial Developer, as provided in Section 3.2(3)(a), in a principal amount equal to the Phase III Reimbursement Amount and shall be dated as of its date of issuance. The principal of the Phase III TIF Note and interest thereon, if any, shall be payable on a pay-as-you-go basis solely from the Phase III Pledged Tax Increments as provided below.

(a) The Phase III TIF Note shall be issued, in substantially the form attached hereto as Exhibit D, only when: (A) the Developer shall have submitted written proof and other documentation as may be reasonably satisfactory to the HRA of the exact nature and amount of the Public Development Costs incurred by the Developer related to the

Phase III Residential/Commercial and the Phase III Property, together with such other information or documentation as may be reasonably necessary and satisfactory to the HRA to enable the HRA to substantiate the Developer's tax increment eligible expenditures and/or to comply with its tax increment reporting obligations to the Commissioner of Revenue, the Office of the State Auditor or other applicable official; (B) the Developer shall have obtained a Certificate of Completion from the HRA and certificate of occupancy for all housing units in the Phase III Residential/Commercial from the City; (C) the Developer shall have paid all of the HRA's Administrative Costs required to have been paid as of such date in accordance with Section 3.4 hereof; and (D) the Developer is in material compliance with each term or provision of this Agreement required to have been satisfied as of such date. The documentation required to comply with Section 3.2(3)(a)(A) shall include specific invoices for the particular work from the contractor or other provider relating to the Phase III Residential/Commercial and the Phase III Property and shall include paid invoices, copies of remittances and/or other suitable documentary proofs of the Developer's payment thereof.

(b) No interest will accrue on the Phase III TIF Note. Principal on the Phase III TIF Note will be payable on each Payment Date from the date of issuance; however, the sole source of funds required to be used for payment of the HRA's obligations under this 3.2(3) and correspondingly under the Phase III TIF Note shall be the Phase III Pledged Tax Increments received in the 6-month period preceding each Payment Date. On each Payment Date the Phase III Pledged Tax Increments shall be applied to reduce the principal. To the extent that the Phase III Pledged Tax Increments are insufficient through the Final Payment Date, to pay all amounts otherwise due on the Phase III TIF Note, said unpaid amounts shall then cease to be any debt or obligation of the HRA whatsoever.

(c) The HRA's obligation to make payments on the Phase III TIF Note on any Payment Date shall be conditioned upon the requirement that (A) there shall not at that time be an Event of Default related to such Phase that has occurred and is continuing under this Agreement that has not been cured during the applicable cure period, and (B) this Agreement shall not have been terminated pursuant to Section 5.2, and (C) all conditions set forth in Section 3.2(3)(a) have been satisfied as of such date.

(4) All Tax Increments in excess of Pledged Tax Increments necessary to pay the principal and accrued interest, if any, on the TIF Notes are not subject to this Agreement, and the HRA retains full discretion as to any authorized application thereof.

(5) Any interest accruing on Pledged Tax Increments held by the HRA pending payment to the Developer on any of the TIF Notes shall accrue to the account of the TIF District.

(6) The TIF Notes shall be special and limited obligations of the HRA and not a general obligation of the City or the HRA, and only Pledged Tax Increments shall be used to pay the principal of the TIF Notes.

(7) Each TIF Note shall be governed by and payable pursuant to the additional terms thereof, as actually executed, in substantially the form set forth in **Exhibit D**. In the event of any

conflict between the terms of any of the TIF Notes and the terms of this Section 3.2, the terms of the applicable TIF Note shall govern. The issuance of the TIF Notes is pursuant to and subject to the terms of this Agreement.

(8) In accordance with Section 469.1763, Subdivision 3 of the TIF Act, conditions for delivery of the TIF Notes must be met within five (5) years after the date of certification of the TIF District by the County. If the conditions are not satisfied by such date, the HRA has no further obligations under this Section 3.2.

Section 3.2A. TIF Lookback.

(1) *Generally.* The financial assistance to the Developer under this Agreement is based on certain assumptions regarding likely costs and expenses associated with constructing the Project. The Authority and the Developer agree that those assumptions will be reviewed at the times described in this Section, and that the amount of Tax Increment assistance provided under Section 3.2 hereof will be adjusted accordingly.

(a) Upon an initial sale of any Phase of the Project in an arms' length transaction on or before the 2nd anniversary date of the issuance of the Certificate of Completion issued for the respective Phase of the Project (a "Trigger Sale"), the TIF Note associated with such Phase will be reduced as set forth in this Section 5.3(6) based on a calculation of the Net Sale Proceeds (as hereinafter defined) arising out of the Trigger Sale and the Developer shall deliver the existing TIF Note to be exchanged for a replacement TIF Note in the revised amount. The then-outstanding principal amount of such TIF Note shall be reduced by an amount equal to the lesser of (i) the outstanding principal balance of the TIF Note on the date of the Trigger Sale; or (ii) 50% of the Net Sale Proceeds. If 50% of the Net Sale Proceeds is greater than the then-outstanding principal balance of such TIF Note, the TIF Note shall be deemed paid in full.

(b) For purposes of this Agreement, "Net Sale Proceeds" means an amount equal to the gross sale price for the Phase or Phases of the Project paid at the Trigger Sale, less (i) customary and ordinary costs of sales and marketing (including without limitation, real estate commissions, cost of marketing, costs of brochures, advertising and the salaries and commissions of third parties employed by the Developer to market and sell, abstracting fees, state deed taxes, recording costs, legal fees, closing costs and all other costs and expenses associated with a Trigger Sale) as evidenced by a settlement statement, (ii) the payment in full of any loan(s) for the purposes described in Section 3.10 for the Project as evidenced by a settlement statement, and (iii) the initial equity of the Developer (in an amount equal to the lesser of the amount set forth on the Loan Closing Statement or \$1,000,000).

Section 3.3. Agreement to Pay Tax Increment Shortfall. In order to assist with the costs of site acquisition, subject to the satisfaction of all conditions set forth in the Purchase Agreement and satisfaction of all other conditions required by law to implement the terms of this Agreement, the HRA agrees to convey the Development Property to the Developer in accordance with the terms of the Purchase Agreement and to reimburse the Developer for a portion of the

Purchase Price from proceeds of the Interfund Loan in an amount equal to \$399,999 as further set forth in this Agreement.

Commencing August 1, 2025, and on each February 1 and August 1 thereafter to and including [February 1, 2051], or, if the first day of either February 1 or August 1 should not be a Business Day, the next succeeding Business Day (the “Interfund Payment Dates”) the HRA will credit against the principal amount of the Interfund Loan, an amount equal to Available Tax Increments received by the HRA in the 6-month period preceding such Interfund Payment Date. If, on any Interfund Payment Date, the Available Tax Increments received by the HRA in the 6-month period preceding such Interfund Payment Date are less than the amount shown in the schedule below, the Developer shall pay, by check or draft mailed to the HRA, an amount equal to the deficiency. The Developer’s obligation to make such payments is evidenced by the Purchase Price Note delivered in accordance with the Purchase Agreement and Section 5.1 hereof.

Date	Amount	Date	Amount	Date	Amount	Date	Amount
8/1/25	\$2,399	8/1/32	\$11,391	8/1/39	\$13,212	8/1/46	\$15,304
2/1/26	\$2,399	2/1/33	\$11,391	2/1/40	\$13,212	2/1/47	\$15,304
8/1/26	\$6,239	8/1/33	\$11,636	8/1/40	\$13,493	8/1/47	\$15,627
2/1/27	\$6,239	2/1/34	\$11,636	2/1/41	\$13,493	2/1/48	\$15,627
8/1/27	\$10,237	8/1/34	\$11,886	8/1/41	\$13,780	8/1/48	\$15,956
2/1/28	\$10,237	2/1/35	\$11,886	2/1/42	\$13,780	2/1/49	\$15,956
8/1/28	\$10,459	8/1/35	\$12,141	8/1/42	\$14,073	8/1/49	\$16,293
2/1/29	\$10,459	2/1/36	\$12,141	2/1/43	\$14,073	2/1/50	\$16,293
8/1/29	\$10,685	8/1/36	\$14,401	8/1/43	\$14,372	8/1/50	\$16,635
2/1/30	\$10,685	2/1/37	\$12,401	2/1/44	\$14,372	2/1/51	\$16,635
8/1/30	\$10,916	8/1/37	\$12,666	8/1/44	\$14,676		
2/1/31	\$10,916	2/1/38	\$12,666	2/1/45	\$14,676		
8/1/31	\$11,151	8/1/38	\$12,936	8/1/45	\$14,987		
2/1/32	\$11,151	2/1/39	\$12,936	2/1/46	\$14,987		

If, as of the termination date of the TIF District, the HRA has received Available Tax Increments in excess of an amount sufficient to repay the principal amount of \$399,999, with interest thereon at the rate of 3.00% per annum, the HRA will, on or before December 31, 2050, apply such excess to reimburse the Developer for any amounts paid to the HRA pursuant to this Section 3.2 or the Purchase Price Note in an amount equal to such excess.

If, as of the termination date of the TIF District, the HRA has received Available Tax Increments in an amount less than \$399,999, with interest thereon at the rate of 3.00% per annum, the HRA will, if the Available Tax Increments have been received by the HRA in an amount at least equal to the amounts set forth above or the Developer has paid all deficiency amounts in accordance with this Section 3.2 and the Purchase Price Note, forgive the remaining principal amount of the Purchase Price Note.

