



118 Central Avenue North, New Prague, MN 56071  
phone: 952-758-4401 fax: 952-758-1149

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## MEMORANDUM

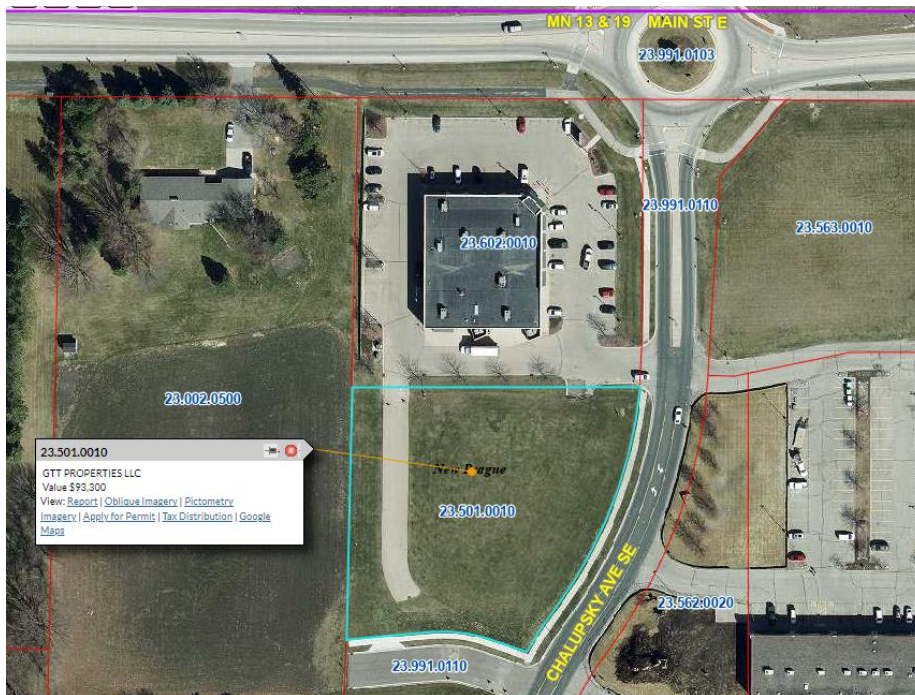
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**TO:** HONORABLE MAYOR AND CITY COUNCIL  
**CC:** JOSHUA M. TETZLAFF, CITY ADMINISTRATOR  
**FROM:** KEN ONDICH, PLANNING / COMMUNITY DEVELOPMENT DIRECTOR  
**SUBJECT:** POSSIBLE 54 UNIT APARTMENT BUILDING, MINNESOTA HOUSING FINANCE AGENCY APPLICATION FOR THE WORKFORCE HOUSING DEVELOPMENT PROGRAM AND POSSIBLE TAX ABATEMENT  
**DATE:** APRIL 11, 2024

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As introduced at the City Council Meeting on April 1<sup>st</sup>, Ebert Construction has approached the City regarding the possibility of constructing a 54-unit apartment building on PID 23.501.0010 (Lot 1, Block 1, Deutschland First Addition) which is the vacant lot immediately south of Walgreens.



At the April 3<sup>rd</sup>, 2024 Planning Commission Meeting, the Planning Commission discussed the possibility of amending the zoning ordinance or considering a variance application to vary from the City's density and parking requirements with direction provided to the developer to go the route of a variance application.

Also as introduced at the April 1<sup>st</sup> City Council meeting, the developer asked the City about any incentives that might be available to make the project financially feasible and it was discussed that the state has the Workforce Housing Development Program assists eligible recipients (the City is an eligible recipient as a city in "greater Minnesota") to finance qualified expenditures to develop market rate residential rental properties to address the lack of workforce housing in Greater Minnesota. Funds are awarded as deferred forgivable loans to eligible recipients that use the funds to make loans or grants to developers to create new market rate residential rental properties. As an applicant, the city would be required to secure funds that match one dollar for every two dollars in funding offered through this program.

