

June 7, 2018
HRA Meeting
Regular Meeting Agenda
7:00 p.m.

Call to order

Roll call.

Action Items

1. Approval of Expenditures
2. Approval of May 3, 2018 Meeting Minutes
3. Annual Election of Officers
4. Approval of TIF District #24 & Development Agreement – Stacks VIII
5. Locke Parkway – Consent to Bid Award

Informational Items

1. Potential Changes to Loan Program
2. Housing Program Update

Adjournment



City of Fridley, MN

Check Report

By Check Number

Date Range: 04/20/2018 - 05/17/2018

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK-HRA-APBNK-HRA						
PPT: 107738	FRIDLEY HRA ICMA 401	04/20/2018	EFT	0.00	310.08	246
PPT: 307066	FRIDLEY HRA ICMA 457	04/20/2018	EFT	0.00	126.92	247
PPT: 107738	FRIDLEY HRA ICMA 401	05/04/2018	EFT	0.00	313.83	248
PPT: 307066	FRIDLEY HRA ICMA 457	05/04/2018	EFT	0.00	126.92	249
hra-1113	MONROE MOXNESS BERG PA	04/20/2018	Regular	0.00	15,767.60	30132
HRA-2622	LANDFORM PROFESSIONAL SERVICES	04/20/2018	Regular	0.00	4,357.63	30133
HRA-2627	WENCK ASSOCIATES INC	04/20/2018	Regular	0.00	3,365.50	30134
hra-505	EHLERS & ASSOCIATES, INC	04/20/2018	Regular	0.00	960.00	30135
hra-623	FRIDLEY, CITY OF	05/02/2018	Regular	0.00	1,004.27	30136
hra-1341	METRO NORTH CHAMBER OF COMMERCE	05/08/2018	Regular	0.00	395.00	30137
hra-1601	PASSAU LANDCARE INC.	05/16/2018	Regular	0.00	490.00	30138
HRA-2628	MINN DEPT OF HEALTH	05/16/2018	Regular	0.00	150.00	30139
HRA-2630	PROMO DIRECT	05/16/2018	Regular	0.00	1,174.61	30140
hra-623	FRIDLEY, CITY OF	05/16/2018	Regular	0.00	866.49	30141

Bank Code APBNK-HRA Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	17	10	0.00	28,531.10
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	4	4	0.00	877.75
	21	14	0.00	29,408.85

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	17	10	0.00	28,531.10
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	4	4	0.00	877.75
	21	14	0.00	29,408.85

Fund Summary

Fund	Name	Period	Amount
099	Pooled Cash - HRA	4/2018	24,887.73
099	Pooled Cash - HRA	5/2018	4,521.12
			29,408.85



City of Fridley, MN

Check Report

By Check Number

Date Range: 05/18/2018 - 05/18/2018

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK-HRA-APBNK-HRA						
hra-1113	MONROE MOXNESS BERG PA	05/18/2018	Regular	0.00	15,708.75	30142
hra-1320	MINNESOTA POLLUTION CONTROL AGENCY	05/18/2018	Regular	0.00	310.00	30143
HRA-2622	LANDFORM PROFESSIONAL SERVICES	05/18/2018	Regular	0.00	55,423.04	30144
HRA-2627	WENCK ASSOCIATES INC	05/18/2018	Regular	0.00	11,812.68	30145
hra-311	CENTER FOR ENERGY & ENVIRONMENT	05/18/2018	Regular	0.00	520.00	30146
hra-501	E.C.M. PUBLISHERS, INC.	05/18/2018	Regular	0.00	142.80	30147
hra-612	FINANCE AND COMMERCE	05/18/2018	Regular	0.00	124.45	30148

Bank Code APBNK-HRA Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	7	7	0.00	84,041.72
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	7	7	0.00	84,041.72

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	7	7	0.00	84,041.72
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	7	7	0.00	84,041.72

Fund Summary

Fund	Name	Period	Amount
099	Pooled Cash - HRA	5/2018	84,041.72
			84,041.72



City of Fridley, MN

Check Report

By Check Number

Date Range: 05/21/2018 - 05/24/2018

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK-HRA-APBNK-HRA						
hra-1601	PASSAU LANDCARE INC.	05/24/2018	Regular	0.00	400.00	30149
hra-1703	QUICKSILVER EXPRESS COURIER	05/24/2018	Regular	0.00	29.75	30150
HRA-2629	4IMPRINT INC	05/24/2018	Regular	0.00	1,154.35	30151
hra-813	HOISINGTON KOEGLER GROUP INC.	05/24/2018	Regular	0.00	2,427.50	30152

Bank Code APBNK-HRA Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	4	4	0.00	4,011.60
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	4	4	0.00	4,011.60

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	4	4	0.00	4,011.60
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	4	4	0.00	4,011.60

Fund Summary

Fund	Name	Period	Amount
099	Pooled Cash - HRA	5/2018	4,011.60
			4,011.60

**CITY OF FRIDLEY
HOUSING AND REDEVELOPMENT AUTHORITY COMMISSION
May 3, 2018**

Chairperson Gabel called the Housing and Redevelopment Authority Meeting to order at 7:00 p.m.

MEMBERS PRESENT: Pat Gabel
William Holm
Stephen Eggert
Gordon Backlund

MEMBERS ABSENT: Kyle Mulrooney

OTHERS PRESENT: Paul Bolin, HRA Assistant Executive Director
Wally Wysopal, City Manager
Jim Casserly, Development Consultant
Scott Hickok, Community Development Director

Action Items:

1. Approval of Expenditures

MOTION by Commissioner Holm to approve the expenditures. Seconded by Commissioner Eggert.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DECLARED THE MOTION CARRIED UNANIMOUSLY

2. Approval of April 5, 2018 Meeting Minutes

MOTION by Commissioner Holm to approve the minutes as presented. Seconded by Commissioner Backlund.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DECLARED THE MOTION CARRIED

3. Redevelopment Agreement – Sherman / NS Rail Station Site

Paul Bolin, HRA Assistant Executive Director, stated that the Sherman Group would like to move forward with developing the Fridley Northstar Station site. The project is still planned to have three buildings totaling 248 units. Construction would start in the spring of 2019. Discussions with Metro Transit have reduced the required number of parking stalls dedicated to Northstar from 320 to 80. This provides more flexibility in the design and allows for additional green space. Staff and legal counsel have been working with Metro Transit to identify all of the documents that will need to be amended to allow this change to the original lease agreement.

Staff anticipates this may take until this fall to gather all of the approvals and signatures needed. Staff recommends the Authority approves the redevelopment agreement with the Sherman Group.

Shane LaFave, Sherman Group, was here a year ago and wanted to move forward with the low-income building and now he is asking to build the other two buildings first. What changed is a year ago he didn't know what Northstar would do as far as reducing the parking lot requirements. He applied for the MN housing 9% tax credit award and didn't get funded and he also didn't want to compete with the Cielo development that was starting up a year ago. The City wants to see this project succeed and now the plan is to move forward with the first two buildings at the same time. The application will be in a less competitive pool this time and they are only asking for a small deferred loan instead of the 9% tax credit. The project is now designated in a qualified census tract which allows for the maximum request. Upon approval, Sherman Group would start designing right away and construction would start about a year from now. If all goes well all three buildings could start construction at the same time as the development targets different demographics. Each building would have one level of underground parking with four levels above grade.

Chairperson Gabel asked what a qualified census tract was.

Mr. LaFave replied that census tracts are in population areas of lower incomes and provide an incentive up to 30% to developers to build housing in those areas. The construction costs and hard costs are used to qualify for eligible for tax credits.

Commissioner Eggert asked if this development would be similar to the one in Maplewood.

Mr. LaFave replied that it would be a very similar product creating multiple units of housing on the same site, creating a community.

Commissioner Eggert asked for an explanation if the financial assistance was granted and if it wasn't granted.

Mr. LaFave replied that there are multiple ways to get this done and they could look elsewhere like through Anoka County or creatively look for other options. One option is to construct more market rate housing or another type of use that presents itself.

Commissioner Backlund asked if the underground parking was included in the 80 parking stalls.

Mr. LaFave replied that the 80 parking stalls is not part of this development, that is for the Metro Transit requirement.

Commissioner Backlund asked if the market rate senior building could stand on their own.

Mr. LaFave replied that the 55+ rate and non-age doesn't need anything from MN Housing. The TIF and our equity will be enough to move that building forward. It is the low-income building that is dependent on the award tax credit from MN tax housing. With the low rents and no subsidy, that building would have to convert to market rate housing.

Commissioner Eggert asked if Sherman would be retaining ownership on the properties.

Mr. LaFave replied that they would manage the property a minimum of 15 years. Their vision is to create a portfolio around urban cores next to transit and in urban areas. This is the center of the target of where they want to be.

Commissioner Backlund asked if the exterior would blend with neighborhood and vision of the City plans.

Mr. LaFave replied that this is preliminary. When they start to create the design, they will want City input.. The design is flexible and will go through the formal design process. All residents will be able to subscribe to solar energy and receive a discount.

Commissioner Holm asked what subscribe meant.

Mr. LaFave replied that they can't force people but the option is present in the lease paperwork upfront, no other paperwork is needed but the signature.

Commissioner Holm asked which building would be built first.

Mr. LaFave replied that both buildings could be built at the same time. First, they would work on the storm water, site utility, ponding and the infrastructure; then both buildings could start at the same time.

Commissioner Holm asked how much money was available from the State in tax credits.

Mr. LaFave replied \$9.0m in credits and \$80.0m in bonding capacity. There are ample resources, but they are very competitive.

Chairperson Gabel asked if there would be on-site management 24/7.

Mr. LaFave replied yes, plus every unit will have a wash and dryer, community rooms, underground parking, rent out areas, outdoor amenities including a pool, green space and playground.

Jim Casserly, Development Consultant, said that in the end there will be three separate closings, notes and ownerships.

Commissioner Holm asked for explanation of the tax increment above the value from the date it was purchased.

Mr. Casserly replied that the property tax is exempt now and when it is sold to a private sector the property will be revalued and that will become the base for that portion of the tax increment district. Taxes would be paid on the sale price and the value over and above will be captured as tax increment. Each parcel will have a separate tax parcel and the district will end in 2042.

Chairperson Gabel said that the land currently does not generate any tax revenue so the value will go from zero to the value of the land plus the building.

Mr. Casserly replied that the land will be revalued by the accessor and will probably be amount that the Authority paid for it and that will become the base. When the buildings are built and value is added, that will become the tax increment.

Commissioner Backlund asked how the 80 parking spots would be handled with Met Council.

Mr. Casserly replied that they are working on sorting that out right now. Right now the Authority owns the property and it's a long term lease.