Section 3.4. Developer to Pay HRA's Fees and Expenses. The Developer has deposited with the Authority \$0 to pay Administrative Costs (the "Deposit"). The Authority will use such deposit to pay "Administrative Costs," which term means out-of-pocket costs incurred by the Authority, together with legal counsel, staff and consultant costs of the Authority, all attributable to or incurred in connection with the negotiation and preparation of this Agreement, the TIF Plan, and other documents and agreements in connection with the establishment of the TIF District and development of the Development Property, and not previously paid by Developer. At Developer's request, but no more often than monthly, the Authority will provide Developer with a written report including invoices, time sheets or other comparable evidence of expenditures for Administrative Costs and the outstanding balance of funds deposited.

If at any time the Authority determines that the Deposit is insufficient to pay all Administrative Costs, the Developer is obligated to pay such shortfall within 15 days after receipt of a written notice from the Authority containing evidence of the unpaid costs. If Administrative Costs incurred, and reasonably anticipated to be incurred are less than the Deposit paid by the Developer, the Authority shall return to the Developer any amounts remaining after payment of all Administrative Costs within fifteen (15) days of the certification of the TIF District.

This Section 3.4 shall survive termination of this Agreement and shall be binding on the Developer regardless of the enforceability of any other provision of this Agreement.

Section 3.5. Compliance with Environmental Requirements.

(1) The Developer shall comply with all applicable local, state, and federal environmental laws and regulations, and will obtain, and maintain compliance under, any and all necessary environmental permits, licenses, approvals or reviews.

(2) Neither the City nor the HRA makes any warranties or representations regarding, nor does either of them indemnify the Developer with respect to, the existence or nonexistence on or in the vicinity of the Development Property or anywhere within the TIF District of any toxic or hazardous substances or wastes, pollutants or contaminants (including, without limitation, asbestos, urea formaldehyde, the group of organic compounds known as polychlorinated biphenyls, petroleum products including gasoline, fuel oil, crude oil and various constituents of such products, or any hazardous substance as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. §§ 961-9657, as amended) (collectively, the "Hazardous Substances").

(3) The Developer agrees to take all necessary action to remove or remediate any Hazardous Substances located on the Development Property to the extent required by and in accordance with all applicable local, state and federal environmental laws and regulations.

Section 3.6. Construction Plans. Nothing in this Agreement shall be construed to relieve the Developer of its obligations to receive any required approval of the Construction Plans from any City department or State agency. In addition to the Developer's obligations to obtain and comply with any applicable permits and other requirements of City code, ordinances, regulations, requirements and procedures, the Developer shall comply with the review,

construction and inspection requirements set forth in Sections 3.6 through 3.8 hereof. At the option of the City or the HRA, the HRA's actions and approvals as set forth in Sections 3.6 through 3.8 hereof may be undertaken by the City's building official on behalf of the HRA.

(1) Prior to the commencement of construction of each Phase of the Project, the Developer will deliver to the HRA the applicable Construction Plans and Construction Documents for such Phase all in form and substance reasonably acceptable to the HRA. The Construction Plans for each Phase of the Project shall be consistent with the Redevelopment Plan, this Agreement, and all applicable State and local laws and regulations and the Site Plan and Design Drawings, as approved by the City and the HRA. The HRA shall promptly review any Construction Plans upon submission and deliver to the Developer a written statement approving the Construction Plans or a written statement rejecting the Construction Plans and specifying the deficiencies in the Construction Plans. The HRA shall approve the Construction Plans if: (i) the Construction Plans substantially conform to the terms and conditions of this Agreement; (ii) the Construction Plans are consistent with the goals and objectives of the Redevelopment Plan and the TIF Plan; (iii) the Construction Plans comply with the Site Plan and Design Drawings for such Phase; and (iv) the Construction Plans do not violate any applicable federal, State or local laws, ordinances, rules or regulations. If the Construction Plans are not approved by the HRA, then the Developer shall make such changes as the HRA may reasonably require and resubmit the Construction Plans to the HRA for approval, which will not be unreasonably withheld, unreasonably conditioned or unreasonably delayed. If the HRA has not rejected the Construction Plans for a Phase in writing within 20 calendar days of submission, such Construction Plans shall automatically be deemed approved by the HRA.

(2) No changes shall be made to the Construction Plans for any Phase which materially alter (a) the Phase's Site Plan, (b) exterior appearance, (c) construction quality, or (d) exterior materials included in the Design Drawings and Construction Plans without the HRA's prior written consent. The approval of the HRA will not be unreasonably withheld, conditioned or delayed. If the HRA has not rejected such change in the Construction Plans for a Phase in writing within 20 calendar days of submission, such Construction Plans shall automatically be deemed approved by the HRA.

(3) Prior to completion, upon the request of the HRA, and subject to applicable safety rules, the Developer will provide the HRA reasonable access to the Development Property. "Reasonable access" means at least one site inspection per week during regular business hours. During construction, marketing and rentals of each Phase of the Project, the Developer will deliver progress reports to the HRA from time to time as reasonably requested by the HRA.

(4) The approval of the Construction Plans, or any proposed amendment to the Construction Plans, by the HRA does not constitute a representation or warranty by the HRA or the City that the Construction Plans or the Project comply with any applicable building code, health or safety regulation, zoning regulation, environmental law or other law or regulation, or that the Project will meet the qualifications for issuance of a certificate of occupancy, or that the Project will meet the requirements of the Developer or any other users of the Project. Approval of the Construction Plans, or any proposed amendment to the Construction Plans, by the HRA will not constitute a waiver of an Event of Default.

Section 3.7. Commencement and Completion of Construction.

(1) Subject to the terms and conditions of this Agreement and to Unavoidable Delays, the Developer will commence construction of the Phase I Residential by December 31, 2022 and shall substantially complete the Phase I Residential by June 30, 2023. Notwithstanding the foregoing, failure of the Developer to substantially complete the Phase I Residential shall not be an Event of Default unless the Developer fails to commence construction of the Phase I Residential by [June 30], 2023 or the Developer fails to obtain a certificate of occupancy for all of the housing units in the Phase I Residential by [December 31, 2023].

(2) Subject to the terms and conditions of this Agreement and to Unavoidable Delays, the Developer will commence construction of the Phase II Residential/Commercial by December 31, 2023 and shall substantially complete the Phase II Residential/Commercial by June 30, 2024. Notwithstanding the foregoing, failure of the Developer to substantially complete the Phase II Residential/Commercial shall not be an Event of Default unless the Developer fails to commence construction of the Phase II Residential/Commercial by [June 30], 2024 or the Developer fails to obtain a certificate of occupancy for all of the housing units in the Phase II Residential/Commercial by [December 31, 2024].

(3) Subject to the terms and conditions of this Agreement and to Unavoidable Delays, the Developer will commence construction of the Phase III Residential/Commercial by December 31, 2024 and shall substantially complete the Phase III Residential/Commercial by June 30, 2025. Notwithstanding the foregoing, failure of the Developer to substantially complete the Phase III Residential/Commercial shall not be an Event of Default unless the Developer fails to commence construction of the Phase III Residential/Commercial by [June 30], 2025 or the Developer fails to obtain a certificate of occupancy for all of the housing units in the Phase III Residential/Commercial by [December 31, 2025].

(4) Each Phase of the Project constructed by the Developer on the Development Property will be constructed in substantial conformity with the Construction Plans as submitted by the Developer and approved by the HRA.

Section 3.8. Certificate of Completion. The Developer shall notify the HRA when construction of each Phase of the Project has been substantially completed. The HRA shall, within 20 days after such notification, inspect the respective Phase of the Project in order to determine whether the respective Phase of the Project has been constructed in substantial conformity with the approved Construction Plans. If the HRA reasonably determines that the respective Phase of the Project has not been constructed in substantial conformity with the approved Construction Plans, the HRA shall deliver a written statement to the Developer indicating in adequate detail the specific respects in which the respective Phase of the Project has not been constructed in substantial conformity with the approved Construction Plans and Developer shall have a reasonable period of time to remedy such deficiencies. The HRA shall re-inspect the respective Phase of the Project within a reasonable period of time after receiving notice that such deficiencies have been remedied in order to determine whether the respective Phase of the Project has been constructed in substantial conformity with the approved Construction Plans and this Agreement. Within 20 calendar days after determining that the

respective Phase of the Project has been constructed in substantial conformity with the approved Construction Plans, the HRA will furnish to the Developer a Certificate of Completion substantially in the form attached hereto as **Exhibit E** certifying the completion of the respective Phase of the Project. The Certificate of Completion issued for the respective Phase of the Project shall conclusively satisfy and terminate the agreements and covenants of the Developer in this Agreement solely with respect to construction of the respective Phase of the Project. The issuance of a Certificate of Completion shall not be construed to relieve the Developer of any approval required by any City department in connection with the construction, completion or occupancy of the respective Phase of the Project nor shall it relieve the Developer of any other obligations under this Agreement.

Section 3.9. Additional Responsibilities of the Developer.

(1) The Developer will construct, operate and maintain, or cause to be operated and maintained, each respective Phase of the Project in accordance with the terms of this Agreement, the Redevelopment Plan and all local, State, and federal laws and regulations including, but not limited to zoning, building code, public health laws and regulations, except for approved variances necessary to construct the Project contemplated in the Construction Plans approved by the HRA.

(2) 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 local, State, and federal laws and regulations which must be obtained or met before each Phase of the Project may be lawfully constructed.

(3) The Developer will not construct any building or other structures on, over, or within the boundary lines of any public utility easement unless such construction is provided for in such easement or has been approved by the utility involved.

(4) The Developer, at its own expense, will replace any public facilities and public utilities damaged during the construction of the Project, in accordance with the technical specifications, standards and practices of the owner thereof.

(5) The Developer will comply with all applicable local, state and federal environmental laws and regulations, as they relate to the Project.