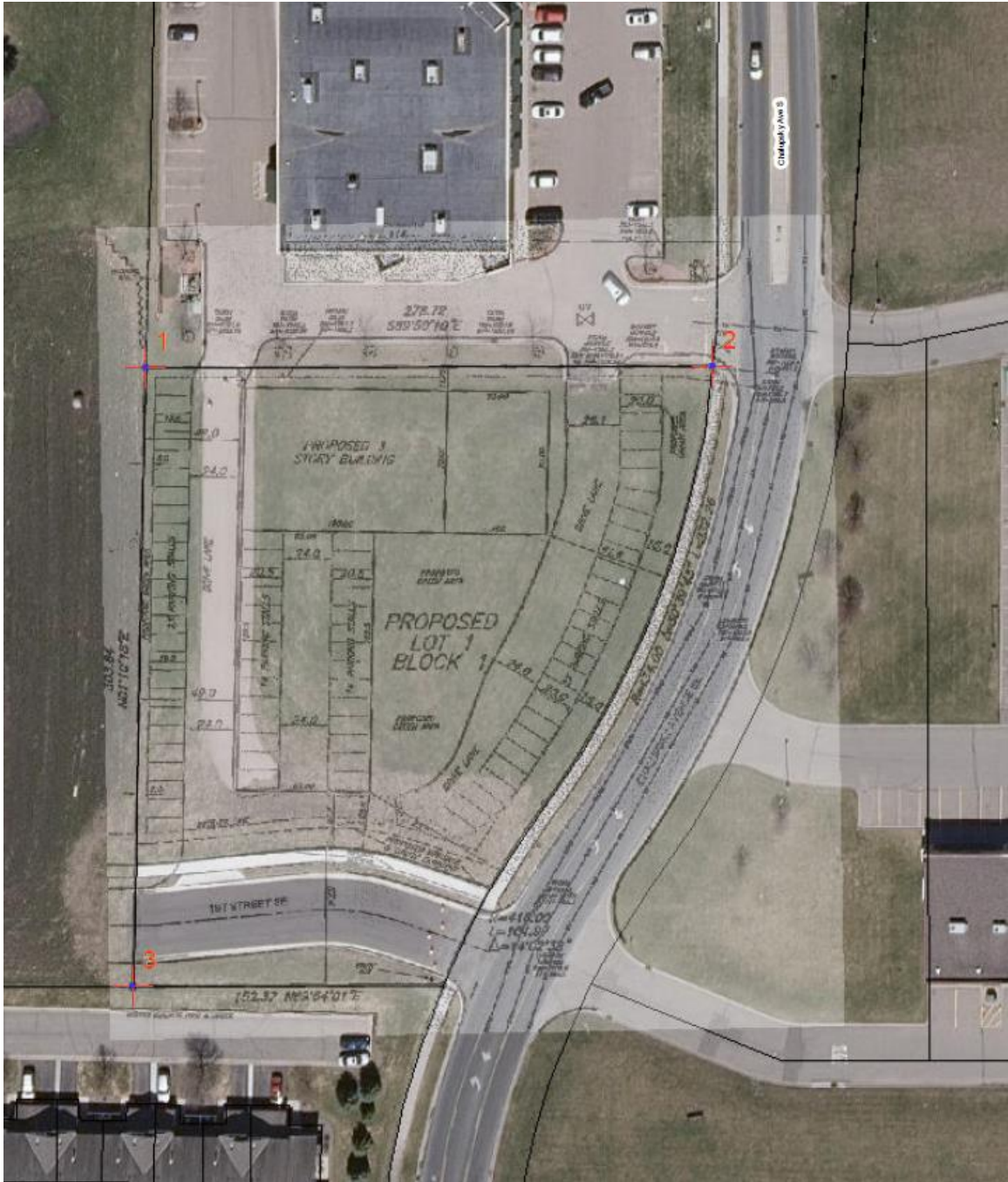
Based on the discussion from the meeting on April 1<sup>st</sup> for general consensus of a tax abatement of up to a 15 year term of 100% abatement of the City's taxes, Mikaela Huot with Baker Tilly has provided an updated memo showing such scenario and additionally another scenario whereby the City, County and School District providing 50% abatement for each of their share of the taxes and what that could provide for abatement based on very preliminary discussions with the School and County regarding their possible participation.

The City is expected to apply for \$499,999 in program funds (this falling under the threshold that would trigger prevailing wages for the entire project) so the City's match would be required at just under \$250,000 which would come from tax abatement funds.

Attached to this memo is a resolution that would be necessary for the City Council to pass to allow the application to be submitted for the workforce housing development program. This resolution would commit the city to local match of just under \$250,000 (from tax abatement funds). The actual approval of a tax abatement would not occur until its known of the city were awarded program funds.