MOTION by Commissioner Holm to approve the Redevelopment Agreement – Sherman / NS Rail Station Site. Seconded by Commissioner Eggert.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DELCARED THE MOTION CARRIED UNANIMOUSLY

4. Locke Park Pointe – RFP Phase 2

Paul Bolin, HRA Executive Assistant Director, stated that the Authority issued RFP's for the second phase of the Locke Park Pointe project in January and on February 16th received proposals from the Pulte Group and Alatus. After thoroughly reviewing both of the proposals it became apparent that the Alatus project was not financially viable and that the Pulte project was not architecturally appealing. After follow-up discussions with Pulte, it was determined that they do not appear to have much flexibility in the design of their townhome products and that the Authority should take some time to talk with other townhome builders. The Authority and City Staff have met with a number of builders interested in the property. Staff is waiting for more detailed information from them and anticipate brining some very nice options to the Authority shortly. Staff recommends the Authority adopt a motion to "not accept the responses made to the Locke Park Pointe Phase 2 Request for Proposals."

MOTION by Commissioner Backlund to not accept the responses made to the Locke Park Point Phase 2 Request for Proposals. Seconded by Commissioner Eggert.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DECLARED THE MOTION CARRIED UNANIMOUSLY

Informational Items:

1. Housing Programs Update

Paul Bolin, HRA Executive Assistant Director, reported that one CEE loan closed in April making three year to date; there were no remodel advisor visits for a total of two year to date. There were five Home Energy Squad visits for a total of 18 year to date. There will be some changes to the loan programs to encourage more reinvestments in the housing stock and staff will bring that forward to the June meeting.

Adjournment:

MOTION by Commissioner Eggert to adjourn. Seconded by Commissioner Holm.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE MEETING ADJOURNED AT 7:49 P.M.

Respectfully submitted,

Krista Peterson
Recording Secretary



ACTION ITEM
HRA REGULAR MEETING
JUNE 7, 2018

DATE: May 30, 2018
TO: Wally Wysopal, City Manager / HRA Executive Director
FROM: Paul Bolin, Assistant HRA Director
SUBJECT: Election of Officers

Article V, Section 3 of the Authority's by-laws requires the Board of Commissioners to annually elect a Chair and Vice Chair. Below is a list of the commissioners and the length of their current appointments.

<u>Commissioner</u>	<u>End of Term</u>
Pat Gabel (Chair)	June 2023
Bill Holm	June 2022
Gordon Backlund	June 2021
Stephen Eggert (Vice Chair)	June 2020
Kyle Mulrooney	June 2019

Recommendation

Staff recommends that the Authority elect a Chair and Vice Chair, as required by the Authority's by-laws, to serve through June 2019.



ACTION ITEM HRA MEETING OF JUNE 7, 2018

DATE: June 7, 2018
TO: Wally Wysopal, City Manager
FROM: Paul Bolin, Assistant Executive HRA Director
SUBJECT: Northern Stacks VIII TIF Request

Hyde Development has requested the Authority's assistance to clean up contaminated soils, for what will be known as Northern Stacks VIII. This is the building located at 5101 Industrial Boulevard, adjacent to Northern Stacks.



Attached is a memorandum from Attorney Casserly, the TIF Plan, contract for private development, and resolutions for approval of the district and development contract. Staff, Hyde Development and Attorney Casserly will be available to answer questions on Thursday night.



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MEMORANDUM

To: Housing and Redevelopment Authority in and for the City of Fridley
Attn: Wally Wysopal, Executive Director
Attn: Paul Bolin, Assistant Executive Director

From: James R. Casserly, Esq.
Vickie L. Loher-Johnson, Esq.

A handwritten signature in blue ink, appearing to be "JRC", is written over the "From" field.

Date: May 31, 2018

Re: Stacks VIII, LLC
Our File No. 9571-90

INTRODUCTION

Paul Hyde, through his limited liability company, Stacks VIII, LLC (the "Redeveloper") is developing the property at 5101 Industrial Boulevard NE (the former All Temp Building). The site has significant contamination and the building requires major renovation to maximize its potential. To assist with the remediation, the Redeveloper is securing a grant from the Department of Employment and Economic Development ("DEED") in the amount of \$432,000 and the Metropolitan Council in the amount of \$250,000. The Redeveloper is also contributing \$267,000 of its funds for the remediation and is requesting that the Authority contribute \$660,000 through a pay-as-you-go Revenue Note. In addition, the Redeveloper is investing approximately \$9.7 Million in the acquisition and renovation of the building.

The attached documents allow the City and the HRA to create a Tax Increment Financing District and to provide assistance through a Contract for Private Redevelopment. The documents include the following:

1. Tax Increment Financing Plan No. 24 (the "Plan");
2. An HRA Resolution approving the Plan;
3. City Resolution approving the Plan;
4. Contract for Private Redevelopment between the HRA and the Redeveloper (the "Contract"); and
5. A Resolution authorizing execution of the Contract;
6. A Tax Increment Analysis with no inflation; and
7. A Tax Increment analysis with an inflation of 2.5% per annum.

TAX INCREMENT FINANCING PLAN NO. 24
("TIF Plan")

The Plan has the normal provisions but the type of district is unusual in that it is for a Soils Condition District. Revenues from a Soils Condition District may only be spent on the cost of remediation in accordance with a MPCA approved Development Action Response Plan ("DARP" or "RAP") including testing, preparation of the RAP and administrative expenses.

Subsection 26.6 of the Plan and the "But For" Analysis attached as an Exhibit XXVI-D describe in detail the use of the funds and the need for assistance. A Soils Condition District has a maximum duration of 21 years and a Tax Increment Analysis prepared for the Plan is Section XXVI.1-C. The budget for the Tax Increment District is Exhibit 1-C. In the Plan we try to use maximum amounts in the event of unforeseen circumstances. Our analysis suggests there is substantially more increment than needed for the Revenue Note and this will be discussed more fully later in the memo.

The HRA Resolution is the standard resolution and if the HRA wishes to proceed with creating the Tax Increment Financing District No. 24, it needs to adopt this resolution.

The Resolution for the City is also a standard resolution. However, some of the findings are significantly different. Please note Finding Nos. 1 and 2 of Exhibit B on page 6. Finding No. 1 provides the rationale for establishing a Soils Condition District and describes the eligible costs that may be reimbursed with the TIF Plan. Finding No. 2 of Exhibit B on page 7 describes the environmental and redevelopment activities that are anticipated and the increase in the amount of market value as a result of those activities.

CONTRACT FOR PRIVATE REDEVELOPMENT
("the Contract")

The Contract is very similar to other contracts that the Authority has adopted previously. Particularly the one involving the Northern Stacks project immediately to the south of this project. However, this Contract is much simpler:

1. There is one parcel of land.
2. The Tax Increment may only be spent on very defined eligible expenses which are described in the DARP and are referred to in the Contract as Site Improvements.
3. Only one Revenue Note will be issued as provided for in Section 3.5 of the Contract. That Note will have an interest rate of 5.75% per annum and will be in the maximum amount of \$660,000.

4. The Redeveloper must prove up the expenses in order for the Revenue Note to be issued (See Section 3.5(b) of the Contract).
5. The project should be should be completed within a year and the Contract allows for completion to be no later than December 31, 2019 (See Section 4.2 of the Contract).

The Authority will also assist the Redeveloper in securing grants from DEED and the Met Council and will supervise the disbursements of those grants. All of this is provided in Section 3.4 of the Contract.

When the project is completed and the City issues a Certificate of Occupancy, then the HRA will issue its Certificate of Completion (Section 4.3) provided that the Redeveloper has proven up its expenses in accordance with the Contract.

If the Authority wishes to approve the Contract with the Redeveloper, then it needs to adopt the attached Resolution.

T.I. ANALYSIS

Attached are two tax increment analyses. One with no inflation and another with 2.5% per annum inflation. Column J in both analyses shows the cumulative balance of the present value. In other words, with the assumptions used in the analysis, the present value of the total TI received would be reflected in Column (i).

The assumptions used in the tax increment analyses are that the market value of the parcel will increase approximately \$3.8 Million, to a total market value of \$10.5 Million, a tax rate of 1.17984, and a present value rate of 5.75%. In the no inflation analysis, \$660,000 could be paid off in approximately 13 years (12/01/2033); in the 2.5% inflation analysis, the \$660,000 could be paid off in approximately 10 years (12/01/2030).

CONCLUSION

There is a clear need for the use of tax increment. If the site is not improved, there is little opportunity for any increase in market value given the cost of remediation and renovation. With the grants from the Met Council, DEED, TI from the Authority, and investment by the Redeveloper, then this site should have a substantial increase in market value and allow the Authority and the City to have a remediated site, a more valuable and improved building, and a substantial increase in revenues to all the taxing jurisdictions when the Revenue Note has been paid.

JRC/jw

DRAFT: May 25, 2018

CONTRACT

FOR

PRIVATE REDEVELOPMENT

By and Between the

HOUSING AND REDEVELOPMENT AUTHORITY

In and For

THE CITY OF FRIDLEY, MINNESOTA

And

STACKS VIII LLC

This document was drafted by:

**James R. Casserly, Esq.
Monroe Moxness Berg PA
7760 France Avenue So.
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Minneapolis, MN 55435
952-885-5999**

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CONTRACT FOR PRIVATE REDEVELOPMENT

THIS AGREEMENT, made on or as of the _____ day of June, 2018 by and between the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota (the "Authority"), a political subdivision of the State of Minnesota organized under the Constitution and laws of the State of Minnesota and Stack VIII LLC, a Minnesota limited liability company organized under the laws of the State of Minnesota (the "Redeveloper").

WITNESSETH:

WHEREAS, the Board of Commissioners (the "Board") of the Authority has determined that there is a need for development and redevelopment within the corporate limits of the City to provide employment opportunities, to provide adequate housing in the City, including low and moderate income housing and housing for the elderly, to improve the tax base and to improve the general economy of the City and the State of Minnesota;

WHEREAS, in furtherance of these objectives, the Authority has adopted, pursuant to Minnesota Statutes, Sections 469.001 et seq. (the "Act"), a development program known as the Modified Redevelopment Plan (the "Redevelopment Plan") and established Redevelopment Project No. 1 (the "Project Area") in the City to encourage and provide maximum opportunity for private development and redevelopment of certain property in the City which is not now in its highest and best use;

WHEREAS, in connection with the Project Area, Tax Increment Financing District No. 24 (the "Tax Increment District") has been approved by the Authority and the City and the Tax Increment Financing Plan will be forwarded to Anoka County and filed with the State, pursuant to the Minnesota Tax Increment Financing Act contained in Minnesota Statutes, Sections 469.174 to 469.1799;

WHEREAS, in connection with the Project Area, Hazardous Substance Subdistrict No. 20A (the "HSS") has been approved by the Authority and the City and the Tax Increment Financing Plan will be sent to Anoka County for certification and to the State for filing, pursuant to the Minnesota Tax Increment Financing Act contained in Minnesota Statutes, Sections 469.174 to 469.1799; and

WHEREAS, major objectives in establishing the Project Area are to:

1. Promote and secure the prompt redevelopment of certain property in the Project Area, which property is not now in its highest and best use in a manner consistent with the City's Comprehensive Plan and with a minimum adverse impact on the environment, and thereby promote and secure the redevelopment of other land in the City.
2. Provide additional employment opportunities within the Project Area and the City for residents of the City and the surrounding area, thereby improving living standards, reducing unemployment and the loss of skilled and unskilled labor and other human resources in the City.