(6) The Developer will provide and maintain or cause to be maintained at all times and, from time to time at the request of the HRA, furnish the HRA with proof of payment of premiums on insurance of amounts and coverages normally held by owners of property similar to the Project.

Section 3.10. Encumbrance of the Development Property. Until the Final Payment Date with respect to the last outstanding TIF Note, without the prior written consent of the HRA, which shall not be unreasonably withheld, conditioned or delayed, neither the Developer nor any successor in interest to the Developer will engage in any financing or any other transaction creating any mortgage or other encumbrance or lien upon any Parcel of the Development Property, or portion thereof, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attach to such Parcel of the Development Property, or

portion thereof, except for the purpose of obtaining funds only to the extent necessary for financing or refinancing the acquisition and construction of the Phase to be located on such Parcel (including, but not limited to, land and building acquisition, labor and materials, professional fees, development fees, real estate taxes, reasonably required reserves, construction interest, organization and other direct and indirect costs of development and financing, costs of constructing the Project, and an allowance for contingencies); provided, however, the HRA acknowledges and consents to a Mortgage lien on any or all of the Development Property with respect to the financing of any Phase of the Project subject to a provision for the release of each Parcel of the Development Property in connection with the construction of the Phase of the Project located on such Parcel upon satisfaction of commercially reasonable conditions which may include requirements for (i) the loan to be current, (ii) the net cash flow from the completed Phase on the Parcel retained as collateral to cover the scheduled debt payments for that Phase's loan by 125%, and (iii) the fair market value of the retained collateral to be no less than 125% of that Phase's loan balance which conditions may be satisfied by the prepayment of such debt without penalty. This provision shall not be considered a waiver of the requirements of Section 6.3 with respect to any Transfer of any of the TIF Notes in connection with any such financing or refinancing nor shall anything contained in this Section prohibit the Developer from making transfers in accordance with Section 6.3.

Section 3.11. No Business Subsidy. Minnesota Statutes, Section 116J.993, subdivision 3(17) provides an exception from the Business Subsidy Act for redevelopment when the recipient's investment in the purchase of the site and in site preparation is seventy percent (70%) or more of the assessor's current year's estimated market value.

In order to use this exception, the Developer warrants and represents that its investment in the purchase of the Development Property and the site preparation on such Development Property (net of any portion of such costs to be reimbursed with tax increment or any other subsidies provided by the City or Authority) will equal at least seventy percent (70%) of the County assessor's estimated market value for the Development Property for the 2022 assessment year, calculated as follows:

Cost of acquisition of Development Property	\$400,000
<i>Plus</i> Estimated cost of site preparation	\$1,474,800
<i>Equals</i> site cost and site preparation	\$1,874,800
2022 Assessor's Estimated Fair Market Value of Development Property	\$365,900

The cost of acquisition of the site and site preparation of \$1,874,800, less the amount of financial assistance provided by HRA for acquisition and site preparation of \$1,474,800, equals \$400,000, which is approximately 109.32% of the County assessor's current estimated fair market value of \$365,900. Therefore, the Developer is not required to comply with the requirements of the Business Subsidy Act.

Section 3.12. Right to Collect Delinquent Taxes. The Developer acknowledges that the HRA is providing substantial aid and assistance in furtherance of the Project through reimbursement of Public Development Costs. To that end, the Developer agrees for itself, its

successors and assigns, that in addition to the obligation pursuant to statute to pay real estate taxes, it is also obligated by reason of this Agreement, to pay before delinquency all real estate taxes assessed against the Development Property and the Project. The Developer acknowledges that this obligation creates a contractual right on behalf of the HRA through the Termination Date to sue the Developer or its successors and assigns, to collect delinquent real estate taxes related to the Development Property and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any such suit in which the HRA is the prevailing party, the HRA shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 3.13. Review of Taxes.

(1) The Developer agrees that prior to the Termination Date it will not cause a reduction in the real property taxes paid in respect of the Development Property through: (i) willful destruction of the Development Property or any part thereof; or (ii) willful refusal to reconstruct damaged or destroyed property. The Developer also agrees that it will not, prior to the Termination Date, apply for an exemption from or a deferral of property tax on the Development Property pursuant to any law, or transfer or permit transfer of the Development Property to any entity whose ownership or operation of the property would result in the Development Property being exempt from real property taxes under State law.

(2) The Developer shall notify the HRA within 10 days of filing any petition to seek reduction in market value or property taxes on any portion of the Development Property under any State law (referred to as a "Tax Appeal"). If as of any Payment Date, any Tax Appeal is then pending for any Phase of the Project, the HRA will continue to make payments on the respective TIF Note associated with such Phase but only to the extent that the Available Tax Increment relates to property taxes paid with respect to the market value of the respective Parcel not being challenged as part of the Tax Appeal as determined by the HRA in its sole discretion and the HRA will withhold the Available Tax Increment related to property taxes paid with respect to the market value of the portion of the respective Parcel being challenged as part of the Tax Appeal as determined by the HRA in its sole discretion. The HRA will apply any withheld amount to the extent not reduced as a result of the Tax Appeal promptly after the Tax Appeal is fully resolved and the amount of Available Tax Increment relating to the respective Phase, as applicable, attributable to the disputed tax payments is finalized.

(3) From January 2, 2025 to the Termination Date, the Developer agrees it will not seek reduction in the assessed market value of the Development Property for property tax purposes below \$4,646,000.

Section 3.14. Payment of Purchase Price. The Developer acknowledges that pursuant to the Purchase Agreement, the Developer has agreed to purchase the Development Property for a purchase price of \$400,000.00, a portion of which, in the amount of \$399,999.00, the HRA expects to pay, on behalf of Developer, from Unpledged Tax Increments in accordance with an interfund loan resolution adopted by the HRA on April 12, 2022 (the "Interfund Loan"). The HRA will apply the Unpledged Tax Increments to repay the \$399,999.00 principal amount of the Interfund Loan, plus accrued interest on the outstanding balance of such Interfund Loan at the rate of 4.00% per annum, in annual installments commencing August 1, 2025 through and including a final payment of outstanding principal and interest on [February 1, 2048].

Section 3.15. Conveyance Subject to Right of Re-entry.

(1) The Deed from the HRA conveying the Development Property provides that the HRA's conveyance of the Development Property to the Developer is subject to a right of re-entry for breach of the following condition subsequent in favor of the HRA. The condition subsequent is that the Developer shall have substantially completed within twelve (12) months of the proposed date for substantial completion of each Phase set forth in Section 3.7 of this Agreement, as follows: by June 30, 2024 for the Phase I Residential, by June 30, 2025 for the Phase II Residential/Commercial, and by June 30, 2026 for the Phase III Residential/Commercial, in accordance with permits issued by the City.

(2) If the Developer breaches the condition subsequent, and does not cure such breach within the period and in the manner provided in this Agreement, the Developer shall re-convey the undeveloped portion of the Development Property to the HRA. If the Developer fails to re-convey the such portion of the Development Property to the HRA, the HRA may elect to exercise its right of re-entry by commencing an action in Lyon County District Court to establish the breach of the condition subsequent. If the HRA exercises its right of re-entry and establishes a breach of the condition subsequent, title to and the right to possession of such portion of the Development Property and title to all improvements located thereon reverts to the HRA, and the Developer is not entitled to any compensation from the HRA or the City for the value of such portion of Development Property or any improvements the Developer has made thereto except as provided herein.

(3) The Developer shall notify the HRA when the Developer has substantially completed construction of each Phase, in accordance with permits issued by the City. The HRA shall, within 14 days after such notification, inspect the Development Property in order to determine whether the Developer has substantially completed construction of such Phase in accordance with permits issued by the City. If the HRA determines the Developer has substantially completed construction of the Phase in accordance with permits issued by the City, the HRA will furnish to the Developer a Certificate of Release, releasing such portion of the Development Property from the right-of-re-entry. The Developer must record each Certificate of Release in the proper County land records.

Section 3.16. Resale of Reacquired Development Property; Disposition of Proceeds. Upon the revesting in the HRA of title to any portion of the Development Property as provided in Section 3.15, the City shall use its best efforts to resell the Development Property or part thereof as soon and in such manner as the HRA shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan to a qualified and responsible party or parties (as determined by the City and the HRA) who will assume the obligation of making or completing the respective Phase of the Development Property or such other improvements in their stead as shall be satisfactory to the HRA and in accordance with the uses specified for the Development Property or part thereof in the Redevelopment Plan. Upon such resale of the Development Property, or any portion thereof, the proceeds thereof shall be applied:

(a) First, to reimburse the HRA, on its own behalf or on behalf of the City, for the City's investment in the Development Property, including the Interfund Loan and for all costs and expenses incurred by the City, including but not limited to salaries of

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

(b) Second, to reimburse the Developer, its assigns or transferees, up to the amount equal to the sum of the purchase price paid by it for the Development Property and the cash actually invested by it in making any improvements on the Development Property.

(c) Any balance remaining after such reimbursements shall be the property of the City.

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ARTICLE IV
CONVEYANCE OF DEVELOPMENT PROPERTY

Section 4.1. Purchase and Sale of Development Property; Purchase Price. Subject to satisfaction of all conditions set forth in the Purchase Agreement and satisfaction of all other conditions required by law to implement the terms of this Agreement, including but not limited to the delivery of the Purchase Price Note and other funds of the Borrower on the Closing Date in accordance with the Purchase Agreement, the HRA will convey the Development Property to the Developer as provided in the Purchase Agreement.