### **Staff Recommendation**

Staff recommends approval of the attached resolution titled "Minnesota Housing Finance Agency Application for the Workforce Housing Development Program".



(Previously approved site plan for 43-unit apartment building – included setback variances)



(Example Building Elevation – indicative of style and materials only – building may have peaked reroof as shown or flat roof. Different and more appealing colors would be utilized.)



(Google street view of the lot in question)

# Memo

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To: Joshua Tetzlaff, City of New Prague  
Ken Ondich, City of New Prague

From: Mikaela Huot, Director, BTMA

Date: April 15, 2024

Subject: Tax Abatement Revenue Projections for Proposed New 54-Unit Apartment Complex Project and Public Assistance

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## **Background**

The City of New Prague (the “City”) has been approached by Ebert Construction (the “developer”) regarding the proposed construction of a 54-unit multifamily apartment housing complex. The developer has estimated the total development cost to be approximately \$12.7 million and has requested the City apply for funding through the MHFA Workforce Housing Development Program (estimate of \$499,999 grant request) to assist with closing a financial gap that is anticipated to exist with development of the project site and new project. The developer has also requested the City consider the establishment of a tax abatement area that would provide additional gap financing as the local funding match as required for the grant application. The purpose of this memo is to provide a summary of the preliminary projected tax abatement revenues generated by the City.

## **Tax Abatement Analysis**

The following assumptions were used to estimate the amount of projected tax abatement revenues:

- Total project area
  - Parcel ID: 23.501.0010
- Total estimated base value of \$93,000
  - Assumed existing land value would be calculated as ‘base’
  - Non-abated net tax capacity of \$1,163
- Estimated total taxable value upon completion
  - \$6,193,000 (\$112,963 per unit)
  - \$77,413 total net tax capacity
  - Residential rental classification
- Maximum term of tax abatement
  - Up to 20 years with one or two participating taxing entities
  - Up to 15 years with all three taxing entities
- Projected term of tax abatement based on MHFA application
  - *Total maximum assistance amount of \$499,999*
  - Scenario 1: Estimated 15 years with 100% City share pledged
    - \$485,259
  - Scenario 2: Estimated 15 years with 50% City, County and School District shares pledged
    - \$619,993
- Construction commences in 2025 and completes in 2026
  - 100% assessed in January of 2027 for taxes payable in 2028
- Tax rates, class rates and future market values remain constant

- Tax rates
  - City: 42.427%
  - County: 45.807%
  - School District: 20.180%
- Class rate of 1.25% for residential rental
- 0% annual market value inflator

**Tax Abatement Revenue Estimates**

<b>Tax Abatement Revenue Projections</b>		
	Scenario 1: City Only Participation	Scenario 2: City, County and School District Participation
Total Estimated Taxable Value	\$6,193,000	\$6,193,000
Participation Level	100%	50%
Estimated # of Years	15 years	15 years
City annual abatement	\$32,351	\$16,175
County annual abatement	\$0	\$17,464
School District annual abatement	\$0	\$7,694
Total estimated annual abatement	\$32,351	\$41,333
Estimated total projected revenues	\$485,259	\$619,993

There is a statutory limit on the total amount of property taxes that may be abated by a political subdivision. The City’s annual property tax abatement may not exceed (1) ten percent of the net tax capacity of the political subdivision for the taxes payable year to which the abatement applies, or (2) \$200,000, whichever is greater. We estimate the total City share of tax abatement from this project to be approximately \$32,351 assuming 100% or \$16,175 assuming 50% based on a taxable value of \$6,193,000. We recommend consideration for both existing abatements and potential future abatements as it relates to the City’s maximum participation level on an ongoing basis. The City’s 2023 adjusted taxable net tax capacity is \$11,371,733 allowing for the City’s total tax abatement capacity of approximately \$1,137,173.

**Project Financing**

There are generally two ways in which assistance can be provided for most projects, either upfront or on a pay-as-you-go basis. With upfront financing, the City would finance a portion of the applicant’s initial project costs through the issuance of bonds or as an internal loan. Future tax abatements would be levied for collection by the City and used to pay debt service on the bonds or repayment of the internal loan. With pay-as-you-go financing, the developer would finance all project costs upfront and would be reimbursed over time for a portion of those costs as revenues are available.