3. Prevent the deterioration and secure the increase of commercial/industrial property subject to taxation by the City, the Independent School Districts, Anoka County, and the other taxing jurisdictions in order to better enable such entities to pay for governmental services and programs required to be provided by them.

4. Provide for the financing and construction for public improvements in and adjacent to the Project Area necessary for the orderly and beneficial redevelopment of the Project Area and adjacent areas of the City.

5. Promote the concentration of new desirable industrial, office, and other appropriate redevelopment in the Project Area so as to maintain the area in a manner compatible with its accessibility and prominence in the City.

6. Encourage local business expansion, improvement, and redevelopment, whenever possible.

7. Create a desirable and unique character within the Project Area through quality land use alternatives and design quality in new or remodeled buildings.

8. Encourage and provide maximum opportunity for private redevelopment of existing areas and structures which are compatible with the Project Area; and

WHEREAS, in order to achieve the objectives of the Authority and City in creating the Project Area and adopting the Redevelopment Plan, the Authority is prepared to provide financial and other assistance to the Redeveloper in accordance with this Agreement; and

WHEREAS, the Authority believes that the development and redevelopment of the Redevelopment Property pursuant to this Agreement, and fulfillment generally of the terms of this Agreement, are in the vital and best interests of the Authority and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws under which the development and redevelopment are being undertaken and assisted;

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

ARTICLE I

Definitions

Section 1.1 Definitions. In this Agreement, unless a different meaning clearly appears from the context:

"Act" means Minnesota Statutes, Section 469.001 et seq.

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

"Authority" means the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota.

"Available Tax Increment" means 90% of the Tax Increment from the Tax Increment District.

"Certificate of Completion" means the certification, in the form of the certificate contained in Schedule E attached to and made a part of this Agreement, provided to the Redeveloper, pursuant to Section 4.3 of this Agreement.

"City" means the City of Fridley, Minnesota.

"Construction Plans" means the plans, specifications, drawings and related documents on the construction work to be performed by the Redeveloper on the Redevelopment Property which (a) shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the building inspector or the City, and (b) shall include at least the following for each building: (1) site plan; (2) foundation plan; (3) floor plan for each floor; (4) cross sections of each (length and width); (5) elevations (all sides, except as to a side of an existing structure where no construction is to take place); (6) facade and landscape plan; and (7) such other plans or supplements to the foregoing plans as the City may reasonably request.

"Council" means the Council of the City.

"County" means the County of Anoka, Minnesota.

"DEED" means the Minnesota Department of Employment and Economic Development.

"Development Action Response Plan" or "Development Response Action Plan" or "Voluntary Response Action Plan" or "VRAP" or "DRAP" means the plan approved by the MPCA to protect the public health, welfare and environment in accordance with Minnesota Statutes, Section 469.174, Subdivision 17 and the applicable statutes for the MPCA.

"Eligible Costs" means the costs of the Site Improvements.

“Event of Default” means an action by the Redeveloper described in Section 5.1. of this Agreement.

“Grant Eligible Costs” means the costs eligible for payment from grants provided by DEED or the Met Council.

“Met Council” means the Metropolitan Council.

"Minimum Improvements" means the remediation of the Redevelopment Property and the rehabilitation of an approximately 177,657 sq. ft. office warehouse building for a total project cost of approximately \$11.3M as shown on the Site Plan. The square feet are estimates and subject to change as necessary to comply with Council and Planning Commission requirements, or the approved DRAP.

"Minnesota Environmental Policy Act" means the statutes located at Minnesota Statutes, Sections 116D.01 et seq., as amended.

“MPCA” means the Minnesota Pollution Control Agency.

"National Environmental Policy Act" means the federal law located at 42 U.S.C. Sub. Sect. 4331 et seq., as amended.

"Note" means the Limited Revenue Tax Increment Note in the principal amount of \$660,000 substantially in the form of Schedule D attached to this Agreement, and to be made by the Authority payable to the order of the Redeveloper or its permitted assigns in accordance with the terms of this Agreement.

“Party” means a party to this Agreement.

"Project Area" means Redevelopment Project No. 1, as amended, as established in accordance with the Act.

"Redeveloper" means Northern Stacks VIII LLC, a limited liability company organized under the laws of the State of Minnesota and its permitted successors and assigns.

"Redevelopment Plan" means the modified redevelopment plan adopted by the Authority for its Redevelopment Project No. 1, as amended.

"Redevelopment Project" means the Redevelopment Property and the Minimum Improvements.

"Redevelopment Property" means the real property described on Schedule A of this Agreement.

“Relocation Costs” means the cost of relocation services, benefits, and other costs to which owners, tenants, or others are entitled in accordance with State and Federal laws arising from the acquisition and redevelopment of the Redevelopment Property.

"Site Improvements" means those improvements described on Schedule C as qualified improvements of the Redevelopment Property.

“Site Plan” means the plans attached hereto on Schedule B showing the proposed nature and location of the Minimum Improvements.

"State" means the State of Minnesota.

“Tax Increment” means only that portion of the real estate taxes paid with respect to the Redevelopment Property which is remitted to the Authority as tax increment from the Tax Increment District pursuant to the Tax Increment Act.

“Tax Increment Act” means the Tax Increment Financing Act, Minnesota Statutes, Sections 469.174 to 469.1799, as amended and as it may be amended.

“Tax Increment District” means Tax Increment Financing District No. 24 which is located within the Project Area and has been approved by the Authority and the City.

“Tax Increment Plan” means the tax increment financing plan adopted by the Authority for its Tax Increment Financing District No. 24.

"Termination Date" means the date defined in Section 9.10 of this Agreement.

"Unavoidable Delays" means delays which are the result of strikes, unforeseeable and unavoidable casualties to the Minimum Improvements, the Redevelopment Property or the equipment used to construct the Minimum Improvements, delays which are the result of governmental actions, delays which are the result of judicial action commenced by third parties, citizen opposition or action affecting this Agreement or adverse weather conditions or acts of God.

“Voluntary Response Action Plan” or “VRAP” – see Development Action Response Plan above.

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the Authority. The Authority makes the following representations as the basis for the undertaking on its part herein:

(a) The Authority is a public body duly organized and existing under the laws of the State. Under the provisions of the Act, the Authority has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The Authority has approved the Redevelopment Plan in accordance with the terms of the Act.

(c) The Authority has approved the Tax Increment District and the Tax Increment Plan, pursuant to the Tax Increment Act.

(d) The Authority proposes to assist the Redeveloper with the Site Improvement Costs in accordance with the Tax Increment Plan, Redevelopment Plan and this Agreement.

(e) The Authority proposes to make the Note payable to the Redeveloper in accordance with the provisions of this Agreement and to pledge Tax Increment generated by the Tax Increment District to the payment of the Note according to its terms.

(f) The Authority will cooperate with the Redeveloper with respect to any litigation commenced by third parties in connection with this Agreement.

(g) The Authority will assist the Redeveloper in seeking available grants and other funding sources.

Section 2.2. Representations and Warranties by the Redeveloper. The Redeveloper represents and warrants that:

(a) The Redeveloper will remediate, rehabilitate, operate and maintain the Minimum Improvements 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, building code and public health laws and regulations).

(b) The Minimum Improvements will be an allowed use under the zoning ordinance of the City.

(c) As of the date of execution of this Agreement, the Redeveloper has received no notice or communication from any local, state or federal official that the activities of the Redeveloper or the Authority in the Project Area may be or will be in violation of any

environmental law or regulation.

As of the date of execution of this Agreement, the Redeveloper is aware of no facts, the existence of which would cause it to be in violation of any local, state or federal environmental law, regulation or review procedure or which would give any person a valid claim under the Minnesota Environmental Rights Act.

(d) The Redeveloper will use its best efforts to obtain, 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 the Minimum Improvements may be lawfully constructed.

(e) The Redeveloper is a limited liability company organized under the laws of the State.

(f) The Redeveloper agrees that it will cooperate with the Authority and shall indemnify the Authority against all costs, including the costs of defense incurred by the Authority through an attorney reasonably acceptable to the Authority and Redeveloper, with respect to any litigation commenced by third parties in connection with Redeveloper's failure to perform according to the terms and conditions of this Agreement.

(g) The financing arrangements including grants from regional or State authorities which the Redeveloper has obtained or will obtain, to finance acquisition or construction of the Minimum Improvements, together with financing provided by the Authority pursuant to this Agreement, will be sufficient to enable the Redeveloper to successfully complete the Minimum Improvements as contemplated in this Agreement.

(h) The construction of the Minimum Improvements, in the opinion of the Redeveloper, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future without the use of tax increment financing provided by the City pursuant to this Agreement.

(i) For the construction of the Minimum Improvements the Redeveloper will pay wages in accordance with the prevailing wage rate as that term is defined in Minnesota Statutes, Section 177.42, Subdivision 6 and in the City Resolution No. 25 - 2090. The City's Public Works Department shall be responsible for monitoring Redeveloper's compliance of this requirement.

(j) The Redeveloper shall not allow any use or occupancy of the Redevelopment Property or Minimum Improvements by a "Sexually Orientated Business" as defined in Ordinance No. 965 of the City's Code.

(k) The Redeveloper will reimburse the Authority for Relocation Costs. The Redeveloper may, in lieu of funding such costs, provide a written waiver by the owner or tenant. Such waiver must be in a form acceptable to the Authority, provided that no such waiver shall work to release the Redeveloper from its obligation to reimburse the Authority

for all claims for Relocation Costs in the event that such waiver shall be determined invalid. Any Relocation Costs reimbursed by Redeveloper to the Authority are reimbursable Eligible Costs.

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

ARTICLE III

Undertakings of Authority and Redeveloper

Section 3.1. Undertakings. (a) The Redeveloper shall seek grants and shall construct or cause to be constructed the Minimum Improvements and the Site Improvements in accordance with the terms of this Agreement.

(b) The Authority shall seek grants and disburse the proceeds in accordance with the terms of this Agreement.

Section 3.2. Relocation. (a) The Redeveloper warrants and represents that it will pay, or obtain written relocation waivers in a form satisfactory to the Authority regarding all Relocation Costs. Any Relocation Costs paid by the Redeveloper are not reimbursable Site Improvements.

(b) Without limiting the Redeveloper's obligations under Section 9.5, the Redeveloper will indemnify, defend, and hold harmless the Authority, the City, and their governing body members, employees, agents, and contractors from any and all claims for benefits or payments arising out of the relocation or displacement of any person from the Redevelopment Property as a result of the implementation of this Agreement.

Section 3.3. Environmental Undertakings. (a) The parties acknowledge that MPCA has received the Redeveloper request for one or more VRAPs providing for remediation of hazardous wastes and contaminants on the Redevelopment Property. Redeveloper shall promptly undertake remediation and any other actions required under the VRAPs, subject to the reimbursement as further described in this Agreement.