Section 4.2. Conveyance Subject to Right of Re-entry. The HRA's conveyance of the Development Property to the Developer pursuant to the Purchase Agreement will be made subject to a right of re-entry for breach of a condition subsequent in favor of the HRA. The condition subsequent is that the Developer shall have substantially completed within twelve (12) months of the proposed date for substantial completion of each Phase set forth in Section 3.7 of this Development Agreement as follows: by June 30, 2024 for the Phase I Residential, by June 30, 2025 for the Phase II Residential/Commercial, and by June 30, 2026 for the Phase III Residential/Commercial, in accordance with permits issued by the City. If Developer breaches such condition subsequent, the HRA shall give notice to Developer thereof and Developer shall have 30 days from receipt of said notice to comply with the condition. If the Developer fails to comply within said 30 days, the Developer shall re-convey the Development Property back to the HRA. If the Developer fails to re-convey the Development Property to the HRA, the HRA may elect to exercise its right of reentry by commencing an action in Lyon County District Court to establish the breach of the condition subsequent. If the HRA establishes a breach of the condition subsequent, title to and the right to possession of the Development Property and title to all improvements located thereon reverts to the HRA, and the Developer is not entitled to any compensation from the HRA for the value of any improvements the Developer has made to the Development Property.

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ARTICLE V EVENTS OF DEFAULT

Section 5.1. 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:

- (1) Failure by a Developer to timely pay any ad valorem real property taxes assessed with respect to any Phase of the Development Property.
- (2) Subject to Unavoidable Delays, failure by a Developer to comply with any required construction timelines set forth in Section 3.7 hereof.
- (3) Failure of a Developer to observe or perform any other material covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.
- (4) If, prior to the issuance of a Certificate of Completion for any Phase of the Project, the Developer of such Phase shall:
 - (a) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or
 - (b) be adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer, as a bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within 90 days after the filing thereof; or a receiver, trustee or liquidator of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within 90 days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Section 5.2. Remedies on Default. Whenever any Event of Default referred to in Section 5.1 occurs and is continuing, the HRA, as specified below, may take any one or more of the following actions after the giving of 30 days’ written notice to the Developer, but only if the Event of Default has not been cured within said 30 days; provided that if such Event of Default cannot be reasonably cured within the 30 day period, and the Developer has provided assurances reasonably satisfactory to the HRA that it is proceeding with due diligence to cure such default, such 30 day cure period shall be extended for a period deemed reasonably necessary by the HRA to effect the cure, but in any event not to exceed 180 days:

- (1) the HRA may suspend its performance under this Agreement and the respective TIF Note relating to the Phase of the Project that is the subject of the applicable Developer’s Event of Default until it receives assurances from the applicable Developer, deemed reasonably adequate by the HRA, that such Developer will cure its default and continue its performance under this Agreement.

(2) the HRA may accelerate the payments of the Purchase Price Note and the obligations of the Developer under Section 3.3.

(3) the HRA may cancel the respective TIF Note relating to the Phase of the Project that is the subject of the applicable Developer's Event of Default.

(4) the HRA may demand payment of any outstanding balance of the Interfund Loan and accrued interest thereon, as provided in Section 3.14, or the HRA may apply Pledged Tax Increments to the payment thereof.

(5) the HRA may seek specific performance of the obligations of the Developer pursuant to this Agreement and the Purchase Price Note or damages to the extent otherwise set forth herein as to any obligation, agreement, or covenant of the Developer under this Agreement or the Purchase Price Note.

(6) the HRA may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the defaulting Developer under this Agreement.

(7) the HRA may terminate this Agreement and/or cancel any or all of the TIF Notes; provided, however, that this remedy shall only apply if (a) the Developer breaches the condition subsequent under Section 3.15 and the Deed, (b) the Developer fails to satisfy the conditions for the issuance of the Phase I TIF Note by [June 30, 2023], the Phase II TIF Note by [June 30, 2024,] or the Phase III TIF Note by [June 30, 2025], or (c) an Event of Default has occurred with respect to all Phases of the Project.

Section 5.3. No Remedy Exclusive. Except as specifically provided in Section 5.2, no remedy herein conferred upon or reserved to the HRA 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.

Section 5.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any 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 5.5. Indemnification of HRA and City.

(1) The Developer releases from and covenants and agrees that the HRA, the City, and their governing bodies' members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (for purposes of this Section, collectively the "Indemnified Parties") shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project, or any other loss, cost

expense, or penalty, except to the extent caused by any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, 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 the actions or inactions of the Developer (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; including, without limitation, any pecuniary loss or penalty (including interest thereon at the rate of 5% per annum from the date any loss is incurred or penalty is paid by the City or the HRA) as a result of the Project failing to cause the TIF District to qualify as a “redevelopment district” under Section 469.174, Subdivision 10, of the Act, or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, subd. 4j.

(3) All covenants, stipulations, promises, agreements and obligations of the HRA contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City or the HRA and not of any governing body member, officer, agent, servant or employee of the City or the HRA, as the case may be.

Section 5.6. Reimbursement of Attorneys’ Fees. If the Developer shall default under any of the provisions of this Agreement, and the HRA shall employ attorneys or incur other reasonable expenses for the collection of payments due hereunder, or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer contained in this Agreement, the Developer will within 30 days reimburse the HRA for the reasonable fees of such attorneys and such other reasonable expenses so incurred.

Section 5.7. Copy of Notice of Default to Mortgagee. If the HRA delivers any notice or demand to the Developer, or any successor in interest to the Developer, with respect to any Event of Default under this Agreement, the HRA will use its best efforts to also delivery a copy of such notice or demand to the mortgagee of any Mortgage at the address of such mortgagee provided to the HRA in a written notice from the Developer, any successor in interest to the Developer or the mortgagee, provided that failure of the HRA to give any such notice shall not limit the HRA’s ability to exercise any of its remedies hereunder.

Section 5.8. Mortgagee’s Option to Cure Events of Default. Upon the occurrence of an Event of Default by Developer, the mortgagee under any Mortgage will have the right at its option to cure or remedy such Event of Default within the cure periods set forth herein. An individual or entity who acquires title to a Parcel of the Development Property through the foreclosure of a mortgage or deed in lieu of foreclosure on such Parcel of the Development Property remains subject to each of the restrictions set forth in this Agreement and remains subject to all of the obligations of the Developer, or any successor in interest to the Developer, under the terms of this Agreement, but the purchaser at a foreclosure sale or grantee under a deed in lieu of foreclosure nor any subsequent transferee from a mortgagee shall have no personal liability for a breach of such obligation under this Agreement so long as the party acquiring title through foreclosure or deed in lieu of foreclosure observes all of the restrictions set forth in the

Agreement. The City has no obligation to approve any plans for a Phase on a portion of the Development Property the foreclosing mortgagee (or mortgagee obtaining a deed in lieu of foreclosure) owns or to issue any related building permits.

The purpose of this Section is to permit a foreclosing lender (or mortgagee or purchaser obtaining a deed in lieu of foreclosure or a subsequent transferee) to hold title to the Parcel of the Development Property it acquires through foreclosure or deed in lieu of foreclosure, subject to, but without personal liability for the obligations under this Agreement, until it can sell the portion it holds to a third party who will assume the obligations of the Developer under the terms of this Agreement and proceed with the construction of the applicable Phase pursuant to the terms of this Agreement. If, rather than passively holding title to the Parcel of the Development Property it acquires through foreclosure or deed in lieu of foreclosure, the foreclosing lender (or mortgagee obtaining a deed in lieu of foreclosure or subsequent transferee) or other purchaser at a foreclosure sale desires to sell a Parcel of the Development Property for construction of the Project, the purchaser at the foreclosure sale must assume and perform each of the obligations of the Developer, or the applicable successor to the interest of the Developer, under this Agreement as to the Parcel subject to the foreclosure. This Section does not restrict the authority of the HRA to pursue its rights under any outstanding security, exercise remedies otherwise available under this Agreement or suspend the performance of the obligations of the HRA or the Developer under this Agreement as otherwise allowed. The HRA agrees to reasonably cooperate with any foreclosing lender (or mortgagee obtaining a deed in lieu of foreclosure) or other purchaser at a foreclosure sale in pursuing the Project in accordance with this Agreement. Unless acting other than passively holding title as described above in this Section, a lender or an independent third party that purchases at a foreclosure sale will have no liability for breach under this Agreement.

Section 5.9. Subordination of Agreement. In order to facilitate the obtaining of financing for the construction of the Project, the HRA agrees to subordinate the provisions hereof, other than the Developer's obligations under Section 3.3 and the City's right of re-entry pursuant to Section 3.15 and the Deed, to the documents executed in connection with any Mortgage pursuant to a subordination agreement reasonably satisfactory to the HRA, provided that such subordination shall not deprive the HRA or otherwise limit any of the HRA's remedies which do not create a lien on the Development Property, upon the occurrence of an Event of Default by the Developer.

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

ARTICLE VI

ADDITIONAL PROVISIONS

Section 6.1. Restrictions on Use. The Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that prior to the Termination Date the Developer and such successors and assigns shall operate, or cause to be operated, each completed Phase of the Project as a mixed-use commercial/residential development in accordance with this Agreement until the Termination Date. Nothing in this Agreement shall prohibit the Developer from engaging one or more property management companies to operate the Project, or any portion thereof, on its behalf in accordance with the terms of this Agreement. The conversion of any portion of the Project to any other use shall result in the termination of the use of the Tax Increments and require immediate payment in full of the outstanding balance of the Purchase Price Note and the Interfund Loan, unless the City first approves said change in use.

Section 6.2. Reports. The Developer shall provide the HRA reports in a timely manner with such information about the Project as the HRA may reasonably request for purposes of satisfying any reporting requirements imposed by law on the HRA.

Section 6.3. Limitations on Transfer and Assignment.

