



Richfield Housing and Redevelopment Authority
Agenda
September 15, 2025 -- 7:00 PM
Richfield Municipal Center
Council Chambers
6700 Portland Avenue South

- 1. Call to Order**
- 2. Roll Call**
- 3. Open Forum**
 - a. Participants can share their comments in person, by voicemail, or email, and may also request to participate virtually. For more information on submitting comments, refer to the Housing and Redevelopment Authority Agenda and Minutes page on the [City's Website](#).
- 4. Approval of the Agenda**
- 5. Approval of Minutes**
 - a. Approval of the minutes of the Regular Housing and Redevelopment Authority meeting of August 18, 2025.
- 6. Presentations**
- 7. Consent Calendar**

Consent Calendar contains several separate items, which are acted upon by the City Council in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further Council action on these items is necessary. However, any Council Member may request that an item be removed from the Consent Calendar and placed on the regular agenda for Council discussion and action. All items listed on the Consent Calendar are recommended for approval.

 - a. Consideration of a Loan Agreement and related documents with Penn Station Apartments, LLLP for a Tax Base Revitalization Account Grant.
 - b. Consideration of an Estoppel Certificate and an Assignment and Assumption Agreement of the Contract for Private Development for the Riley-Richlyn development.
- 8. Consideration of Items, if Any Removed From Consent Calendar**
- 9. Public Hearings**
- 10. Resolutions**
 - a. Consideration of a resolution accepting a Bring It Home Minnesota funding award.
- 11. Other Business**
- 12. Executive Director's Report**
- 13. HRA Discussion Items**
- 14. Approval of Claims**
- 15. Adjournment**

Auxiliary aids for individuals with accessibility needs are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9739.

Includes Materials - Materials relating to these agenda items can be found in the HRA agenda packet located by the entrance. The complete HRA agenda packet is available electronically on the [City of Richfield's website](#).



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota
Regular Meeting
August 18, 2025

CALL TO ORDER

Acting Chair Hanson called the meeting to order at 7:00 PM in the Council Chambers.

HRA Present: Gordon Hanson, Acting Chair; Mary Supple; Sean Hayford Oleary; John Young.

Excused: Erin Vrieze Daniels, Chair.

Staff Present: Melissa Poehlman, Executive Director; Julie Urban, Assistant Community Development Director; and Michelle Friedrich, City Clerk.

OPEN FORUM

Acting Chair Hanson gave instructions on how to participate in the open forum. No residents participated in the open forum opportunity.

APPROVAL OF THE MINUTES

MOTION: made by Hanson, seconded by Young to approve the minutes of the Housing and Redevelopment Authority regular meeting Minutes of July 21, 2025, as presented.

Motion carried: 4-0

ITEM #1	APPROVAL OF THE AGENDA
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MOTION: made by Hayford Oleary, seconded by Young to approve the agenda as presented.

Motion carried: 4-0

ITEM #2	CONSENT CALENDAR
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Executive Director Poehlman presented the consent calendar items.

- A. Consideration of a Grant Compliance Agreement with Penn Station Apartments, LLLP regarding a Tax Base Revitalization Account Grant for 6501-6525 Penn Avenue South. Staff Report No. 21.

MOTION: made by Supple, seconded by Hayford Oleary, to approve the consent calendar as presented.

Motion carried: 4-0

ITEM #3	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR
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None.

ITEM #4	CONSIDER RESOLUTIONS APPROVING THE PROPOSED 2026 HOUSING AND REDEVELOPMENT AUTHORITY BUDGET AND TAX LEVY AND 2025 REVISED HOUSING AND REDEVELOPMENT AUTHORITY BUDGET.
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Executive Director Poehlman reviewed the 2026 Housing and Redevelopment Authority budget and tax levy and noted expenses, investments, highlights, and challenges. Staff Report No. 22

MOTION: made by Hayford Oleary, seconded by Young, to adopt the Resolution authorizing the proposed 2026 Housing and Redevelopment Authority Budget and Tax Levy and 2025 Revised Housing and Redevelopment Authority Budget.

**RESOLUTION NO. 1513
RESOLUTION AUTHORIZING THE PROPOSED 2026 HOUSING AND REDEVELOPMENT AUTHORITY BUDGET AND TAX LEVY**

RESOLUTION NO. 1514 RESOLUTION AUTHORIZING 2025 REVISED HOUSING AND REDEVELOPMENT AUTHORITY BUDGET.