(b) The Redeveloper acknowledges that the Authority makes no representations or warranties as to soil and environmental condition on the Redevelopment Property or the fitness of the Redevelopment Property for construction of the Minimum Improvements or any other purpose for which the Redeveloper may make use of such property, and that the assistance provided to the Redeveloper under this Agreement neither implies any responsibility by the Authority or the City for any contamination of the Redevelopment Property or poor soil conditions nor imposes any obligation on such parties to participate in any cleanup of the Redevelopment Property and or correction of any soil problems (other than the financing described in this agreement).

(c) Without limiting its obligations under Section 9.5 of this Agreement the Redeveloper further agrees that it will indemnify, defend, and hold harmless the Authority, the City, and their governing body members, officers, and employees, from any claims or actions arising out of the presence, if any, of hazardous wastes or pollutants existing on or in the Redevelopment Property unless and to the extent that such hazardous wastes or pollutants are present as a result of the actions or omissions of the indemnities. Further, Redeveloper expressly agrees that the provisions of the VRAP are incorporated herein by

reference. Nothing in this section will be construed to limit or affect any limitations on liability of the City or Authority under State or federal law, including without limitation Minnesota Statutes Sections 466.04 and 604.02.

Section 3.4. Grant Disbursement. (a) To finance a portion of the environmental remediation costs on the Redevelopment Property, the Authority intends to obtain grants from DEED and the Met Council.

(b) The Authority will pay or reimburse the Redeveloper for Grant-Eligible Costs from and to the extent of the grant proceeds from DEED and the Met Council in accordance with the terms of the DEED Grant Agreement and the Met Council Grant Agreement, respectively, and the terms of this Section. Notwithstanding anything to the contrary herein, if Grant-Eligible Costs exceed the amount to be reimbursed under this Section, such excess shall be the sole responsibility of the Redeveloper except to the extent reimbursable under the Note.

(c) All disbursements will be made subject to the conditions precedent that on the date of such disbursement:

(1) The Authority has received a written statement from the Redeveloper's authorized representative certifying with respect to each payment: (a) that none of the items for which the payment is proposed to be made has formed the basis for any payment previously made under this Section (or before the date of this Agreement); (b) that each item for which the payment is proposed is a Grant-Eligible Cost, including a statement specifying which grant is the eligible funding source; and (c) the Redeveloper reasonably anticipates completion of the Grant-Eligible Costs and the Minimum Improvements in accordance with the terms of this Agreement.

(2) No Event of Default under this Agreement or event which would constitute such an Event of Default but for the requirement that notice be given or that a period of grace or time elapse, shall have occurred and be continuing.

(3) No license or permit necessary for undertaking the Grant-Eligible Costs or constructing the Minimum Improvements shall have been revoked, or the issuance thereof subjected to a challenge before any court or other governmental authority having or asserting jurisdiction there over that has been finally determined in a manner adverse to Redeveloper's obligations hereunder.

(d) Whenever the Redeveloper desires a disbursement to be made hereunder, which shall be no more often than monthly, the Redeveloper shall submit to the Authority a draw request in the form attached as Schedule F duly executed on behalf of the Redeveloper accompanied by invoices or other comparable evidence that the cost has been incurred and paid, or is payable by Redeveloper. Each draw request shall constitute a representation and warranty by the Redeveloper that all representations and warranties set forth in this Agreement are true and correct as of the date of such draw request.

(e) If the Redeveloper has performed all of its agreements and complied with all requirements theretofore to be performed or complied with hereunder, including satisfaction of all applicable conditions precedent contained in Article III hereof, the Authority shall make a disbursement to the Redeveloper in the amount of the requested disbursement or such lesser amount as shall be approved, within twenty (20) Business Days after the date of the Authority's receipt of the draw request, or, if later, upon receipt of grant proceeds from DEED or the Met Council, as the case may be. Each disbursement shall be paid from the grant designated by the Authority at its discretion, subject to the Authority's determination that the relevant Grant-Eligible Cost is payable from the designated source under the DEED Grant Agreement or the Met Council Grant Agreement and this Agreement.

(f) The making of the final disbursement by the Authority under this Section shall be subject to the condition precedent that the Redeveloper shall be in compliance with all conditions set forth in this Section and further, that the Authority shall have received a lien waiver from each contractor for all work done and for all materials furnished by it for the Grant-Eligible Costs attributable to such Phase.

(g) The Authority may, in its sole discretion, without notice to or consent from any other party, waive any or all conditions for disbursement set forth in this Article. However, the making of any disbursement prior to fulfillment of any condition therefor shall not be construed as a waiver of such condition, and the Authority shall have the right to require fulfillment of any and all such conditions prior to authorizing any subsequent disbursement.

Section 3.5. Issuance of Note. (a) The Redeveloper and Authority agree and understand that Redeveloper expects to incur certain costs in excess of proceeds of the grants described in Section 3.4. In order to reimburse the Redeveloper for such Eligible Costs, the Authority shall issue and the Redeveloper shall purchase the Note. The terms of the Note, including maturity and payment dates, will be substantially those set forth in the form of the Note shown in Schedule D. The Note will bear interest at 5.75% per annum. The Note will be dated as of the date of delivery, and interest will accrue from such date.

(b) Before issuance and delivery of the Note, Redeveloper must submit to the Authority a certificate signed by the Redeveloper's duly authorized representative, containing the following: (i) a statement that each cost identified in the certificate is an Eligible Cost, incurred after the date of this Agreement and that no part of such cost has been included in any previous certification under this Section or in any draw request under Section 3.4; (ii) evidence that each identified cost has been paid or incurred by or on behalf of the Redeveloper; (iii) a statement that no uncured Event of Default by the Redeveloper has occurred and is continuing under the Agreement. The Authority may, if not satisfied that the conditions described herein have been met, return any certificate with a statement of the reasons why it is not acceptable and requesting such further documentation or clarification as the Authority may reasonably require. The Authority will deliver the Note upon receipt and approval of certificates evidencing the relevant Eligible Costs in at least the principal amount of the Note.

(c) The Redeveloper understands and acknowledges that the Authority makes no representations or warranties regarding the amount of Available Tax Increment, or that revenues pledged to the Note will be sufficient to pay the principal and interest on any Note. Any estimates of Tax Increment prepared by the Authority or its financial advisors in connection with the TIF District or this Agreement are for the benefit of the Authority, and are not intended as representations on which the Redeveloper may rely. If the Eligible Costs exceed the principal amount of the Note, such excess costs are the sole responsibility of Redeveloper.

(d) In addition to the limitations above, the following limitations shall apply to the issuance of the Note:

- (1) Only Available Tax Increment shall be pledged.
- (2) The term of any Note may not extend more than 32 days beyond the duration of the Tax Increment District.
- (3) Any amounts unpaid at the maturity date shall be deemed paid in full.

Section 3.6. Business Subsidy Provisions. (a) The parties agree and understand that the assistance provided to Redeveloper in this Agreement (including both grant proceeds and issuance of Notes) does not constitute a "business subsidy" under the Business Subsidy Act, because the grants and Note represent assistance that is exempt from the Business Subsidy Act under Sections 116J.993, Subdivision 3, clauses (4) and (8).

(b) Redeveloper acknowledges that under Section 116J.994, subdivision 7(c) of the Business Subsidy Act, the Redeveloper is nevertheless required to file annual reports containing the information described therein. If the Redeveloper fails to timely file any required report, the Authority will mail the Redeveloper a warning within one week after the required filing date. If, after 14 days of the postmarked date of the warning, the Redeveloper fails to provide a report, the Redeveloper must pay to the Authority a penalty of \$100 for each subsequent day until the report is filed. The maximum aggregate penalty payable under this Section is \$1,000.

Section 3.7. Repayment of DEED or Met Council Grants. The Redeveloper shall repay to the Authority any portion of such grants that the Authority is required to repay for DEED or Met Council Grants resulting from Redeveloper's actions in violation of the terms of the applicable grant agreement.

Section 3.8. Other Grants. In the event the Authority is able to obtain grants from any other source, the disbursement of such grant proceeds shall be subject to the terms of this Agreement and in particular Section 3.4 Grant Disbursement.

ARTICLE IV

Construction of Minimum Improvements; Records; Reports

Section 4.1. Construction of Minimum Improvements. Subject to the limitations set forth herein, the Redeveloper agrees that it will construct the Minimum Improvements on the Redevelopment Property in accordance with the Construction Plans approved by the City and the Site Plan.

Section 4.2. Completion of Construction. Subject to Unavoidable Delays, the Parties anticipate the start of construction by December 31, 2018, and the substantial completion of the construction of the Minimum Improvements by December 31, 2019. All work with respect to the Minimum Improvements to be constructed or provided by the Redeveloper on the Redevelopment Property shall be in conformity with the Construction Plans and the Site Plan.

The Redeveloper agrees for itself, its successors and assigns, and every successor in interest to the Redevelopment Property, or any part thereof, that the Redeveloper, and such successors and assigns, shall, subject to the limitations set forth in Section 4.1, diligently prosecute to completion the development of the Redevelopment Property through the construction of the Minimum Improvements thereon, and that such construction is anticipated to be completed within the period specified in this Section 4.2 of this Agreement.

Section 4.3. Certificate of Completion. (a) Promptly after substantial completion of the Minimum Improvements in accordance with those provisions of the Agreement relating to the obligations of the Redeveloper to construct the Minimum Improvements, the Authority will furnish the Redeveloper with a Certificate of Completion. Such certification by the Authority shall be (and it shall be so provided in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement with respect to the obligations of the Redeveloper, and its successors and assigns, to construct the Minimum Improvements.

(b) If the Authority shall refuse or fail to provide any certification in accordance with the provisions of this Section 4.3 of this Agreement, the Authority shall, within ten (10) days after written request by the Redeveloper, provide the Redeveloper with a written statement, indicating in adequate detail in what respects the Redeveloper has failed to complete a building that is part of the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Authority, for the Redeveloper to take or perform in order to obtain such certification.

(c) The construction of the Minimum Improvements shall be deemed to be substantially completed when the Redeveloper has received an occupancy permit from the City's building inspector, which permit shall not be unreasonably withheld.

Section 4.4. Reports. The Redeveloper shall submit to the Authority the information necessary to comply with all grant agreements including DEED and the Met Council agreements.

Section 4.5. Records. The Authority, the Met Council, DEED, the Legislative Auditor and the State Auditor's office, through any authorized representatives, shall have the right after reasonable notice to inspect, examine and copy all books and records of Redeveloper relating to Eligible Costs and the Minimum Improvements. Redeveloper shall also use best efforts to cause the contractor or contractors, all sub-contractors and their agents and lenders to make their books and records relative to such costs to the Authority, upon reasonable notice, for inspection, examination and audit. Redeveloper shall maintain such records and provide such rights of inspection for a period of six years after issuance of the Certificate of Completion for the Minimum Improvements.

Section 4.6. Acknowledgments. During work on the Minimum Improvements, Redeveloper must post a sign on the site containing the following or similar language:

This project was financed in part through the Fridley Housing and Redevelopment Authority, with grant funds provided by the Metropolitan Council Livable Communities Fund, and by grants from the Minnesota Department of Employment and Economic Development.