(1) Except as provided in Section 6.3(5) and Section 3.10, the Developer will not sell, assign, convey, lease or transfer in any other mode or manner (collectively, "Transfer") this Agreement, the TIF Notes, or the Development Property or the Project, or any interest therein, without the express written approval of the HRA, which consent will not be unreasonably withheld, conditioned or delayed. Any such Transfer shall be subject to this Agreement's provisions. The HRA shall, within 20 days after such a written request for approval of a Transfer, deliver a written statement to the Developer indicating whether the Transfer is approved or specifying the additional conditions to be satisfied in accordance with Section 6.3(3). The provisions of this Section 6.3 apply to all subsequent Transfers by authorized transferees;

(2) The TIF Notes shall not be Transferred to any party who is not the Developer; provided that with the written consent of the HRA, which consent shall not be unreasonably withheld, conditioned or delayed, and subject to clauses (3)(c) through (f) and (4) below, the TIF Notes may be transferred to the holder of a mortgage or other security agreement or instrument securing the owner's financing with respect to any such Phase of the Project.

(3) The HRA shall be entitled to require, as conditions to any required approval of any Transfer of this Agreement, the Development Property, the Project, or applicable portion thereof, or the TIF Notes in connection therewith, that:

(a) Any proposed transferee shall have the qualifications and financial responsibility, as reasonably determined by the HRA, necessary and adequate to fulfill

the obligations undertaken in this Agreement and the Purchase Price Note by the Developer related to such Phase of the Project or applicable portion thereof;

(b) Any proposed transferee, by instrument in writing reasonably satisfactory to the HRA shall, for itself and its successors and assigns, and expressly for the benefit of the HRA have expressly assumed any of the remaining obligations of the Developer under this Agreement and the Purchase Price Note related to such Phase of the Project or applicable portion thereof, and agreed to be subject to all the conditions and restrictions to which the Developer is subject;

(c) There shall be submitted to the HRA for review all instruments and other legal documents involved in effecting transfer, and if approved by HRA, its approval shall be indicated to the Developer in writing;

(d) Any proposed transferee of the TIF Notes shall (i) execute and deliver to the HRA the Acknowledgment Regarding TIF Note in the form included in **Exhibit 2** to the TIF Notes and (ii) surrender the TIF Notes to the HRA either in exchange for a new fully registered note or for transfer of the TIF Notes on the registration records for the TIF Notes maintained by the HRA;

(e) The Developer and its transferees shall comply with such other conditions as the HRA may reasonably require in order to achieve and safeguard the purposes of the Act, the TIF Act and this Agreement, and the Purchase Price Note; and

(f) In the absence of a specific written agreement by the HRA to the contrary, no such transfer or approval by the HRA 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 construction of the Project, from any of its obligations with respect thereto.

(4) The Developer agrees to pay all reasonable legal fees and expenses of the HRA, including fees of the City Attorney's office and outside counsel retained by the HRA to review the documents submitted to the HRA in connection with any Transfer.

(5) Nothing contained in this Section shall prohibit the Developer from (i) entering into leases with tenants in the ordinary course of business, (ii) entering into easements or other agreements necessary for the operation of the Project, or (iii) admitting or removing members in accordance with the Articles of Organization and the Operating Agreement of the Developer, as applicable.

Section 6.4. Conflicts of Interest. No member of the governing body or other official of the HRA shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the HRA shall be personally liable to the HRA in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 6.5. Titles of Articles and Sections. Any titles of the several parts, articles and sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 6.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any 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:

Block 11 Marshall, LLC
c/o Coldwell Banker Commercial Fisher Group
Attn: David Schooff , CIOR/CCIM, President/Managing Broker
201 N. Riverfront Drive, Suite 230
Mankato, MN 56001
Email: david@cbcfishergroup.com

- (b) in the case of the HRA is addressed to or delivered personally to the HRA at:

Housing and Redevelopment Authority in and for
the City of Marshall, Minnesota
Attn: Executive Director
344 West Main St
Marshall, MN 56258

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

Section 6.7. No Additional Waiver Implied by One Waiver. If 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 6.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 6.9. Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 6.10. Term; Termination. Unless this Agreement is terminated earlier in accordance with its terms, this Agreement shall terminate on the Final Payment Date with respect to the last outstanding TIF Note. In addition, the Developer may elect to terminate this Agreement at any time by prepaying the outstanding principal balance of and accrued interest on the Purchase Price Note as of the date of such prepayment and termination. After the Final Payment Date with respect to the last outstanding TIF Note, if requested by Developer, the HRA shall provide a termination certificate as to the Developer's obligations hereunder.

Section 6.11. Provisions Surviving Rescission, Expiration or Termination. Sections 5.5 and 5.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 6.12. Superseding Effect. This Agreement reflects the entire agreement of the parties with respect to the development of the Development Property, and supersedes in all respects all prior agreements of the parties, whether written or otherwise, with respect to the development of the Development Property.

Section 6.13. Relationship of Parties. Nothing in this Agreement is intended, or shall be construed, to create a partnership or joint venture among or between the parties hereto, and the rights and remedies of the parties hereto shall be strictly as set forth in this Agreement. All covenants, stipulations, promises, agreements and obligations of the HRA contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the HRA and not of any governing body member, officer, agent, servant or employee of the HRA or the City.

Section 6.14. Venue. All matters, whether sounding in tort or in contract, relating to the validity, construction, performance, or enforcement of this Agreement shall be controlled by and determined in accordance with the laws of the State of Minnesota, and the Developer agrees that all legal actions initiated by the Developer or HRA with respect to or arising from any provision contained in this Agreement shall be initiated, filed and venued exclusively in the State of Minnesota, Lyon County, District Court and shall not be removed therefrom to any other federal or state court.

Section 6.15. Amendment. This Agreement may be amended only by written agreement approved by the HRA and the Developer. The Developer agrees to pay all reasonable legal fees and expenses of the HRA, including fees of the City Attorney's office and outside counsel retained by the HRA to review the documents submitted to the HRA in connection with any amendment to this Agreement or related documents.

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

IN WITNESS WHEREOF, the HRA has caused this Agreement to be duly executed in its name and on its behalf, and the Developer has caused this Agreement to be duly executed in its name and on its behalf, on or as of the date first above written.

HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
MARSHALL, MINNESOTA

By _____
Its Chair

By _____
Its Executive Director

This is a signature page to the Contract for Private Development.

BLOCK 11 MARSHALL, LLC

By: _____

Name: _____

Its: _____

DRAFT

[Signature page to the Contract for Private Development]

EXHIBIT A

DESCRIPTION OF TIF DISTRICT

The property located in the City of Marshall, Lyon County, Minnesota legally described as:

[insert legal description]

The area encompassed by the TIF District shall also include all street or utility right-of-ways located upon or adjacent to the property described above.

DRAFT

EXHIBIT B

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

The property located in the City of Marshall, Lyon County, Minnesota legally described as:

Legal Description of Phase I Property

[Insert legal description]

Legal Description of Phase II Property

[Insert legal description]

Legal Description of Phase III Property

[Insert legal description]

EXHIBIT C

PUBLIC DEVELOPMENT COSTS

Land acquisition

Site improvements/preparation costs

Other public improvements

DRAFT

EXHIBIT D

FORM OF TAXABLE TIF NOTE

No. R-1

\$_____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF LYON
HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR
THE CITY OF MARSHALL, MINNESOTA
TAXABLE TAX INCREMENT REVENUE NOTE
(~~PHASE I~~PHASE IIPHASE IIIPHASE III)
_____, 20__

The Housing and Redevelopment Authority in and for the City of Marshall, Minnesota (the "HRA"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to Block 11 Marshall, LLC, a Minnesota limited liability company or its registered assigns (the "Registered Owner"), the principal amount of _____ and 00/100 Dollars (\$_____), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

This Note is issued pursuant to that certain Contract for Private Development, dated as of [____], 2022, as the same may be amended from time to time (the "Development Agreement"), by and between the HRA and Block 11 Marshall, LLC (the "Developer"). Unless otherwise defined herein or unless context requires otherwise, undefined terms used herein shall have the meanings set forth in the Development Agreement.

No interest shall accrue on this Note.

The amounts due under this Note shall be payable on _____ 1, 20__ and on each February 1 and August 1 thereafter to and including the earlier of (i) the date on which the entire principal of this Note has been paid in full, or (ii) February 1, 2048 or (iii) any earlier date the Development Agreement or this Note is cancelled in accordance with the terms of the Development Agreement or deemed paid in full, or (iv) the February 1 following termination of TIF District in accordance with the TIF Act (the "Final Payment Date") or, if the first should not be a Business Day (as defined in the Development Agreement) the next succeeding Business Day (collectively, the "Payment Dates"). On each Payment Date, the HRA shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day preceding such Payment Date an amount equal to 50% of the Available Tax Increments (as hereinafter defined) received by the HRA during the 6-month period preceding such Payment Date multiplied by the ratio of (a) the outstanding principal amount of this Note to (b) the outstanding principal amount of all of the TIF Notes, as determined in the sole discretion of the HRA ("Pledged Tax Increments"). "Available Tax Increments" are the Tax Increments (as hereinafter defined) received and permitted to be retained by the HRA, from the Tax Increment Financing (Redevelopment) District No. 1-15 (the "TIF District") less the amount of

Tax Increments, if any, which the HRA must pay to the school district, the County and the State pursuant to the TIF Act including, without limitation, Minnesota Statutes, Sections 469.177, subds. 9 and 11; 469.176, subd. 4h; and 469.175, subd. 1a, as the same may be amended from time to time. "Tax Increments" are the tax increments derived from the property which is located within the TIF District which are paid to the HRA and which the HRA is entitled to retain pursuant to the provisions of and as defined in Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "TIF Act") including, without limitation, Minnesota Statutes, Section 469.177, as amended. Payments on this Note shall be payable solely from the Pledged Tax Increments. All payments made by the HRA under this Note shall be applied to principal.