Pay-as-you-go-financing is generally more acceptable than upfront financing for the City because it shifts the risk for repayment to the developer. If revenues are less than originally projected, the developer receives less and therefore bears the risk of not being reimbursed the full amount of their financing. However, in some cases pay as you go financing may not be financially feasible. With bonds, the City would still need to make debt service payments and would have to use other sources to fill any shortfall of revenues. With internal financing, the City reimburses the loan with future revenue collections and may risk not repaying itself in full if revenues are not sufficient. The City has historically financed projects as pay-as-you-go for reimbursement to the developer of eligible costs.

Thank you for the opportunity to be of assistance to the City of New Prague. Please contact me at 651-223-3036 or [mikaela.huot@bakertilly.com](mailto:mikaela.huot@bakertilly.com) with any questions or to discuss.

## **Definition of Tax Abatement**

Any political subdivision, including statutory cities, home rule charter cities, towns, counties, and school districts, is authorized to abate property taxes on selected parcels or defer the payments of the taxes and abate the interest and penalty that otherwise would apply, if:

- The benefits gained equal or exceed the cost to the political subdivision or the abatement phases in a property tax increase, and
- The abatement is in the public interest because it will:
  - increases or preserves the tax base;
  - provides employment opportunities;
  - provides or helps acquire or construct public facilities;
  - helps redevelop or renew blighted areas;
  - helps provide access to services;
  - finances or provides for public infrastructure;
  - phase in a property tax increase on the parcel resulting from an increase of 50% or more in one year on the estimated market value of the parcel, other than an increase due to improvement of the parcel; or
  - stabilize the tax base through equalization of property tax revenues for a specified time period with respect to a taxpayer whose real and personal property is subject to valuation under Minnesota Rules, chapter 8100.

Cities, counties, and school districts as combined jurisdictions may grant an abatement for no longer than 15 years (8 year maximum if no initial duration is specified), or for no longer than 20 years if two or fewer jurisdictions participate.

No back-to-back abatements. Eight years must pass before a new abatement can be applied on the same properties.

In any given year, the total amount of property taxes abated by a political subdivision for all parcels may not exceed the greater of (1) 10% of the net tax capacity of the political subdivision for the taxes payable year to which the abatement applies, or (2) \$200,000.

Property in a tax increment financing district is not eligible for abatement; however, a tax abatement can be established following a tax increment district.

Scenario 1: City only Participation (estimated 100% annual abatement)

**Projected Tax Abatement Report**

City of New Prague, Minnesota  
 Proposed Tax Abatement Assistance  
 54 Unit Apartment Complex  
 Draft Abatement Revenues: \$6.193M new taxable value

Annual Period Ending	Total Market Value <sup>(1)</sup>	Total Net Tax Capacity <sup>(2)</sup>	Less: Non-Abated Net Tax Capacity <sup>(3)</sup>	Retained Captured Net Tax Capacity	Times: Tax Capacity Rate <sup>(4)</sup>	Estimated Annual Property Taxes	Maximum Tax Abatement City * 42.43%	Maximum Tax Abatement County * 45.81%	Maximum Tax Abatement School * 20.18%	Estimated Project Abatement
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
12/31/26	0	0	0	0	109.914%	0	0	0	0	0
12/31/27	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
12/31/28	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
12/31/29	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
12/31/30	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
12/31/31	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
12/31/32	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
12/31/33	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
12/31/34	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
12/31/35	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
12/31/36	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
12/31/37	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
12/31/38	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
12/31/39	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
12/31/40	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
12/31/41	6,193,000	77,413	1,163	76,250	109.914%	83,809	100%	32,351	0%	0
						\$1,340,944		\$485,259		\$0
								\$0		\$0
										\$485,259

<sup>(1)</sup> Total estimated market value based on preliminary value estimate following review by County Assessor very preliminary and subject to further review. Includes 0% annual market value inflator

<sup>(2)</sup> Total net tax capacity based on rental class rate of 1.25%

<sup>(3)</sup> Original net tax capacity based does include existing land value

<sup>(4)</sup> Local tax capacity rate for the City of New Prague for taxes payable 2024



Scenario 2: City, County and School District Participation (estimated 50% annual abatement)