Motion carries: 4-0

ITEM #5	OTHER BUSINESS
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Consideration of the approval of an amended Contract with the Center for Energy and Environment to provide additional funding for Community Fix-Up Fund loan services to Richfield homeowners for 2025, and funds for loan services, Remodeling Advisor visits, and administration fees as approved in the 2026 Budget. Staff Report No. 23.

Assistant Community Development Director Urban presented item for Contract with the Center for Energy to provide funding for community fix-up loan services. Assistant Community Development Director Urban reviewed loans to date and reviewed changes for fix-up fund revenue additions, and interest rate adjustments to 5%.

MOTION: made by Supple, seconded by Young, to approve the amended contract with the Center for Energy and Environment 25-26.

Motion carries: 4-0

ITEM #6	HRA DISCUSSION ITEMS
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No items were discussed.

ITEM #7	EXECUTIVE DIRECTOR REPORT
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Executive Director Poehlman reported the updates within HRA and noted transitioning legal services for HRA back to Kennedy-Graven. Executive Director Poehlman noted the Penn Avenue reconstruction open house is scheduled for Wednesday, August 20, from 4:30-7:00 p.m., and noted the HRA/EDA agendas will be created in CivicPlus in September.

ITEM #7	CLAIMS
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MOTION: made by Supple, seconded by Hayford Oleary, to approve claims:

<u>U.S. BANK</u>	<u>08/18/2025</u>
HRA Checks (Dated 7/18/2025-8/14/2025)	\$31,319.81
Section 8 Checks (Dated 8/1/2025-8/4/2025)	\$222,788.18
TOTAL	<u>\$254,107.99</u>

Motion carried: 4-0

ITEM #8	ADJOURNMENT
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This meeting was adjourned by unanimous consent at 7:30 p.m.

Date Approved: September 22, 2025

Gordon Hanson
Acting HRA Chair

Michelle Friedrich
City Clerk

Melissa Poehlman
Executive Director



Report Prepared By:

Julie Urban, Assistant Community Development Director

Department Director:

Melissa Poehlman, Community Development Director

Item for Consideration:

Consideration of a Loan Agreement and related documents with Penn Station Apartments, LLLP for a Tax Base Revitalization Account Grant.

EXECUTIVE SUMMARY

On June 25, 2025, the Housing and Redevelopment Authority (HRA) was awarded a Tax Base Revitalization Account (TBRA) Grant (Grant) from the Metropolitan Council in the amount of \$303,200 to undertake activities related to the clean-up of polluted land and building located at 6501-6525 Penn Avenue South. Environmental assessments of the properties have identified contaminated soils and building materials which need to be removed before development can proceed. JO Companies (the Developer) will conduct the remediation activities and request reimbursement for the costs from the TBRA grant. In August, the HRA approved a Grant Compliance Agreement, which details the terms under which the HRA will provide reimbursement.

The development is using equity from federal Low Income Housing Tax Credits (LIHTC) to finance the project, and the rules of LIHTC financing make it most beneficial to the project if the LHIA funds are provided to the project in the form of a deferred loan. The Loan Agreement, promissory note, and mortgage between the HRA and the Developer lay out the terms of the loan, which are consistent with the requirements of the TBRA Grant.

HISTORICAL CONTEXT

- The HRA owns both 6501 and 6525 Penn Avenue but has entered into a Contract for Private Redevelopment with JO Companies (dba Penn Station Apartments LLLP) for the redevelopment of the properties.
- On July 7, 2025, the HRA was awarded a TBRA grant for environmental remediation activities.
- On August 18, 2025, the HRA approved a Grant Agreement with Penn Station LLLP for the TBRA Grant.

RECOMMENDED ACTION

By motion: Approve a Loan Agreement and related documents with Penn Station Apartments, LLLP for a Tax Base Revitalization Account Grant.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

- The proposed affordable housing development associated with the Grant would help meet the Strategic Plan goal to maintain Richfield as an affordable place to live.
- The development will provide affordable housing opportunities for people with low incomes and people with disabilities.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

LIHTC rules make it most beneficial to the development if the TBRA Grant is provided to the development as a deferred loan.

CRITICAL TIMING ISSUES

- Approval of the loan documents by the City will help the Developer to submit the documents to Minnesota Housing for approval and meet the goal of closing on all financing sometime this Fall.