Section 4.7. Contract Requirements. Redeveloper shall undertake all work related to the Eligible Costs and the Minimum Improvements in compliance with the DEED Grant Agreement, the Met Council Grant Agreement and all applicable federal and state laws, including without limitation all applicable state and federal Occupational Safety and Health Act regulations, especially the federal Hazardous Waste Operations and Emergency Response standards under 29 C.F.R. Sections 1910.120 and 1926.65. Any subcontractors retained by Redeveloper shall be subject to the requirements of this Section, which shall be included in any subcontracts between the Redeveloper and subcontractor.

ARTICLE V

Insurance

Section 5.1. Insurance. (a) The Redeveloper will provide and maintain or cause to be provided or maintained at all times during the process of constructing the Minimum Improvements and, from time to time at the request of the City, furnish the City with proof of payment of premiums on:

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

(2) comprehensive general liability insurance together with an owners' and contractors' protective liability policy with limits against bodily injury and property damage of not less than \$2,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used); and

(3) workers' compensation insurance, with statutory coverage.

(b) All insurance required by this Article shall be taken out and maintained in responsible insurance companies selected by the Redeveloper which are authorized under the laws of the State to assume the risks covered thereby. The Redeveloper will deposit annually with the City policies evidencing all such insurance, or a certificate(s) or binder(s) of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article, each policy shall contain a provision that the insurer shall not cancel or modify it without giving written notice to the Redeveloper and the City at least thirty (30) days before the cancellation or modification becomes effective. Not less than fifteen (15) days prior to the expiration of any policy, the Redeveloper shall furnish the City with evidence satisfactory to the City that the policy has been renewed or replaced by another policy conforming to the provisions of this Article, or that there is no necessity therefor under the terms hereof. In lieu of separate policies, the Redeveloper may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Redeveloper shall deposit with the City a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(c) On an annual basis, the Redeveloper shall provide the City with evidence satisfactory to the City that the Redeveloper's subcontractors are maintaining workers' compensation insurance with statutory coverage.

ARTICLE VI

Prohibitions Against Assignment and Transfer

Section 6.1. Representation as to Redevelopment. The Redeveloper represents and agrees that its purchase of the Redevelopment Property, and its other undertakings pursuant to this Agreement, are, and will be used, for the purpose of redevelopment of the Redevelopment Property and not for speculation in land holding. The Redeveloper further recognizes that, in view of (a) the importance of the redevelopment of the Redevelopment Property to the general welfare of the Authority, and (b) the substantial financing that has been made available by the Authority for the purpose of making such redevelopment possible, the qualifications and identity of the Redeveloper are of particular concern to the Authority. The Redeveloper further recognizes that it is because of such qualifications and identity that the Authority is entering into this Agreement with the Redeveloper, and, in so doing, is further willing to accept and rely on the obligations of the Redeveloper for the faithful performance of all undertakings and covenants hereby by it to be performed.

Section 6.2. Prohibition Against Transfer of Property and Assignment of Agreement. Also, for the foregoing reasons the Redeveloper represents and agrees that prior to the date of the issuance of the Certificate of Completion, except for the purpose of obtaining financing necessary to enable the Redeveloper or any successor in interest to the Redevelopment Property, or any part thereof, to perform its obligations with respect to making the Minimum Improvements under this Agreement, and any other purpose authorized by this Agreement, the Redeveloper has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Redevelopment Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, without the prior written approval of the Authority which shall not be unreasonably withheld, unless the Redeveloper remains liable and bound by this Agreement in which event the Authority's approval is not required. Any such transfer shall be subject to the provisions of this Agreement. Notwithstanding the foregoing, the Redeveloper may transfer the Redevelopment Property to any corporation, partnership or entity controlling, controlled by, or under common control with the Redeveloper.

Section 6.3. Assignment of Note. The Redeveloper may assign and pledge a Note to secure any loan secured by a portion of the Redevelopment Property, and may transfer a Note to any entity controlling, controlled by or under common control with the Redeveloper. Otherwise, no Note shall be assignable nor transferable without the prior written consent of the Authority; provided, however, that such consent shall not be unreasonably withheld or delayed if: (a) the assignee or transferee delivers to the Authority a written instrument acknowledging the limited nature of the Authority's payment obligations under the Note, and (b) the assignee or transferee executes and delivers to the Authority a certificate, in form and substance satisfactory to the Authority, pursuant to which, among other things, such assignee or transferee represents that (i) the Note is being acquired for investment for such assignee's or transferee's own account, not as a nominee or agent, and not with a

view to the resale or distribution of any part thereof, (ii) the assignee or transferee has no present intention of selling, granting any participation in, or otherwise distributing the same, (iii) the assignee or transferee is an “accredited investor” within the meaning of Rule 501 of Regulation D under the Securities Act of 2033, as amended, (iv) the assignee or transferee, either alone or with such assignee’s or transferee’s representatives, has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the prospective investment in the Note and the assignee or transferee is able to bear the economic consequences thereof, (v) in making its decision to acquire the Note, the assignee or transferee has relied upon independent investigations and, to the extent believed by such assignee or transferee to be appropriate, the assignee’s or transferee’s representatives, including its own professional, tax and other advisors, and has not relied upon any representation or warranty from the Authority or the City, or any of their officers, employees, agents, affiliates or representatives with respect to the value of the Note, (vi) neither the Authority nor the City has made any warranty, acknowledgment or covenant, in writing or otherwise, to the assignee or transferee regarding the tax consequences, if any, of the acquisition and investment in the Note, (vii) the assignee or transferee or its representatives have been given a full opportunity to examine all documents and to ask questions of, and to receive answers from, the Authority and its representatives concerning the terms of the Note and such other information as the assignee or transferee desires in order to evaluate the acquisition of and investment in the Note, and all such questions have been answered to the full satisfaction of the assignee or transferee, (viii) the assignee or transferee has evaluated the merits and risks of investment in the Note and has determined that the Note is a suitable investment for the assignee or transferee in light of such party’s overall financial condition and prospects, (ix) the Note will be characterized as a “restricted security” under the federal securities laws because the Note is being acquired in a transaction not involving a public offering and that under such laws and applicable regulations such security may not be resold without registration under the Securities Act of 1933, as amended, except in certain limited circumstances, and (x) no market for the Note exists or is intended to be developed.

ARTICLE VII

Events of Default

Section 7.1. 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:

(a) Failure by the Redeveloper to timely pay all ad valorem real property taxes assessed with respect to the Redevelopment Property.

(b) Failure by the Redeveloper to complete the Site Improvements, or the Minimum Improvements pursuant to the terms, conditions and limitations of this Agreement.

(c) Failure by the Redeveloper to submit to the Authority the documents required by Articles III and VI.

(d) Failure by the Redeveloper to substantially observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.

(e) If before the issuance of Certificate of Completion the Redeveloper 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) make an assignment for the benefit of its creditors; or

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

(D) be adjudicated as bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Redeveloper, as 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 ninety (90) days after the filing thereof; or a receiver, trustee or liquidator of the Redeveloper, or of the Minimum Improvements, or part thereof, shall be appointed in any proceeding brought against the Redeveloper, and shall not be discharged within ninety (90) days after such appointment, or if the Redeveloper shall consent to or acquiesce in such appointment.

Section 7.2. Remedies on Default. Whenever any Event of Default referred to in Section 7.1 occurs and is continuing, the Authority, as specified below, may take any one or more of the following actions after providing sixty (60) days' written notice to the Redeveloper, but only if the Event of Default has not been cured within said sixty (60) days.

(a) The Authority may suspend its performance under this Agreement including payment of the Notes until it receives assurances from the Redeveloper, deemed adequate by the Authority, that the Redeveloper has cured its default and will continue its performance under this Agreement.

(b) The Authority may cancel and rescind the Agreement.

(c) The Authority may withhold a Certificate of Completion.

Section 7.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority 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 7.4. 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 7.5. Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the Authority shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Redeveloper herein contained, the Redeveloper agrees that it shall, on demand therefor, pay to the Authority the reasonable fees of such attorneys and such other expenses so incurred by the Authority.

Article VIII

Tax Increment; Taxes; Assessment Agreement

Section 8.1. Pledge of Tax Increment. The Authority shall pledge the Tax Increments to the payment of the Note in accordance with the terms of this Agreement.

Section 8.2. Right to Collect Delinquent Taxes. The Redeveloper acknowledges that the Authority is providing substantial aid and assistance in furtherance of the development through the issuance of the Note. The Redeveloper understands that the Tax Increment pledged to payment on the Note is derived from real estate taxes on the Redevelopment Property, which taxes must be promptly and timely paid. To that end, the Redeveloper agrees for itself, its successors and assigns, 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 Redevelopment Property and the Minimum Improvements. The Redeveloper acknowledges that this obligation creates a contractual right on behalf of the Authority to sue the Redeveloper or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any such suit, the Authority shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 8.3. Review of Taxes. The Redeveloper agrees that prior to the Termination Date it will not cause a reduction in the real property taxes paid in respect of the Redevelopment Property through willful destruction of the Redevelopment Property or any part thereof; provided that the foregoing restriction shall not apply to Redeveloper's demolition of the existing improvements in the normal course of redeveloping the Redevelopment Property.

Article IX

Additional Provisions

Section 9.1. Conflict of Interests. No member, official, or employee of the Authority shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested.

Section 9.2. Restrictions on Use. The Redeveloper shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Redevelopment Property or any improvements erected or to be erected thereon, or any part thereof.

Section 9.3. Titles of Articles and Sections. Any titles of the several parts, Articles and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 9.4. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, transmitted by facsimile, delivered by a recognized overnight courier or delivered personally; and

(a) in the case of the Redeveloper, is addressed to or delivered personally to the mailing or delivery address the Redeveloper will, from time to time, furnish to the Authority. The Redeveloper's current address is as follows:

Northern Stacks VIII LLC
1350 Lagoon Avenue South #920
Minneapolis MN 55408
Attn: Paul Hyde

(b) in the case of the Authority, is addressed to or delivered personally to:

Housing and Redevelopment Authority
City of Fridley
6431 University Avenue N.E.
Fridley, Minnesota 55432
Attention: Executive Director

Section 9.5. Indemnification of Authority.

(1) The Redeveloper releases from and covenants and agrees that the Authority, the City and its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (hereinafter, 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 loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements or the Redevelopment Property.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Redeveloper 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 Redeveloper (or of other persons acting on its behalf or under its direction or control) under this Agreement, or the acquisition, construction, installation, ownership, and operation of the Minimum Improvements or the Redevelopment Property; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the Authority in this Agreement.

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

Section 9.6. Counterparts. This Agreement is executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 9.7. Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 9.8. Expiration. This Agreement shall expire when the Note is paid in full.

Section 9.9. Provisions Surviving Rescission, Termination or Expiration. Sections 2.2, 3.2 and 7.5 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 9.10. Termination. This Agreement shall terminate on its Expiration as provided in Section 9.8 or as provided in Article VII.