**Projected Tax Abatement Report**

**City of New Prague, Minnesota**  
**Proposed Tax Abatement Assistance**  
**54 Unit Apartment Complex**  
**Draft Abatement Revenues: \$6.193M new taxable value**

Annual Period Ending	Total Market Value <sup>(1)</sup>	Total Net Tax Capacity <sup>(2)</sup>	Less: Non-Abated Net Tax Capacity <sup>(3)</sup>	Retained Captured Net Tax Capacity	Times: Tax Capacity Rate <sup>(4)</sup>	Estimated Annual Property Taxes	Maximum Tax Abatement City * 42.427%	Maximum Tax Abatement County * 45.807%	Maximum Tax Abatement School * 20.180%	Estimated Project Abatement
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
12/31/26	0	0	0	0	109.914%	0	0	0	0	0
12/31/27	6,193,000	77,413	1,163	76,250	109.914%	83,809	50% 16,175	50% 17,464	50% 7,694	41,333
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12/31/41	6,193,000	77,413	1,163	76,250	109.914%	83,809	50% 16,175	50% 17,464	50% 7,694	41,333
						\$1,257,135	\$242,629	\$261,959	\$115,404	\$619,993

<sup>(1)</sup> Total estimated market value based on preliminary value estimate following review by County Assessor **very preliminary and subject to further review. Includes 0% annual market value inflator**

<sup>(2)</sup> Total net tax capacity based on rental class rate of 1.25%

<sup>(3)</sup> Original net tax capacity based does include existing land value

<sup>(4)</sup> Local tax capacity rate for the City, County and School District for taxes payable 2024

## RESOLUTION #24-04-15-03

### MINNESOTA HOUSING FINANCE AGENCY APPLICATION FOR THE WORKFORCE HOUSING DEVELOPMENT PROGRAM

**WHEREAS**, Recipient has submitted an application (the “Application”) for a project (the “Project”) pursuant to the Workforce Housing Development Program (“Program”) in order to obtain funding from the Minnesota Housing Finance Agency (“Minnesota Housing”).

**WHEREAS**, on this 15<sup>th</sup> day of April, 2024, there has been presented to the meeting of the New Prague City Council, a proposal for Recipient, upon selection by Minnesota Housing, to enter in to a Deferred Loan Agreement pursuant to the Program in order to obtain funding from Minnesota Housing.

**NOW, THEREFORE, BE IT RESOLVED**, that Recipient is authorized to enter into a Deferred Loan Agreement, substantially in the form as attached to this resolution as **Exhibit A**, pursuant to the Program in order to obtain funding from Minnesota Housing in an amount not to exceed \$499,999 (the “Loan”).

**BE IT FURTHER RESOLVED**, that Recipient is in an Eligible Project Area, as defined in Minnesota Statute Section 462A.39, subdivision 2, has the legal authority to apply for financial assistance, and has the institutional, managerial and financial capability to ensure adequate construction, operation, maintenance and replacement of the Project for its design life.

**BE IT FURTHER RESOLVED**, that Recipient certifies that it will use the Loan for qualified expenditures for the Project to serve employees of businesses located in the eligible project area or surrounding area.

**BE IT FURTHER RESOLVED**, that the Loan will be matched by the City of New Prague with at least \$1 for every \$2 provided.

**BE IT FURTHER RESOLVED**, that Recipient certifies that the average vacancy rate for rental housing located in the City of New Prague, and in any other city located within 15 miles or less of the boundaries of the area, has been five percent or less for at least the prior two-year period.

**BE IT FURTHER RESOLVED**, that the Loan will not exceed 50 percent of the Project costs.

**BE IT FURTHER RESOLVED**, that the Mayor and City Administrator, or their successors in office, are hereby authorized to execute the Deferred Loan Agreement and such other agreements, and amendments thereto, as are necessary to implement the Project on behalf of Recipient.

**BE IT FURTHER RESOLVED**, that Minnesota Housing is authorized to rely on the continuing force and effect of these Resolutions until receipt by the Commissioner of Minnesota Housing at its principle office of notice in writing from Recipient of any amendment or alteration of such Resolutions.

Passed by the City Council on this 15th day of April, 2024.