This Note shall terminate and be of no further force and effect following the Final Payment Date defined above, or any date upon which the HRA shall have terminated the Development Agreement under Section 5.2 thereof or on the date that all principal payable hereunder shall have been or deemed paid in full, whichever occurs earliest. This Note may be prepaid in whole or in part at any time without penalty.

The HRA makes no representation or covenant, express or implied, that the Pledged Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder. There are risk factors in the amount of Tax Increments that may actually be received by the HRA and some of those factors are listed on the attached **Exhibit 1**. The Registered Owner acknowledges these risk factors and understands and agrees that payments by the HRA under this Note are subject to these and other factors.

The HRA's payment obligations hereunder shall be further subject to the conditions that (i) no Event of Default under Section 5.1 of the Development Agreement related to the Phase for which this Note is issued shall have occurred and be continuing at the time payment is otherwise due hereunder, and (ii) the Development Agreement shall not have been terminated pursuant to Section 5.2, and (iii) all conditions set forth in Section 3.2[(1)][(2)][(3)] of the Development Agreement have been satisfied as of such date. Any such suspended and unpaid amounts shall become payable, without interest accruing thereon in the meantime, if this Note has not been terminated in accordance with Section 5.2 of the Development Agreement and said Event of Default shall thereafter have been cured in accordance with Section 5.2. If pursuant to the occurrence of an Event of Default under the Development Agreement the HRA elects, in accordance with the Development Agreement to cancel and rescind the Development Agreement and/or this Note, the HRA shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Development Agreement, for a fuller statement of the rights and obligations of the HRA to pay the principal of this Note and the interest thereon, and said provisions are hereby incorporated into this Note as though set out in full herein.

THIS NOTE IS A SPECIAL, LIMITED REVENUE OBLIGATION AND NOT A GENERAL OBLIGATION OF THE CITY OF MARSHALL, MINNESOTA (THE "CITY") OR THE HRA AND IS PAYABLE BY THE CITY ONLY FROM THE SOURCES AND SUBJECT TO THE QUALIFICATIONS STATED OR REFERENCED HEREIN. THIS NOTE IS NOT A GENERAL OBLIGATION OF THE CITY OR THE HRA, AND THE FULL FAITH AND CREDIT AND TAXING POWERS OF THE CITY

AND THE HRA ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE AND NO PROPERTY OR OTHER ASSET OF THE CITY OR THE HRA, SAVE AND EXCEPT THE ABOVE-REFERENCED PLEDGED TAX INCREMENTS, IS OR SHALL BE A SOURCE OF PAYMENT OF THE HRA'S OBLIGATIONS HEREUNDER.

The Registered Owner shall never have or be deemed to have the right to compel any exercise of any taxing power of the HRA or of any other public body, and neither the HRA nor any person executing or registering this Note shall be liable personally hereon by reason of the issuance or registration thereof or otherwise.

This Note is issued by the HRA in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the TIF Act.

This Note may be assigned only as provided in Section 6.3 of the Development Agreement and subject to the assignee executing and delivering to the HRA the Acknowledgment Regarding TIF Note in the form included in **Exhibit 2**. Additionally, in order to assign the Note, the assignee shall surrender the same to the HRA either in exchange for a new fully registered note or for transfer of this Note on the registration records maintained by the HRA for the Note. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

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 have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the HRA outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the HRA to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the Housing and Redevelopment Authority in and for the HRA of Marshall, Minnesota, by its Board of Commissioners, has caused this Note to be executed by the manual signatures of its Chair and Executive Director and has caused this Note to be issued on and dated as of the date first written above.

HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY
OF MARSHALL, MINNESOTA

By _____
Its Chair

By _____
Its Executive Director

Signature Page for Tax Increment Revenue Note ([**PHASE I**][**PHASE II**][**PHASE III**])

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note, as originally issued on the date first written above, was on said date registered in the name of Block 11 Marshall, LLC, a Minnesota limited liability company, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

NAME AND ADDRESS OF
REGISTERED OWNER

DATE OF
REGISTRATION

SIGNATURE OF
EXECUTIVE DIRECTOR

Block 11 Marshall, LLC
201 N. Riverfront Drive, Suite 230
Mankato, MN 56001

_____, 20__

_____, 20__

_____, 20__

Exhibit 1
to Taxable TIF Note

RISK FACTORS

Risk factors on the amount of Tax Increments that may actually be received by the HRA include but are not limited to the following:

1. Value of Project. If the contemplated Project (as defined in the Development Agreement) constructed in the tax increment financing district is completed at a lesser level of value than originally contemplated, they will generate fewer taxes and fewer tax increments than originally contemplated.
2. Damage or Destruction. If the Project is damaged or destroyed after completion, their value will be reduced, and taxes and tax increments will be reduced. Repair, restoration or replacement of the Project may not occur, may occur after only a substantial time delay, or may involve property with a lower value than the Project, all of which would reduce taxes and tax increments.
3. Change in Use to Tax-Exempt. The Project could be acquired by a party that devotes them to a use which causes the property to be exempt from real property taxation. Taxes and tax increments would then cease.
4. Depreciation. The Project could decline in value due to changes in the market for such property or due to the decline in the physical condition of the property. Lower market valuation will lead to lower taxes and lower tax increments.
5. Non-payment of Taxes. If the property owner does not pay property taxes, either in whole or in part, the lack of taxes received will cause a lack of tax increments. The Minnesota system of collecting delinquent property taxes is a lengthy one that could result in substantial delays in the receipt of taxes and tax increments, and there is no assurance that the full amount of delinquent taxes would be collected. Amounts distributed to taxing jurisdictions upon a sale following a tax forfeiture of the property are not tax increments.
6. Reductions in Taxes Levied. If property taxes are reduced due to decreased municipal levies, taxes and tax increments will be reduced. Reasons for such reduction could include lower local expenditures or changes in state aids to municipalities. For instance, in 2001 the Minnesota Legislature enacted an education funding reform that involved the state increasing school aid in lieu of the local general education levy (a component of school district tax levies).
7. Reductions in Tax Capacity Rates. The taxable value of real property is determined by multiplying the market value of the property by a tax capacity rate. Tax capacity rates vary by certain categories of property; for example, the tax capacity rates for residential homesteads are currently less than the tax capacity rates for commercial and industrial property. In 2001 the Minnesota Legislature enacted property tax reform that lowered various tax capacity

rates to “compress” the difference between the tax capacity rates applicable to residential homestead properties and commercial and industrial properties.

8. Changes to Local Tax Rate. The local tax rate to be applied in the tax increment financing district is the lower of the current local tax rate or the original local tax rate for the tax increment financing district. In the event that the Current Local Tax Rate is higher than the Original Local Tax Rate, then the “excess” or difference that comes about after applying the lower Original Local Tax Rate instead of the Current Local Tax Rate is considered “excess” tax increment and is distributed by Lyon County to the other taxing jurisdictions and such amount is not available to the HRA as tax increment.

9. Legislation. The Minnesota Legislature has frequently modified laws affecting real property taxes, particularly as they relate to tax capacity rates and the overall level of taxes as affected by state aid to municipalities.

10. Multiple TIF Notes. The tax increments resulting from the Project are also pledged to the payment of two other pay-as-you-go tax increment revenue notes. Payments will be made on all of the pay-as-you-go tax increment revenue notes on a pro-rata basis based on the principal amounts outstanding on each note. Therefore, reductions in tax increment generated from other Phases of the Project may impact the tax increment available to repay the TIF Note.

Exhibit 2
to Taxable TIF Note

ACKNOWLEDGMENT REGARDING TIF NOTE

The undersigned, _____ a _____ (“Note Holder”), hereby certifies and acknowledges that:

A. On the date hereof the Note Holder has [acquired from]/[made a loan (the “Loan”) [to/for the benefit] of] Block 11 Marshall, LLC (the “Developer”) [secured in part by] the Taxable Tax Increment Revenue Note ([**Phase I**][**Phase II**][**Phase III**]), a pay-as-you-go tax increment revenue note in the original principal amount of \$ _____, dated _____, 20____, of the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota (the “HRA”), a copy of which is attached hereto (“Note”).

B. The Note Holder has had the opportunity to ask questions of and receive from the Developer all information and documents concerning the Note as it requested, and has had access to any additional information the Note Holder thought necessary to verify the accuracy of the information received. In determining to [acquire the Note]/[make the Loan], the Note Holder has made its own determinations and has not relied on the HRA or information provided by the HRA.

C. The Note Holder represents and warrants that:

1. The Note Holder is acquiring [the Note]/[an interest in the Note as collateral for the Loan] for investment and for its own account, and without any view to resale or other distribution.

2. The Note Holder has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquiring [the Note]/[an interest in the Note as collateral for the Loan].

3. The Note Holder understands that the Note is a security which has not been registered under the Securities Act of 1933, as amended, or any state securities law, and must be held until its sale is registered or an exemption from registration becomes available.

4. The Note Holder is aware of the limited payment source for the Note and interest thereon and risks associated with the sufficiency of that limited payment source.

5. The Note Holder is [a bank or other financial institution] / [the owner of the property from which the tax increments which are pledged to the Note are generated].