Section 9.11. Authority Event of Default and Remedies.

(a) Authority Event of Default shall be the failure of the Authority to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under the Agreement.

(b) Upon the occurrence of an Authority Event of Default, the Redeveloper may take whatever action, including legal, equitable, or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

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

SCHEDULE A

DESCRIPTION OF REDEVELOPMENT PROPERTY

Parcel: 27-30-24-12-0046

SCHEDULE B

SITE PLAN

SCHEDULE C

SITE IMPROVEMENTS

Subject to reimbursement as Eligible Costs within the limitations set forth herein, the Redeveloper will construct and pay for all Site Improvements, including:

- Environmental remediation in accordance with the Development Action Response Plan

SCHEDULE D

Form of Note

US \$ _____

Fridley, Minnesota
_____, 20__

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ANOKA
HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE
CITY OF FRIDLEY, MINNESOTA

LIMITED REVENUE TAX INCREMENT NOTE
STACKS VIII

The Housing and Redevelopment Authority in and for the City of Fridley, Minnesota (the "Authority"), hereby acknowledges itself to be indebted and, for value received, promises to pay to the order of _____ (the "Owner"), solely from the Available Tax Increment, to the extent and in the manner hereinafter defined, the principal amount of this Note, being _____ Dollars and ___/100 (\$ _____) (the "Principal Amount"), together with interest of five and seventy-five hundredths percent (5.75%) per annum commencing from the date of issuance of the Note and payable on the dates described below (the "Scheduled Payment Dates") and in the amounts as hereinafter defined (the "Scheduled Payments").

The Scheduled Payment Dates are August 1, 20__, and on the 1st day of February and August thereafter until and including February 1, 2042, unless earlier paid, in accordance with the terms of this Note.

Upon 30 days' prior written notice from the Authority to the Owner, the Principal Amount is subject to prepayment at the option of the Authority in whole or in part at any time.

Any payments on this Note shall be applied first to accrued interest and the balance to the reduction of principal.

Each payment on this Note is payable in any coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts and shall be made by check or draft made payable to the Owner and mailed to the Owner at its postal address within the United States which shall be designated from time to time by the Owner.

The Note is a special and limited obligation and not a general obligation of the Authority, which has been issued by the Authority pursuant to and in full conformity with the

Constitution and laws of the State of Minnesota, including Minnesota Statutes, Section 469.178, subdivision 4, to aid in financing a project, as therein defined, of the Authority consisting generally of defraying certain public redevelopment costs incurred and to be incurred by the Authority within and for the benefit of its Redevelopment Project No. 1.

THE NOTE IS NOT A GENERAL OBLIGATION OF THE AUTHORITY, THE CITY OF FRIDLEY (THE "CITY") OR THE STATE OF MINNESOTA (THE "STATE"), AND NEITHER THE AUTHORITY, THE CITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE ON THE NOTE, NOR SHALL THE NOTE BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN AVAILABLE TAX INCREMENT, AS DEFINED BELOW.

The Scheduled Payment of this Note due on any Scheduled Payment Date is payable solely from and only to the extent that the Authority shall have received as of such Scheduled Payment Date the Available Tax Increment which is defined in the Contract for Private Redevelopment By and Between the Authority and the Owner dated as of October 3, 2013 (the "Agreement"). Defined terms, not otherwise defined in the Note, shall have the meaning assigned to them in the Agreement.

The Authority shall pay on each Scheduled Payment Date to the Owner the Available Tax Increment. On February 1, 2042, the maturity date of this Note, any unpaid portion shall be deemed to have been paid in full.

This Note shall not be payable from or constitute a charge upon any funds of the Authority, and the Authority shall not be subject to any liability hereon or be deemed to have obligated itself to pay hereon from any funds except the Available Tax Increments, and then only to the extent and in the manner herein specified.

The Owner shall never have or be deemed to have the right to compel any exercise of any taxing power of the Authority or of any other public body, and neither the Authority nor any director, commissioner, council member, board member, officer, employee or agent of the Authority, nor any person executing or registering this Note shall be liable personally hereon by reason of the issuance or registration hereof or otherwise.

The Authority makes no representation or covenant, express or implied, that the revenues described herein will be sufficient to pay, in whole or in part, the amounts which are or may otherwise become due and payable hereunder.

The Authority's payment obligations hereunder shall be further conditioned on the fact that there shall not at the time have occurred and be continuing an Event of Default under the Agreement, and, further, if pursuant to the occurrence of an Event of Default under the Agreement the Authority elects to terminate the Agreement, the Authority shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to the provisions of the Agreement for a fuller statement of the obligations of the Redeveloper and of the rights of the Authority thereunder, and said provisions are hereby incorporated by reference into this Note to the same extent as though set out in full herein.

The execution and delivery of this Note by the Authority, and the acceptance thereof by the Redeveloper, as the initial Registered Owner hereof, shall conclusively establish this Note as the "Note" (and shall conclusively constitute discharge of the Authority's obligation to issue and deliver the same to the Redeveloper) under the Agreement.

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 Authority outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the Authority to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota, by its Commission Members, has caused this Note to be executed by the manual signatures of the President and the Treasurer of the Authority and has caused this Note to be dated _____, 20__.

By _____
Its President

By _____
Its Treasurer

ATTEST: _____
Secretary

CERTIFICATE OF REGISTRATION

It is hereby certified that the foregoing Note, as originally issued as of the ____ day of _____, 20__, was on said date registered in the name of the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota, a public body corporate and politic and that, at the request of said Registered Owner of this Note, the undersigned has this day registered this Note as to principal and interest on 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 of
Registered Owner

Date of
Registration

Signature of
Secretary

_____,
a _____

_____, 20__

SCHEDULE E

Form of Certificate of Completion

WHEREAS, the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota, a Minnesota municipal corporation (the "Authority") and Fridley Land LLC, a Minnesota limited liability company (the "Redeveloper") have entered into a Contract for Private Redevelopment (the "Agreement") dated as of June ____, 2018, regarding certain real property located in Tax Increment Financing District No. 24 in the City (hereinafter referred to and referred to in the Agreement as the "Redevelopment Property"); and

WHEREAS, the Agreement contains certain conditions and provisions requiring the Redeveloper to construct improvements upon the Redevelopment Property (hereinafter referred to and referred to in the Agreement as the "Minimum Improvements"); and

WHEREAS, Section 4.3 of the Agreement requires the Authority to provide an appropriate instrument promptly after the substantial completion (as defined in the Agreement) of any building included in the Minimum Improvements so certifying said substantial completion;

NOW, THEREFORE, in compliance with said Section 4.3 of the Agreement, this is to certify that the Redeveloper has substantially completed the Minimum Improvements in accordance with the conditions and provisions of the Agreement relating solely to the obligations of the Redeveloper to construct the Minimum Improvements (including the dates for beginning and completion thereof), and this certification shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement with respect to the obligations of the Redeveloper, and its successors and assigns, to construct building the Minimum Improvements and the dates for the beginning and completion thereof.

Dated: _____, 20__.

SCHEDULE F

DRAW REQUEST

TO: Housing and Redevelopment Authority in and for the City of Fridley (the "Authority")
6431 University Avenue N.E.
Fridley, Minnesota 55432
Attention: Executive Director

DISBURSEMENT DIRECTION

The undersigned Authorized Representative of Northern Stacks VIII LLC, a Minnesota Limited Liability company (the "Redeveloper") hereby authorizes and requests you to disburse from proceeds of the DEED grant, or the Met Council grant as the case may be, in accordance with the terms of the Contract for Private Redevelopment between the Authority and the Redeveloper, dated as of June ____, 2018, (the "Agreement"), the following amount to the person and for the following proper Grant-Eligible Costs:

1. Amount:
2. Payee:
3. Purpose:
4. Grant Source (DEED or Met Council):

as all defined and provided in the Agreement. The undersigned further certifies to the Authority that (a) none of the items for which the payment is proposed to be made has formed the bases for any payment previously made under Article III of the Agreement (or before the date of the Agreement) or has been submitted as an Eligible Costs under the Agreement; (b) that each item for which the payment is proposed is a Grant-Eligible Cost, eligible for funding from the grant source(s) identified above; and (c) the Redeveloper reasonably anticipates completion of the Grant-Eligible Costs and the Minimum Improvements in accordance with the terms of the Agreement.

Dated: _____

Redeveloper's Authorized Representative

HRA RESOLUTION NO. 2018-___

A RESOLUTION MODIFYING THE REDEVELOPMENT PLAN FOR REDEVELOPMENT PROJECT NO. 1 AND THE TAX INCREMENT FINANCING PLANS FOR TAX INCREMENT FINANCING DISTRICTS NOS. 6, 9, 11-13 AND 17-23 TO REFLECT INCREASED PROJECT COSTS AND INCREASED BONDING AUTHORITY WITHIN REDEVELOPMENT PROJECT NO. 1, CREATING TAX INCREMENT FINANCING DISTRICT NO. 24 AND ADOPTING A TAX INCREMENT FINANCING PLAN RELATING THERETO.

BE IT RESOLVED by the Board of Commissioners (the "Commissioners") of the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota (the "Authority"), as follows:

Section 1. Recitals.

1.01. It has been proposed that the Authority approve and adopt the proposed modifications to its Redevelopment Plan for Redevelopment Project No. 1 (the "Project Area") reflecting increased project costs and increased bonding authority, pursuant to and in accordance with Minnesota Statutes, Sections 469.001 to 469.047, inclusive, as amended and supplemented from time to time.

1.02. It has been further proposed that the Authority approve and adopt the proposed modifications to the Tax Increment Financing Plans (the "Existing Plans") for Tax Increment Financing Districts Nos. 6, 9, 11-13 and 17-23 (the "Existing Districts") reflecting increased project costs and increased bonding authority within the Project Area, pursuant to Minnesota Statutes, Section 469.174 through 469.1799, inclusive, as amended and supplemented from time to time.

1.03. It has been further proposed that the Authority approve the creation of proposed Tax Increment Financing District No. 24 (the "Proposed District") within the Project Area and approve and adopt the proposed Tax Increment Financing Plan (the "Proposed Plan") relating thereto, pursuant to and in accordance with Minnesota Statutes, Sections 469.174 to 469.1799, inclusive, as amended and supplemented from time to time.

1.04. The Authority has investigated the facts and has caused to be prepared with respect thereto, a modified Redevelopment Plan for the Project Area and modified Existing Plans for the Existing Districts reflecting increased project costs and increased bonding authority within the Project Area and the Proposed Plan for the Proposed District, defining more precisely the property to be included the public costs to be incurred, and other matters relating thereto.

1.05. The Authority has performed all actions required by law to be performed prior to the approval and adoption of the modifications to the Redevelopment Plan and Existing Plans and the approval and adoption of the Proposed Plan.

1.06. The Authority hereby determines that it is necessary and in the best interests of the City and the Authority at this time to approve and adopt the modifications to the Redevelopment Plan and Existing Plans, to create the Proposed District and to approve and adopt the Proposed Plan relating thereto.