\_\_\_\_\_  
Duane J. Jirik, Mayor

ATTEST: \_\_\_\_\_  
Joshua M. Tetzlaff, City Administrator

Exhibit A – Deferred Loan Agreement

# MINNESOTA HOUSING FINANCE AGENCY DEFERRED LOAN AGREEMENT

This Deferred Loan Agreement is between the Minnesota Housing Finance Agency (“MHFA”) and **[GIVE THE FULL NAME OF THE BORROWER INCLUDING ITS ADDRESS]** (the “Borrower”).

## Recitals

1. Under [Minn. Stat. §462A.39](#), MHFA is empowered to enter into this Deferred Loan Agreement.
2. The MHFA is in need of the development of rental housing to serve the employees of local businesses (“Workforce Housing”) in **[COUNTY]**, City of **[CITY]** pursuant to MHFA’s Workforce Housing Development Program (the “Program”).
3. The Borrower represents that it is duly qualified and agrees to perform all activities described in this Deferred Loan Agreement to the satisfaction of MHFA. The Borrower agrees to minimize administrative costs as a condition of this Deferred Loan Agreement.

## Deferred Loan Agreement

### 1 Term of Deferred Loan Agreement

#### 1.1 *Effective date:*

The effective date of this Deferred Loan Agreement is **[SPELL OUT FULL DATE (e.g., July 1, 2022)]**. The Borrower must not begin work until this Deferred Loan Agreement is fully executed and MHFA's Authorized Representative has notified the Borrower that work may commence. No funds will be disbursed to the Borrower until this Deferred Loan Agreement is fully executed.

#### 1.2 *Construction period:*

The construction period for the Program begins with the Effective Date of this Deferred Loan Agreement and continues through the later of **[SPELL OUT FULL DATE (e.g., June 1, 2025)]** or any extension of this period agreed to in writing by MHFA (the “Construction Period”). All funds provided through this Deferred Loan Agreement must be fully expended in compliance with this Deferred Loan Agreement by the end of the Construction Period.

#### 1.3 *Survival of Terms.*

The following clauses survive the expiration or cancellation of this Deferred Loan Agreement: 8. Liability; 9. State Audits; 11. Publicity and Endorsement; 12. Governing Law, Jurisdiction, and Venue; and 14. Data Disclosure.

### 2 Duties and Contracts

#### 2.1 **Borrower’s Duties**

The Borrower has made application to MHFA for the purpose of administering a Program project in the manner described in the Borrower's application (the “Project”) which is incorporated into this Deferred Loan Agreement by reference.

The Borrower, who is not a state employee, is awarded funds to provide financial assistance to address the need for Workforce Housing. The Project includes: **[INSERT BRIEF DESCRIPTION OF PROJECT INCLUDING TYPE (NEW CONSTRUCTION/ADAPTIVE REUSE, ETC.), AND NUMBER OF UNITS]**.

The Borrower will be in compliance with the Workforce Housing Development Program Guide, as amended (the “Program Guide”), which is incorporated into this Deferred Loan Agreement.

## 2.2 Provisions for Contracts and Sub-grants.

*(a) Contract Provisions.* The Borrower must include in any contract and subcontract, in addition to provisions that define a sound and complete agreement, such provisions that require recipients and subrecipients to comply with applicable local, state and federal laws, rules, regulations and ordinances, as well as any applicable MHFA policies.

*(b) Use of Program Funds.* The Program Funds (as defined below) awarded under this Deferred Loan Agreement may only be used by the Borrower or awarded by the Borrower to third parties as grant funds or loans in accordance with the terms of the Program Guide. All Program Funds must be used by an Eligible Project Area for the Qualified Expenditures of a Market Rate Residential Rental Property (as such terms are defined in the Program Guide). If awarded as a loan, any fees or interest charged cannot unduly enrich any parties involved beyond the approximate cost of the administrative costs associated with the Project.

## 3 Time

The Borrower must comply with all time requirements described in this Deferred Loan Agreement and the Program Guide. In the performance of this Deferred Loan Agreement, time is of the essence. Project construction must commence and be completed within the Construction Period

## 4 Loan

### 4.1 Loan Amount.

The total principal loan amount by MHFA to the Borrower under this Deferred Loan Agreement will not exceed \$[ENTER AWARD AMOUNT] (the “Program Funds”).

### 4.2 Repayment

The Borrower promises to pay to MHFA the Program Funds with simple interest, if any, of 0% per annum accruing on such amounts of principal as may be advanced from time to time.