D. The Note Holder understands that the Note is payable solely from certain tax increments derived from certain properties located in a tax increment financing district, if and as received by the HRA. The Note Holder acknowledges that the HRA has made no representation or covenant, express or implied, that the revenues pledged to pay the Note will be sufficient to

pay, in whole or in part, the principal and interest due on the Note. Any amounts which have not been paid on the Note on or before the final maturity date of the Note shall no longer be payable, as if the Note had ceased to be an obligation of the HRA. The Note Holder understands that the Note will never represent or constitute a general obligation, debt or bonded indebtedness of the City of Marshall, Minnesota (the “City”), the HRA, the State of Minnesota, or any political subdivision thereof and that no right will exist to have taxes levied by the City, the HRA, the State of Minnesota or any political subdivision thereof for the payment of principal and interest on the Note.

E. The Note Holder understands that the Note is payable solely from certain tax increments, which are taxes received on improvements made to certain property (the “Project”) in a tax increment financing district from the increased taxable value of the property over its base value at the time that the tax increment financing district was created, which base value is called “original net tax capacity”. There are risk factors in relying on tax increments to be received, which include, but are not limited to, the following:

1. Value of Project. If the contemplated Project constructed in the tax increment financing district are completed at a lesser level of value than originally contemplated, they will generate fewer taxes and fewer tax increments than originally contemplated.
2. Damage or Destruction. If the Project is damaged or destroyed after completion, their value will be reduced, and taxes and tax increments will be reduced. Repair, restoration or replacement of the Project may not occur, may occur after only a substantial time delay, or may involve property with a lower value than the Project, all of which would reduce taxes and tax increments.
3. Change in Use to Tax-Exempt. The Project could be acquired by a party that devotes them to a use which causes the property to be exempt from real property taxation. Taxes and tax increments would then cease.
4. Depreciation. The Project could decline in value due to changes in the market for such property or due to the decline in the physical condition of the property. Lower market valuation will lead to lower taxes and lower tax increments.
5. Non-payment of Taxes. If the property owner does not pay property taxes, either in whole or in part, the lack of taxes received will cause a lack of tax increments. The Minnesota system of collecting delinquent property taxes is a lengthy one that could result in substantial delays in the receipt of taxes and tax increments, and there is no assurance that the full amount of delinquent taxes would be collected. Amounts distributed to taxing jurisdictions upon a sale following a tax forfeiture of the property are not tax increments.
6. Reductions in Taxes Levied. If property taxes are reduced due to decreased municipal levies, taxes and tax increments will be reduced. Reasons for such reduction could include lower local expenditures or changes in state aids to municipalities. For instance, in 2001 the Minnesota Legislature enacted an education

funding reform that involved the state increasing school aid in lieu of the local general education levy (a component of school district tax levies).

7. Reductions in Tax Capacity Rates. The taxable value of real property is determined by multiplying the market value of the property by a tax capacity rate. Tax capacity rates vary by certain categories of property; for example, the tax capacity rates for residential homesteads are currently less than the tax capacity rates for commercial and industrial property. In 2001 the Minnesota Legislature enacted property tax reform that lowered various tax capacity rates to “compress” the difference between the tax capacity rates applicable to residential homestead properties and commercial and industrial properties.

8. Changes to Local Tax Rate. The local tax rate to be applied in the tax increment financing district is the lower of the current local tax rate or the original local tax rate for the tax increment financing district. In the event that the Current Local Tax Rate is higher than the Original Local Tax Rate, then the “excess” or difference that comes about after applying the lower Original Local Tax Rate instead of the Current Local Tax Rate is considered “excess” tax increment and is distributed by Lyon County to the other taxing jurisdictions and such amount is not available to the HRA as tax increment.

9. Legislation. The Minnesota Legislature has frequently modified laws affecting real property taxes, particularly as they relate to tax capacity rates and the overall level of taxes as affected by state aid to municipalities.

10. Multiple TIF Notes. The tax increments resulting from the Project are also pledged to the payment of two other pay-as-you-go tax increment revenue notes. Payments will be made on all of the pay-as-you-go tax increment revenue notes on a pro-rata basis based on the principal amounts outstanding on each note. Therefore, reductions in tax increment generated from other Phases of the Project may impact the tax increment available to repay the TIF Note.

F. The Note Holder acknowledges that the Note was issued as part of a Contract for Private Development between the HRA and Block 11 Marshall, LLC dated [____], 2022 (“Development Agreement”), and that the HRA has the right to suspend payments under this Note and/or terminate the Note upon an Event of Default under the Development Agreement.

G. The Note Holder acknowledges that the HRA makes no representation about the tax treatment of, or tax consequences from, the Note Holder’s acquisition of [the Note]/[an interest in the Note as collateral for the Loan].

WITNESS our hand this ____ day of _____, 20__.

Note Holder:

By: _____
Name: _____
Its: _____

EXHIBIT E

CERTIFICATE OF COMPLETION OF PHASE

_____, 20____

WHEREAS, the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MARSHALL, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the “HRA”), and BLOCK 11 MARSHALL, LLC, a Minnesota limited liability company (the “Developer”) have entered into a Contract for Private Development (the “Development Agreement”), dated [____], 2022; and

WHEREAS, the Development Agreement requires the Developer to construct the [**Phase I Residential**] [**Phase II Residential/Commercial**] [**Phase III Residential/Commercial**] (as that term is defined in the Development Agreement);

WHEREAS, the Developer has constructed the [**Phase I Residential**] [**Phase II Residential/Commercial**] [**Phase III Residential/Commercial**] in a manner deemed sufficient by the HRA to permit the execution of this certification in accordance with Section 3.8 of the Development Agreement;

NOW, THEREFORE, this is to certify that the Developer has constructed the [**Phase I Residential**] [**Phase II Residential/Commercial**] [**Phase III Residential/Commercial**] in accordance with the Development Agreement. The remaining covenants of the Developer under the Development Agreement are not intended to run with title to the [**Phase I**] [**Phase II**] [**Phase III**] Property or bind successors in title to the [**Phase I**] [**Phase II**] [**Phase III**] Property.

The HRA has, as of the date and year first above written, set its hand hereon.

HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY
OF MARSHALL, MINNESOTA

By _____
Its Executive Director

STATE OF MINNESOTA)
) ss
COUNTY OF LYON)

The foregoing instrument was acknowledged before me this ____ day of _____, 20__, by _____, the Executive Director of the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota, a public body corporate and politic organized and existing under the laws of the State of Minnesota, on behalf of said City.

Notary Public

EXHIBIT F

FORM OF DEED TO DEVELOPMENT PROPERTY

(Top 3 inches reserved for recording data)

WARRANTY DEED

DEED TAX DUE: \$ _____

DATE: _____, 2022
(month/day/year)

FOR VALUABLE CONSIDERATION, Housing and Redevelopment Authority in and for the City of Marshall, Minnesota

(insert name of Grantor)

a public body, corporate and politic under the laws of Minnesota, ("Grantor"),
hereby conveys and quitclaims to Block 11 Marshall, LLC

(insert name of Grantee)

a limited liability company under the laws of Minnesota, ("Grantee"),
real property in Lyon County, Minnesota, legally described as follows:

See attached Exhibit A

Check here if all or part of the described real property is Registered (Torrens) ☐

together with all hereditaments and appurtenances and after acquired property and subject to the Right of Re-Entry for Breach of Condition Subsequent in favor of Grantor which is described on **Exhibit B**.

This Deed conveys after-acquired title.

Check applicable box:

- ☐ The Seller certifies that the Seller does not know of any wells on the described property.
- ☐ A well disclosure certificate accompanies this document. (If electronically filed, insert WDC number: _____).
- ☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

Grantor

HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR
THE CITY OF MARSHALL, MINNESOTA
(name of Grantor)

By: _____
(signature)

Its: Chair
(type of authority)

By: _____
(signature)

Its: Executive Director
(type of authority)

State of Minnesota, County of _____

This instrument was acknowledged before me on _____ by Robert J. Byrnes
(month/day/year)

_____ as Chair
(name of authorized signer) (type of authority)

and by Sharon Hanson
(name of authorized signer)

as Executive Director of Housing and Redevelopment Authority in and for the City of Marshall, Minnesota, a public body, corporate and politic under the laws of Minnesota
(name of Grantor) (type of authority)

(Seal, if any)

(signature of notarial officer)

Title (and Rank): _____

My commission expires: _____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402-1299

TAX STATEMENTS FOR THE REAL PROPERTY
DESCRIBED IN THIS INSTRUMENT SHOULD BE SENT TO:

Block 11 Marshall, LLC
c/o Coldwell Banker Commercial Fisher Group
Attn: David Schooff , CIOR/CCIM, President/Managing Broker
201 N. Riverfront Drive, Suite 230
Mankato, MN 56001

EXHIBIT A

**TO DEED EXECUTED BY
HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MARSHALL, MINNESOTA, GRANTOR,
TO BLOCK 11 MARSHALL, LLC, GRANTEE.**

LEGAL DESCRIPTION

The property located in the City of Marshall, Lyon County, Minnesota legally described as:

[Insert legal description]

DRAFT

EXHIBIT B

TO DEED EXECUTED BY THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MARSHALL, MINNESOTA, TO BLOCK 11 MARSHALL, LLC, GRANTEE.

CONDITION SUBSEQUENT

The HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MARSHALL, MINNESOTA, a public body corporate and politic organized and existing under the laws of the State of Minnesota (“Grantor” or “HRA”), is conveying the property described in the foregoing warranty deed (the “Development Property”) to BLOCK 11 MARSHALL, LLC, a Minnesota limited liability company (“Grantee”), subject to a right of reentry for breach of conditions subsequent in favor of Grantor. The condition subsequent, as set forth in that certain Contract for Private Development, dated [____], 2022, between the HRA and the Grantee (such agreement, as the same may be modified or amended, the “Development Agreement”) (capitalized terms utilized herein and not separately defined shall have the meanings ascribed to them in the Development Agreement) is that the Developer shall have substantially completed within twelve (12) months of the proposed date for substantial completion of each Phase set forth in Section 3.7 of Development Agreement as follows: June 30, 2024 for the Phase I Residential; June 30, 2025 for the Phase II Residential/Commercial, and June 30, 2026 for the Phase III Residential/Commercial, in accordance with permits issued by the City of Marshall, Minnesota (the “City”).