Section 2. Findings.

2.01. The Authority hereby finds, determines and declares that the assistance to be provided through the adoption and implementation of the modified Redevelopment Plan, modified Plans and Proposed Plan (collectively, the "Plans") is necessary to assure the development and redevelopment of the Project Area.

2.02. The Authority hereby finds, determines and declares that the Plans conform to the general plan for the development and redevelopment of the City as a whole in that they are consistent with the City's comprehensive plan.

2.03. The Authority finds, determines and declares that the Plans afford maximum opportunity consistent with the sound needs of the City as a whole for the development and redevelopment of the Project Area by private enterprise and it is contemplated that the development and redevelopment thereof will be carried out pursuant to redevelopment contracts with private developers.

Section 3. Approvals and Adoptions.

3.01. The modifications to the Redevelopment Plan reflecting increased project costs and increased bonding authority within the Project Area are hereby approved and adopted by the Commissioners of the Authority and are forwarded to the Fridley City Council for public hearing, review and approval.

3.02. The modifications to the Existing Plans reflecting increased project costs and increased bonding authority within the Project Area are hereby approved and adopted by the Commissioners of the Authority and are forwarded to the Fridley City Council for public hearing, review and approval.

3.03. The creation of the Proposed District within the Project Area and the adoption of the Proposed Plan relating thereto are hereby approved and adopted by the Commissioners of the Authority and are forwarded to the Fridley City Council for public hearing, review and approval.

Section 4. Filing of Plans.

4.01. Upon approval and adoption of the Plans, the Authority shall cause said Plans to be filed with the Minnesota Department of Revenue, the Office of the State Auditor and Anoka County.

PASSED AND ADOPTED BY HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF FRIDLEY, MINNESOTA THIS _____ DAY OF _____, 2018.

PATRICIA GABEL - CHAIRPERSON

ATTEST:

WALLY WYSOPAL - EXECUTIVE DIRECTOR

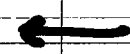
CERTIFICATION

I, Wally Wysopal, Executive Director of the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota, hereby certify that the foregoing is a true and correct copy of Resolution No. 2018-_____ adopted by the Authority on the _____ day of _____, 2018.

WALLY WYSOPAL - EXECUTIVE DIRECTOR

NO INFLATION

CITY OF FRIDLEY									
Stacks VIII (TIF #24)									
ASSUMPTIONS									
Original Market Values				Area of Parcel		2018 EMV / Pay 2019			
				(Acres)	(Sq. Feet)	Land	Building	Total	
1	27-30-24-12-0046	5101 Industrial Blvd NE		11.66	507,910	1,143,500	5,520,700	6,664,200	
									0
									0
									0
									0
		Totals		TOTAL	11.66	507,910	\$ 1,143,500	\$ 5,520,700	\$ 6,664,200
							2.25	per sq. ft.	
		Percent of Site							
Original Tax Capacity					Class Rate		133,284		
	Commercial / Retail	100.0%	6,664,200	@	2.00%	=	133,284		
	Rental-Low/Mod Income 4d	0.0%	0	@	0.75%	=	0		
	Rental	0.0%	0	@	1.25%	=	0		
	Owner Occupied	0.0%	0	@	1.00%	=	0		
		100.0%	6,664,200						
			0						
Phase 1		YEAR							
	Estimated Market Value *	Built - 2019	0	units			\$10,500,000		
	Estimated Tax Capacity	2020	177,657	sq. ft.			210,000		
	Estimated Taxes	2021					376,998		
	Estimated Tax Increment						90,513		
Phase 2 (combined)									
	Estimated Market Value *	Built - 2020	0	units			10,500,000	1.6	times incr. in MV
	Estimated Tax Capacity	2021	177,657	sq. ft.			210,000		
	Estimated Taxes	2022					376,998	3.6%	Eff. Tax Rate
	Estimated Tax Increment						90,513	24.0%	of total taxes
Local Tax Rate -	Pay 2018	ISD #13 MWO-210131	1.17984	Used for Projections					
State Tax Rate -	Pay 2018		0.43865	(C/I only)					
Eff. Incr. on local tax rate for taxes at F.D. rate			0.09238	(C/I only)					
Combined Tax Rate - C/I Property Only			1.71087						
		**	used for tax increment calculations						
Market Value Referendum Taxes			0.16873%	Pay 2018					
Admin Fees			10.00%						
State Auditor Fee			0.000%						
Inflation	(after 2 yrs of full value)		0.00%						
Present Value Rate		12/1/2018	5.75%						



CITY OF FRIDLEY									
Stacks VIII (TIF #24)									
ASSUMPTIONS									
PHASE 1									
Total Estimated Market Value									\$10,500,000
<i>Commercial / Retail</i>								10,500,000	
Commercial - Stacks VIII		177,657	sq. ft. @	59.10	/sq. ft. =	10,500,000			
Commercial		0	sq. ft. @	59.10	/sq. ft. =	0			
Office / Retail		0	sq. ft. @	59.10	/sq. ft. =	0			
Retail - service		0	sq. ft. @	59.10	/sq. ft. =	0			
Restaurant / entertainment		0	sq. ft. @	59.10	/sq. ft. =	0			
Other		0	sq. ft. @	59.10	/sq. ft. =	0			
<i>Rental</i>								0	
Ph 1 - Mixed Income		0.0%	0	units @	132,268	/unit =	0		
Ph 1 - Market Rate		0.0%	0	units @	132,268	/unit =	0		
Ph 2 - Market Rate		0.0%	0	units @	125,000	/unit =	0		
<i>Owner Occupied</i>								0	
A Single Family Homes		0.0%	0	units @	200,000	/unit =	0		
B Townhomes - Year 1		0.0%	0	units @	140,000	/unit =	0		
C Townhomes - Year 2		0.0%	0	units @	140,000	/unit =	0		
D Townhomes - Year 3		0.0%	0	units @	140,000	/unit =	0		
			0	units					
			177,657	sq. ft.					
Total Estimated Tax Capacity								210,000	210,000
<i>Commercial / Retail</i>								210,000	
Commercial - Stacks VIII				2.00%			210,000		
Commercial				2.00%			0		
Office / Retail				2.00%			0		
Retail - service				2.00%			0		
Restaurant / entertainment				2.00%			0		
Other				2.00%			0		
<i>Rental</i>								0	
Ph 1 - Mixed Income				0.75%			0		
Ph 1 - Market Rate				1.25%			0		
Ph 2 - Market Rate				1.25%			0		
<i>Owner Occupied</i>								0	
A Single Family Homes							0		
		<=	500,000	1.00%	0				
		>	500,000	1.25%	0				
B Townhomes - Year 1							0		
		<=	500,000	1.00%	0				
		>	500,000	1.25%	0				
C Townhomes - Year 2							0		
		<=	500,000	1.00%	0				
		>	500,000	1.25%	0				
D Townhomes - Year 3							0		
		<=	500,000	1.00%	0				
		>	500,000	1.25%	0				
Total Estimated Taxes								376,998	376,998
<i>Commercial / Retail</i>								376,998	
Commercial - Stacks VIII		177,657	sq. ft. @	2.12	/sq. ft. =	376,998			
Commercial		0	sq. ft. @	0.00	/sq. ft. =	0			
Office / Retail		0	sq. ft. @	0.00	/sq. ft. =	0			
Retail - service		0	sq. ft. @	0.00	/sq. ft. =	0			
Restaurant / entertainment		0	sq. ft. @	0.00	/sq. ft. =	0			
Other		0	sq. ft. @	0.00	/sq. ft. =	0			
<i>Rental</i>								0	
Ph 1 - Mixed Income		0	units @	0	/unit =	0			
Ph 1 - Market Rate		0	units @	0	/unit =	0			
Ph 2 - Market Rate		0	units @	0	/unit =	0			
<i>Owner Occupied</i>								0	
A Single Family Homes		0	units @	0	/unit =	0			
B Townhomes - Year 1		0	units @	0	/unit =	0			
C Townhomes - Year 2		0	units @	0	/unit =	0			
D Townhomes - Year 3		0	units @	0	/unit =	0			
Construction			2019						
Full Valuation			2020						
Taxes Payable			2021						