Further, the Program Funds and all accrued interest, if any, less any amounts previously paid or forgiven, are due and payable in one lump sum on the earlier to occur of: (i) a Default (as described below); or (ii) the \_\_\_ day of \_\_\_, 20\_\_\_ (the “Maturity Date”).

A Default occurs upon written notice by MHFA to the Borrower of noncompliance with this Deferred Loan Agreement or the Program Guide and failure of the Borrower to cure the noncompliance to the satisfaction of MHFA within 30 days of such notice.

Repayment of the Program Funds will be forgiven upon the Maturity Date provided: (i) MHFA has not given the Borrower notice of a Default; and (ii) the Borrower is in full compliance with this Deferred Loan Agreement and the Program Guide.

All amounts due are payable at the offices of MHFA, 400 Wabasha Street North, Suite 400, St. Paul, MN 55102-1109, or such other place as MHFA may designate in writing.

If a failure to pay the amounts due under this Deferred Loan Agreement occurs, and if the same is submitted for collection by MHFA, its successor and assigns, the Borrower must pay all costs of collection, including reasonable attorney's fees.

All parties to this Deferred Loan Agreement, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest and notice of dishonor.

### 4.3 Disbursement

For all disbursements of Program Funds, the Borrower must be in compliance with this Deferred Loan

Agreement and the Program Guide and complete and submit a Workforce Housing Development Program Disbursement Request Form, attached to this Deferred Loan Agreement as **Exhibit A**, to MHFA for review and approval. MHFA will promptly pay the Borrower up to one third of the Program Funds on or after closing. The Borrower may request an additional one third of the Program Funds as needed upon commencement of Project construction. The remaining one third of the Program Funds will be withheld for final disbursement and will not be released until construction completion of the Project and upon completion of all reporting and monitoring requirements pursuant to this Deferred Loan Agreement.

#### **4.4 Return of Funds**

The Borrower must promptly return to MHFA any Program Funds that have: (i) not been accounted for in a financial report to MHFA due annually or at Deferred Loan Agreement closeout; or (ii) not been used in compliance with the Program Guide.

#### **4.5 Contracting and Bidding Requirements**

The Borrower must comply with all applicable prevailing wage requirements as further described in the Legal Addendum attached to the Program Guide.

The Borrower must not contract with vendors who are suspended or debarred in MN:

<http://www.mmd.admin.state.mn.us/debarredreport.asp>

#### **4.6 Prepayment**

The Program Funds may be prepaid in whole or in part at any time without premium or penalty; provided, however, that payment by Borrower to MHFA of the amount of the Program Funds or any portion thereof shall not be deemed to be or constitute a release of Borrower from the terms or requirements of this Deferred Loan Agreement.

### **5 Conditions of Payment**

All activities performed by the Borrower under this Deferred Loan Agreement must be performed to MHFA's satisfaction, as determined at the sole discretion of MHFA's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Borrower will be responsible for repaying any Program Funds found by MHFA to be noncompliant with this Deferred Loan Agreement or used in violation of federal, state, or local law.

### **6 Authorized Representative**

MHFA's Authorized Representative is **Sara Bunn, Program Manager, 651.296.9827, sara.bunn@state.mn.us, 400 Wabasha St N, Suite 400, St. Paul, MN 55102** or her successor, and has the responsibility to monitor the Borrower's performance under this Deferred Loan Agreement.

The Borrower's Authorized Representative is **[NAME, TITLE, ADDRESS, TELEPHONE NUMBER, EMAIL]**. If the Borrower's Authorized Representative changes at any time during this Deferred Loan Agreement, the Borrower must immediately notify MHFA.

### **7 Assignment Amendments, Waiver, and Deferred Loan Agreement Complete**

#### **7.1 Assignment**

The Borrower shall neither assign nor transfer any rights or obligations under this Deferred Loan Agreement without the prior written consent of MHFA, approved by the same parties who executed and approved this Deferred Loan Agreement, or their successors in office.

#### **7.2 Amendments**

Any amendments to this Deferred Loan Agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original Deferred Loan Agreement, or their successors in office.

### **7.3 Waiver**

If MHFA fails to enforce any provision of this Deferred Loan Agreement, that failure does not waive the provision or MHFA's right to enforce it.

### **7.4 Deferred Loan Agreement Complete**

This Deferred Loan Agreement contains all negotiations and agreements between MHFA and the Borrower. No other understanding regarding this Deferred Loan Agreement, whether written or oral, may be used to bind either party.