If the Grantee breaches the condition subsequent, and does not cure such breach within the period and in the manner provided in the Agreement, the Grantee shall re-convey the Development Property to the Grantor. If the Grantee fails to re-convey the Development Property to the Grantor, the Grantor may elect to exercise its right of re-entry by commencing an action in Lyon County District Court to establish the breach of the condition subsequent. If the Grantor exercises its right of re-entry and establishes a breach of the condition subsequent, title to and the right to possession of the Development Property and title to all improvements located thereon reverts to the Grantor, and the Grantee is not entitled to any compensation from the HRA or the Grantor for the value of such portion of Development Property or any improvements the Grantee has made thereto except as specifically provided in the Development Agreement.

The Grantee shall notify the Grantor when the Grantee has substantially completed construction of each Phase, in accordance with permits issued by the City. The Grantor shall, within 14 days after such notification, inspect the Development Property in order to determine whether the Grantee has substantially completed construction of such Phase in accordance with permits issued by the City. If the Grantor determines the Grantee has substantially completed construction of the Phase in accordance with permits issued by the City, the Grantor will furnish to the Grantee a Certificate of Release in the form attached hereto as **Exhibit C**, releasing such portion of the Development Property from the right-of-re-entry.

The Certificate of Release issued for any portion of the Development Property shall conclusively satisfy and terminate the right of reentry of the Grantor with respect to such portion of the Development Property in this deed or the Development Agreement. The Grantee must record each Certificate of Release in the proper County land records.

DRAFT

EXHIBIT C

TO DEED EXECUTED BY
HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MARSHALL, MINNESOTA,
TO BLOCK 11 MARSHALL, LLC, GRANTEE

CERTIFICATE OF RELEASE

1. Recitals.

Recital One. Block 11 Marshall, LLC, a Minnesota limited liability company (the “Grantee” or “Developer”) is the owner of the real property legally described in **Exhibit A** hereto (the “Development Property”).

Recital Two. Grantee acquired title to the Development Property subject to a right of re-entry for breach of conditions subsequent in favor of the Grantor (the “Right of Re-entry”) set forth in a deed from the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota (the “Grantor” or “HRA”) dated _____, 2022 and recorded in the office of the Lyon County Registrar of Titles / Lyon County Recorder on _____ as Document No. _____ (the “Deed”).

Recital Three. The Grantee is a party to a Contract for Private Development between the HRA and Developer of even date (such agreement, as the same may be modified or amended, the “Development Agreement”) (capitalized terms utilized herein and not separately defined shall have the meanings ascribed to them in the Development Agreement).

Recital Four. Pursuant to the Development Agreement the Grantee is obligated to have commenced and substantially completed construction of each Phase, in accordance with permits issued by the City of Marshall, Minnesota (the “City”), as follows:

Phase	Commencement Date	Substantial Completion Date
Phase I Residential	December 31, 2022	June 30, 2023
Phase II Residential/Commercial	December 31, 2023	June 30, 2024
Phase III Residential/ Commercial	December 31, 2024	June 30, 2025

Recital Five. The Grantor’s Right of Re-entry would be triggered by the Grantee’s failure to have substantially completed within twelve (12) months of the proposed date for substantial completion of each Phase set forth in Section 3.7 of the Development Agreement, as recited above (by June 30, 2024 for the Phase I Residential, by June 30, 2025 for the Phase II Residential/Commercial, and by June 30, 2026 for the Phase III Residential/Commercial), in accordance with permits issued by the City.

Recital Six. The Grantee has represented to the Grantor that the Grantee has completed [Phase I Residential by June 30, 2023] [Phase II Residential/Commercial by June 30, 2024] [Phase III Residential/Commercial by June 30, 2025], in accordance with permits issued by the City and has requested this Certificate of Release from the Grantor.

2. Certificate of Release. The Grantor hereby certifies that the Grantee has satisfied its obligations with respect to completing, by June 30, [2023][2024][2025], construction of [Phase I Residential] [Phase II Residential/Commercial] [Phase III Residential/Commercial], in accordance with permits issued by the City. The Grantor further acknowledges and agrees that the Development Property is released from the Right of Re-Entry.

IN WITNESS WHEREOF, the Grantor has caused this certificate to be duly executed on its behalf this ____ day of _____, 20__.

**HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY
OF MARSHALL, MINNESOTA**

By: _____
Name: _____
Its: Chair

By: _____
Name: _____
Its: Executive Director hair

STATE OF MINNESOTA)
) ss.
COUNTY OF LYON)

The foregoing instrument was acknowledged before me this _____, 20__, by _____ and _____, the Chair and Executive Director, respectively, of the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota, on behalf of the Authority.

Notary Public

DRAFTED BY:

Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402-1299

EXHIBIT A
TO CERTIFICATE OF RELEASE

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

The property located in the City of Marshall, Lyon County, Minnesota legally described as:

[Insert legal description]

DRAFT

EXHIBIT G

PURCHASE PRICE NOTE

Block 11 Marshall, LLC (the “Developer”), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay to the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota (the “HRA”) or its registered assigns (the registered owner of this Note is referred to herein as the “Registered Owner”), the principal sum of Three Hundred Ninety-Nine Thousand Nine Hundred Ninety-Nine and 00/100 Dollars (\$399,999.00), with interest thereon at the rate of 4.00% per annum.

The principal amount of this Note shall equal, from time to time, the principal amount stated above, as reduced to the extent that such principal shall have been paid in whole or in part pursuant to the terms hereof. This Note is issued pursuant to that certain Contract for Private Development, dated as of [_____], 2022, as the same may be amended from time to time (the “Development Agreement”), by and between the HRA and the Developer.

The amounts due under this Note shall be payable in [48] semiannual installments, commencing August 1, 2025, and on each February 1 and August 1 thereafter to and including [February 1, 2048], or, if the first day of either February 1 or August 1 should not be a Business Day (as defined in the Development Agreement), the next succeeding Business Day (the “Payment Dates”) in the amounts shown in the schedule below (each a “Payment Installment”). On each Payment Date the HRA will credit against the Payment Installment then due, an amount equal to Available Tax Increments (as defined in the Development Agreement) received by the HRA in the 6-month period preceding such Payment Date. If, on any Payment Date, 90% of the Available Tax Increments received by the HRA in the 6-month period preceding such Payment Date is less than the amount shown in the schedule below, the Developer shall pay, by check or draft mailed to the HRA, an amount equal to the deficiency.

Date	Amount	Date	Amount	Date	Amount	Date	Amount
8/1/25	\$2,399	8/1/32	\$11,391	8/1/39	\$13,212	8/1/46	\$15,304
2/1/26	\$2,399	2/1/33	\$11,391	2/1/40	\$13,212	2/1/47	\$15,304
8/1/26	\$6,239	8/1/33	\$11,636	8/1/40	\$13,493	8/1/47	\$15,627
2/1/27	\$6,239	2/1/34	\$11,636	2/1/41	\$13,493	2/1/48	\$15,627
8/1/27	\$10,237	8/1/34	\$11,886	8/1/41	\$13,780	8/1/48	\$15,956
2/1/28	\$10,237	2/1/35	\$11,886	2/1/42	\$13,780	2/1/49	\$15,956
8/1/28	\$10,459	8/1/35	\$12,141	8/1/42	\$14,073	8/1/49	\$16,293
2/1/29	\$10,459	2/1/36	\$12,141	2/1/43	\$14,073	2/1/50	\$16,293
8/1/29	\$10,685	8/1/36	\$14,401	8/1/43	\$14,372	8/1/50	\$16,635
2/1/30	\$10,685	2/1/37	\$12,401	2/1/44	\$14,372	2/1/51	\$16,635
8/1/30	\$10,916	8/1/37	\$12,666	8/1/44	\$14,676		
2/1/31	\$10,916	2/1/38	\$12,666	2/1/45	\$14,676		
8/1/31	\$11,151	8/1/38	\$12,936	8/1/45	\$14,987		

Date	Amount	Date	Amount	Date	Amount	Date	Amount
2/1/32	\$11,151	2/1/39	\$12,936	2/1/46	\$14,987		

This Note is prepayable at any time without penalty.

If, as of the termination date of the TIF District (as defined in the Development Agreement), the HRA has received Available Tax Increments in excess of an amount sufficient to repay the principal amount of \$399,999, with interest thereon at the rate of 4.00% per annum, the HRA will, on or before December 31, 2048, apply such excess to reimburse the Developer for any amounts paid to the HRA pursuant to Section 3.2 of the Development Agreement and this Note in an amount equal to such excess.

If, as of the termination date of the TIF District, the HRA has received Available Tax Increments in an amount less than \$399,999, with interest thereon at the rate of 4.00% per annum, the HRA will, if the Available Tax Increments have been received by the HRA in an amount at least equal to the amounts set forth above or the Developer has paid all deficiency amounts in accordance with Section 3.2 of the Development Agreement and this Note, forgive the remaining principal amount of this Note.

IN WITNESS WHEREOF, Block 11 Marshall, LLC has caused this Note to be executed and delivered as of _____, 2022.

BLOCK 11 MARSHALL, LLC

By: _____

Its: _____

DRAFT

EXHIBIT H
TOTAL DEVELOPMENT COSTS

[Insert]