CITY OF FRIDLEY										
Stacks VIII (TIF #24)										
CASH FLOW AND PRESENT VALUE ANALYSIS										
	ANNUAL		SEMI - ANNUAL		ANNUAL		SEMI - ANNUAL		ANNUAL	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
Date	Original Tax Capacity	Estimated Tax Capacity	Captured Tax Capacity	Est. T.I. (d) x 1.17984	Less: Admin Fees (e) x	Available Tax Increment (e) - (f)	Cumulative Avail. Tax Increment Total of (g)	Preser Semi Annual Balance P.V. of (g)	Value Cumulative Total of (i)	
	0.0% Inflation		(prev. year)	0.000%	10.00%			5.75%	12/01/18	
12/01/18										
06/01/19					0	0	0	0	0	0
12/01/19					0	0	0	0	0	0
06/01/20	133,284	210,000			0	0	0	0	0	0
12/01/20	133,284	210,000			0	0	0	0	0	0
1 06/01/21	133,284	210,000	76,716	45,256	4,526	40,731	40,731	35,349	35,349	
12/01/21	133,284	210,000	76,716	45,256	4,526	40,731	81,461	34,361	69,709	
2 06/01/22	133,284	210,000	76,716	45,256	4,526	40,731	122,192	33,400	103,110	
12/01/22	133,284	210,000	76,716	45,256	4,526	40,731	162,923	32,467	135,577	
3 06/01/23	133,284	210,000	76,716	45,256	4,526	40,731	203,653	31,560	167,137	
12/01/23	133,284	210,000	76,716	45,256	4,526	40,731	244,384	30,678	197,814	
4 06/01/24	133,284	210,000	76,716	45,256	4,526	40,731	285,115	29,820	227,635	
12/01/24	133,284	210,000	76,716	45,256	4,526	40,731	325,845	28,987	256,622	
5 06/01/25	133,284	210,000	76,716	45,256	4,526	40,731	366,576	28,177	284,799	
12/01/25	133,284	210,000	76,716	45,256	4,526	40,731	407,307	27,389	312,188	
6 06/01/26	133,284	210,000	76,716	45,256	4,526	40,731	448,037	26,624	338,812	
12/01/26	133,284	210,000	76,716	45,256	4,526	40,731	488,768	25,880	364,692	
7 06/01/27	133,284	210,000	76,716	45,256	4,526	40,731	529,499	25,157	389,849	
12/01/27	133,284	210,000	76,716	45,256	4,526	40,731	570,229	24,454	414,303	
8 06/01/28	133,284	210,000	76,716	45,256	4,526	40,731	610,960	23,770	438,073	
12/01/28	133,284	210,000	76,716	45,256	4,526	40,731	651,691	23,106	461,179	
9 06/01/29	133,284	210,000	76,716	45,256	4,526	40,731	692,421	22,460	483,639	
12/01/29	133,284	210,000	76,716	45,256	4,526	40,731	733,152	21,833	505,472	
10 06/01/30	133,284	210,000	76,716	45,256	4,526	40,731	773,883	21,222	526,694	
12/01/30	133,284	210,000	76,716	45,256	4,526	40,731	814,613	20,629	547,323	
11 06/01/31	133,284	210,000	76,716	45,256	4,526	40,731	855,344	20,053	567,376	
12/01/31	133,284	210,000	76,716	45,256	4,526	40,731	896,075	19,492	586,869	
12 06/01/32	133,284	210,000	76,716	45,256	4,526	40,731	936,805	18,948	605,816	
12/01/32	133,284	210,000	76,716	45,256	4,526	40,731	977,536	18,418	624,234	
13 06/01/33	133,284	210,000	76,716	45,256	4,526	40,731	1,018,267	17,903	642,138	
12/01/33	133,284	210,000	76,716	45,256	4,526	40,731	1,058,997	17,403	659,541	
14 06/01/34	133,284	210,000	76,716	45,256	4,526	40,731	1,099,728	16,917	676,458	
12/01/34	133,284	210,000	76,716	45,256	4,526	40,731	1,140,459	16,444	692,902	
15 06/01/35	133,284	210,000	76,716	45,256	4,526	40,731	1,181,190	15,984	708,886	
12/01/35	133,284	210,000	76,716	45,256	4,526	40,731	1,221,920	15,538	724,424	
16 06/01/36	133,284	210,000	76,716	45,256	4,526	40,731	1,262,651	15,103	739,527	
12/01/36	133,284	210,000	76,716	45,256	4,526	40,731	1,303,382	14,681	754,209	
17 06/01/37	133,284	210,000	76,716	45,256	4,526	40,731	1,344,112	14,271	768,480	
12/01/37	133,284	210,000	76,716	45,256	4,526	40,731	1,384,843	13,872	782,352	
18 06/01/38	133,284	210,000	76,716	45,256	4,526	40,731	1,425,574	13,485	795,837	
12/01/38	133,284	210,000	76,716	45,256	4,526	40,731	1,466,304	13,108	808,944	
19 06/01/39	133,284	210,000	76,716	45,256	4,526	40,731	1,507,035	12,741	821,686	
12/01/39	133,284	210,000	76,716	45,256	4,526	40,731	1,547,766	12,385	834,071	
20 06/01/40	133,284	210,000	76,716	45,256	4,526	40,731	1,588,496	12,039	846,110	
12/01/40	133,284	210,000	76,716	45,256	4,526	40,731	1,629,227	11,703	857,813	
21 06/01/41	133,284	210,000	76,716	45,256	4,526	40,731	1,669,958	11,376	869,189	
12/01/41	133,284	210,000	76,716	45,256	4,526	40,731	1,710,688	11,058	880,246	
				1,900,765	190,076	1,710,688	1,710,688	880,246	880,246	



HRA ACTION ITEM

JUNE 7, 2018

DATE: May 30, 2018
TO: Wally Wysopal, City Manager
FROM: Paul Bolin, Assistant Director of HRA

SUBJECT: Consent to Bid Award – Locke Parkway

The Locke Parkway Construction project is a part of the Fridley Civic Campus project, and is necessary to allow the residential projects on the former Columbia Arena property to be constructed. Pulte Homes will be working simultaneously with the City on building roads and utilities in this area. The project will consist of installing watermain, storm sewer, sanitary sewer, and small utilities, together with constructing a new roundabout in the East University Avenue Service Road, and a divided parkway on the north side of the proposed patio home sites, and a connection to 71st Avenue NE along the east boundary of the Civic Campus property.

The low responsive bid was received from Peterson Companies, Inc. of Chisago City, MN in the amount of \$1,289,952.22. This is under the final engineer's construction estimate for the project of \$1,543,300.

The project is intended to be constructed with HRA funding and recovered through TIF funds. Approximately \$189,000 of the construction costs are expected to be funded through City of Fridley Utility Funds.

On May 29th, the City Council awarded the Locke Parkway Construction Project 2018-02 to Peterson Companies, Inc. of Chisago City, MN in the amount of \$1,289,952.22.

Recommendation

Staff recommends that the Authority authorize the expenditure to install Locke Parkway. The installation of the Parkway is not only TIF eligible, but also the type of necessary infrastructure the Authority typically provides to accommodate redevelopment.



INFORMATIONAL ITEM HRA MEETING OF JUNE 7, 2018

Date: May 30, 2018
To: Wally Wysopal, Executive Director
From: Paul Bolin, Asst. Executive HRA Director
James Casserly, Attorney
Subject: Changes to Existing Programs / Additions to Programs

Over the past few months staff studied potential changes and additions to the HRA's portfolio of loan programs. Though changes approved in 2015 have had some positive affect on the number of loans being issued, we found a few new options that may be popular with Fridley homeowners. Thursday night staff will provide an overview of the proposed changes/additions. Comments and suggestions will be incorporated into the proposed programs and brought back to the Authority for approval on June 28th.

Proposed New Loan Programs

Senior Deferred loan program summary:

The intent of this program is to provide an incentive for Fridley seniors to make improvements to their homes that will allow them to remain in their homes and/or update the homes for a future sale. The loan will be due upon the sale of the home, transfer of ownership or if it is no longer the primary residence. At least one of the homeowners must be at least 62 years old to qualify for this program. If demand for this program becomes overwhelming, the Authority will want to place a cap on the number of deferred loans made per year.

The terms for the Senior Deferred revolving loans are as follows:

- Interest Rate: 0%
- Loan Limits - \$500 minimum / \$25,000 maximum
- Loan Terms – Due upon sale / transfer / no longer primary residence
- Eligible Properties – Residential properties
- Ownership/Occupancy – Owner occupied, one owner at least 62 years old.
- Loan to Value Ratio – 110%
- Income Limits – None
- Eligible Improvements – Most interior and exterior improvements.
- “Sweat Equity” – Not Allowed
- Pre-inspection Required – Yes
- Post Install Inspection Required – Yes
- Work Completion – 120 days

Underwriting – Current on mortgage payments; Current on real estate taxes; No liens or unpaid judgements; No pending bankruptcy or foreclosure.

CenterPoint On-Bill Repayment program summary:

The intent of this program is to make it easier for homeowners to complete energy efficiency improvements, by including loan payments on their utility bill. Funds will be loaned to residents for eligible energy improvements. The funds that are loaned will be collected by CenterPoint, on the gas bill, and then transferred to the HRA.

The terms for the On-bill Repayment program loans are as follows:

Interest Rate: 4.5%

Loan Limits – Up to \$20,000 if credit score over 680; up to \$10,000 with credit score greater than 600.

Loan Terms – Between 1 and 10 years based on amount borrowed.

Eligible Properties – 1-4 unit residential properties

Ownership/Occupancy – Must be a Centerpoint Energy Customer.

Income Limits – None

Eligible Improvements –

Furnace \geq 92% AFUE

Boiler \geq 83.5%

Programmable Thermostat w/eligible heating system

Water Heater \geq .67 EF

Wall Insulation

Attic Insulation & Air Sealing (R-Value \geq 44)

Other improvements are eligible to be included as long as at least one eligible energy conservation improvement is being done. These include, but are not limited to:

Air conditioning (no window units)

Energy Star Windows/Doors

Ventilation/Bath Fans

Electrical updates required due to energy improvement

Asbestos and Radon mitigation

HVAC cleaning

Other health and safety issues

“Sweat Equity” – Not Allowed

Pre-inspection Required – No

Post Install Inspection Required – Yes

Work Completion – 120 days

Underwriting – Must be current on CenterPoint Energy bill and not have more than 1 late payment in past 12 months. Mortgage & taxes must be current; must have credit score of at least 600.

Changes to Existing Loan Programs

Rental Property Revolving loan program summary:

There are a number of duplexes and smaller apartment buildings that were built between 1955 and 1970. These units are typically owned by an individual and provide fewer rentable units to share in the costs of improvements. Improvements will be limited to items that correct code violations or are done to the exterior of the property. When this product was added in 2015, it was limited to buildings with 2-4 units. We are proposing to expand the program to include buildings with 1-12 units and change the name of the product to Rental Property Revolving Loans. There are a large number of rental properties, more than 50 years old, which have 8-12 units, and a number of single family homes that have become rentals over the past 10 years. This change will provide additional opportunities to improve the code deficiencies and outward appearances of the City's older rental stock.

The terms for the Rental Property revolving loans are as follows:

Interest Rate: 4.5%

Loan Limits - \$1,000 minimum / \$50,000 maximum

Loan Terms – 1 year minimum / 20 year maximum

Eligible Properties – 1- 12 unit residential properties

Ownership/Occupancy – Owner Occupancy not required

Loan to Value Ratio – 115%

Income Limits – None

Debt to Income Ratio – Maximum 50% (sole proprietors). LLC's must show positive cash flow.

Eligible Improvements – Interior code violation corrections / most exterior

“Sweat Equity” – Not Allowed

Pre-inspection Required – No

Post Install Inspection Required – Yes

Work Completion – 120 days

Underwriting – No payments more than 60 days late in past 12 months; No bankruptcy in past 18 months; Current on mortgage payments; Current on real estate taxes; Liens and judgements factored in the loan to value calculation.

Funding

The Authority does have adequate resources in its current loan fund to accommodate the growth that these additions will likely bring. In the event that the “Senior Deferred Loan” program becomes “too successful”, we will recommend placing a cap on the total amount of funds that can be loaned out.

**Fridley HRA
Housing Program Summary
Cover Page
June 7, 2018 HRA Meeting**

Report

Description

Loan Summary Report

Loan application activity (e.g. mailed out, in process, closed loans) for year-to-date.

Also shows the number of field appointments scheduled and completed for the Remodeling Advisor Services administered by Center for Energy and Environment.

Home Energy Squad

E-mail detailing recent activity and year to date.

Fridley Loan Summary Report

Activity for Period 4/16/2018 - 5/15/2018



Application packets requested/mailed:	This period:	1	Year-to-Date:	1
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Residential Advisor Visits:	This period:	4	Year-to-Date:	6
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Loans currently in process for residents in your City/Neighborhood:	3
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Closed Loans	This period:		Year-to-Date:	
Fridley		Units		Units
		0		0
Closed End	31,700.00	1	68,684.00	3
Last Resort	0.00	0	0.00	0
Last Resort Emergency Deferred	0.00	0	0.00	0
Mobile Home Closed End		0		0
Total	31,700.00	1	68,684.00	3

Leveraged Funds	This period:		Year-to-Date:	
CEE		Units		Units
		0		1
Total	0.00	0	20,000.00	1

Types of Improvements Financed YTD	# of Projects	% of Total
Additions/Finishing off unused space	1	16.67
Air Conditioning	1	16.67
Heating System	1	16.67
Lighting	1	16.67
Other Interior Improvements	2	33.33

Types of Properties Financed YTD	#	% of Total
Commercial - Non-residential	1	20.00
Single Family Residence	4	80.00