## **8 Liability**

The Borrower must indemnify, save, and hold MHFA, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by MHFA, arising from the performance of this Deferred Loan Agreement by the Borrower or the Borrower's agents or employees. This clause will not be construed to bar any legal remedies the Borrower may have for MHFA's failure to fulfill its obligations under this Deferred Loan Agreement.

## **9 State Audits**

Under [Minn. Stat. § 16B.98](#), Subd.8, the Borrower's books, records, documents, and accounting procedures and practices of the Borrower or any other party relevant to this Deferred Loan Agreement or transaction are subject to examination by MHFA and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this Deferred Loan Agreement, receipt and approval of all final reports, or the required period of time to satisfy all MHFA program retention requirements, whichever is later.

## **10 Workers Compensation**

The Borrower certifies that it is in compliance with [Minn. Stat. § 176.181](#), Subd. 2, pertaining to workers' compensation insurance coverage. The Borrower's employees and agents will not be considered MHFA employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way MHFA's obligation or responsibility.

## **11 Publicity and Endorsement**

### **11.1 Publicity**

Any publicity regarding the subject matter of this Deferred Loan Agreement must identify MHFA as the sponsoring agency and must not be released without prior written approval from MHFA's Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Borrower individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this Deferred Loan Agreement.

### **11.2 Endorsement**

The Borrower must not claim that MHFA endorses its products or services.

## **12 Governing Law, Jurisdiction, and Venue**

Minnesota law, without regard to its choice-of-law provisions, governs this Deferred Loan Agreement. Venue for all legal proceedings out of this Deferred Loan Agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

## **13 Termination**

MHFA may immediately terminate this Deferred Loan Agreement if MHFA finds that there has been a failure to comply with the provisions of this Deferred Loan Agreement or the Program Guide, that reasonable progress has not been made or that the purposes for which the funds were loaned have not been or will not be fulfilled. MHFA may take action to protect the interests of the State of Minnesota, including



the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

#### **14 Data Disclosure**

Under [Minn. Stat. § 270C.65](#), Subd. 3, and other applicable law, the Borrower consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to MHFA, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Borrower to file state tax returns and pay delinquent state tax liabilities, if any.

#### **15 Responsible Contractor Requirement**

The Borrower agrees that it and its contractors will fully comply with all applicable provisions contained in [Minn. Stat. §16C.285](#), as amended.

**2. BORROWER**

The Borrower certifies that the appropriate person(s) has/have executed the Deferred Loan Agreement on behalf of the Borrower as required by applicable articles, bylaws, resolutions, or ordinances.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**3. MINNESOTA HOUSING FINANCE AGENCY**

By: \_\_\_\_\_

(with delegated authority)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Distribution:

Agency

Borrower

MHFA's Authorized Representative

# **EXHIBIT A**

## **Workforce Housing Development Program Disbursement Request Form**

**Summary**

This form must be completed, signed, and submitted to MHFA prior to receiving a disbursement of funds. To complete the form, enter the amount of funds you are requesting and a summary of what the funds will be used for. Have the form signed by an Authorized Representative. Submit the completed form to Sara Bunn at [WorkforceHousingDevProg.MHFA@state.mn.us](mailto:WorkforceHousingDevProg.MHFA@state.mn.us).

**Disbursement Request and Justification**

Amount Requested (not to exceed one-third of the total award): \_\_\_\_\_

Use the space below to document what the funds will be used for:

\_\_\_\_\_

**Authorized Representative Signature**

Authorized Representative Name: \_\_\_\_\_

Authorized Representative Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

Authorized Representative  
Signature: \_\_\_\_\_

4/2/24 unit mix as proposed (subject to change):

8 – “Alcove” units (not called studios, but they only have a short wall dividing off the bedroom from the rest of the unit) – 600 sq. ft. average size

26 – 1 Bedroom units – 750 sq. ft. average size

7 – 1 Bedroom +Den units (basically a one bedroom unit plus a den) – 850 sq. ft. average size

8 – 2 Bedroom units – 1,100 sq. ft. average size

5 – 2 Bedroom +Den units (basically a two bedroom unit plus a den – they don’t do 3 bedroom units as in the past they haven’t been able to rent them) – 1,250 to 1,350 sq. ft sizes

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**54 total units**