FINANCIAL IMPACT

- The City was awarded \$303,200 in TBRA Grant funds from the Metropolitan Council.
- The City intends to provide the proceeds of the Grant to the Developer. The terms of LIHTC financing make it most beneficial to the project if the funds are provided in the form of a loan instead of a grant. The form of the assistance does not negatively impact the HRA.

LEGAL CONSIDERATIONS

- The HRA Attorney prepared the loan documents and will review any minor administrative changes that may be required of the project's lenders.
- The term of the loan is 30 years. At the time of maturity, the Developer will be required to repay the loan to the City. In accordance with the terms of the City's Grant Agreement with the Metropolitan Council, the City agrees to do one of the following with the proceeds:
 1. Repay the proceeds to the Metropolitan Council;
 2. Make the Grant funds available to the development for "an extended use period" (i.e., extension of the affordability period beyond 30 years), or
 3. Redeploy the Grant funds in compliance with the Livable Communities Act or affordable housing goals.

ALTERNATIVE RECOMMENDATION(S)

1. Decide to not approve the Loan Documents.
2. Approve the Loan Documents with changes.

ATTACHMENTS

1. Penn Station Loan Agreement TBRA
2. Penn Station Promissory Note TBRA
3. Penn Station Mortgage TBRA

**LOAN AGREEMENT
(TBRA)**

THIS LOAN AGREEMENT (the “Agreement”) is made and entered into as of this ____ day of _____, 2025 (the “Effective Date”), between the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of Minnesota (the “Authority”), and Penn Station Apartments LLLP, a limited liability limited partnership under the laws of Minnesota (the “Borrower”). The Effective Date is the date this Agreement is executed by the second party to sign.

WITNESSETH:

WHEREAS, the Borrower proposes to acquire and redevelop the property located at 6501-6525 Penn Avenue South in the City and legally described in Exhibit A attached hereto (the “Redevelopment Property”) and construct thereon a multifamily housing project consisting of approximately 42 units meeting certain affordability levels (the “Project”); and

WHEREAS, to assist with the costs of the Project, the Authority, on behalf of the Borrower, applied for and received a Tax Base Revitalization Account grant in the total sum of \$303,200 (the “TBRA Grant”) from the Metropolitan Council (the “Council”); and

WHEREAS, on August 20, 2025, the Council and the Authority entered into a Metropolitan Livable Communities Act Grant Agreement (the “Grant Agreement”), with an expiration date of June 30, 2028, as may be extended pursuant to Section 5.03 of the Grant Agreement, as more specifically described herein and which is attached hereto as Exhibit B; and

WHEREAS, the proceeds of the TBRA Grant may be used for eligible project activities of the Project to be constructed on the Redevelopment Property and as further described in the Grant Agreement (the “Grant-Eligible Activities”); and

WHEREAS, the Authority desires to loan the proceeds of the TBRA Grant in the principal amount of \$303,200 to the Borrower (the “Loan”) to provide financing for a portion of the Grant-Eligible Activities with respect to the construction of the Project on the Redevelopment Property; and

WHEREAS, the Authority believes that the development of the Project, and fulfillment generally 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 the applicable Minnesota and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the Authority and the Borrower desire to enter into this Agreement for the purpose of setting forth their respective responsibilities with respect to the Loan.

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

As used in this Agreement, the following terms shall have the following meaning:

Borrower Documents: any and all documents and instruments in connection with the Project as reasonably requested by the Authority.

Disbursement Request Form: the form, substantially in the form attached hereto as Exhibit C, to be submitted to the Authority when a disbursement of the Loan is requested and which is referred to in Article VI hereof, together with such other request forms as may be reasonably required from the Council and the Authority.

Grant Agreement: the Metropolitan Livable Communities Act Grant Agreement No. SG-23209 between the Council and the Authority for the Penn Station Project, attached hereto as Exhibit B.

Grant-Eligible Activities: the activities on the Redevelopment Property funded in full or in part by the TBRA Grant, as set forth in Exhibit A of the Grant Agreement.

Loan: the sum of \$303,200 to be loaned by the Authority to the Borrower under this Agreement.

Loan Documents: collectively, this Agreement, the Mortgage, and the Note.

Mortgage: the Combination Mortgage and Security Agreement of even date herewith from the Borrower to the Authority securing repayment of the Note in the form approved by the Authority.

Note: the Note of even date herewith from the Borrower to the Authority in the amount of the Loan evidencing Borrower's obligation to repay the Loan in the form approved by the Authority.

Plans and Specifications: the final plans and specifications for the construction and installation of the Grant-Eligible Activities which have been approved by the Authority.

Project: the Penn Station Project including approximately 42 units of affordable multifamily residential housing.

Project Costs: the costs of the Grant-Eligible Activities eligible to be reimbursed with the proceeds of the TBRA Grant under the Grant Agreement and as authorized by law.

Redevelopment Property: the property legally described in Exhibit A attached hereto.

**ARTICLE II
TERM OF AGREEMENT**

This Agreement shall take effect and be in force from and after the Effective Date, and shall remain in effect until the Borrower has performed all of its obligations under this Agreement, the Loan Documents, and the Grant Agreement, unless earlier terminated as provided in this Agreement or the Grant Agreement.

**ARTICLE III
THE LOAN**

Subject to the terms and conditions of this Agreement, the Authority will make the Loan to the Borrower to be used for payment of Project Costs, which Loan shall be disbursed pursuant to this Agreement. In consideration for the Loan, the Borrower agrees to perform all of its obligations under this Agreement. The Loan shall be evidenced by the Note payable by the Borrower to the Authority which shall be dated as of the date of closing on the Loan (the “Loan Closing Date”). Proceeds of the Loan shall be disbursed in accordance with Articles V and VI hereof.

**ARTICLE IV
STATEMENT OF WORK**

Proceeds of the Loan may be used to construct or install any of the improvements described as Grant-Eligible Activities in the Grant Agreement in accordance with the terms set forth herein. In accordance with the Grant Agreement, the Borrower will commence construction of the Grant-Eligible Activities and pay the Project Costs with respect to the Project Improvements prior to June 30, 2028. The grant expires on June 30, 2028. If the Borrower finds it necessary to request an extension of the Grant Agreement from the Metropolitan Council, the Borrower must provide written notice to the Authority at least 120 days prior to the expiration date of the grant for the Authority to have sufficient time to request an extension of the Grant Agreement under Section 5.03 of the Grant Agreement.

**ARTICLE V
CONDITIONS OF DISBURSEMENT**

The obligation of the Authority to make or cause to be made disbursements of the proceeds of the Loan pursuant to Article VI hereof shall be subject to the conditions precedent that it shall have received on or before the date of the disbursement hereunder the following:

- a. the Borrower Documents, the Mortgage, and the Note, duly executed and delivered by the Borrower;
- b. evidence satisfactory to the Authority that the Grant-Eligible Activities and the construction, installation and contemplated use thereof are permitted by and comply in all material respects with all applicable restrictions and requirements in prior conveyances, zoning ordinances, subdivision and platting requirements and other laws and regulations;

c. all other conditions specified in the authorizing Authority approvals and entitlements and the Grant Agreement shall have been duly satisfied by the Borrower or waived in writing by the Authority or the Council, as applicable;

d. no uncured Event of Default (as defined in Article VIII hereof), and no event which with the giving of notice or the lapse of time or both would constitute an Event of Default, shall have occurred and be continuing and all representations and warranties made by the Borrower in Article VII hereof shall continue to be, in all material respects, true and correct as of the date of such disbursement;

e. if required by the Authority, the Authority shall have been furnished with a statement of the Borrower and of any contractor, in form and substance acceptable to the Authority, to the extent reasonably available, setting forth the names, addresses and amounts due or to become due as well as the amounts previously paid to every contractor, subcontractor, person, firm or corporation furnishing materials or performing labor in connection with the construction of any part of the Grant-Eligible Activities; and

f. the Borrower shall have provided to the Authority such documentation and information reasonably necessary to evidence its compliance with all of the provisions of this Agreement, including without limitation the provisions of the Grant Agreement applicable to the Borrower, as the Authority may reasonably request.

ARTICLE VI REQUESTS FOR DISBURSEMENT

6.01. Disbursement. The Authority and the Borrower agree that, on the terms and subject to the conditions hereinafter set forth and the conditions set forth in the Grant Agreement, the Loan shall be disbursed from the Authority to the Borrower, or the Borrower's agent or designee, in disbursements, with the last disbursement being made upon one hundred percent (100%) completion of the Grant-Eligible Activities. Disbursements of the Loan shall not be made more often than monthly. Notwithstanding anything to the contrary contained herein, the Authority shall only be obligated to make the disbursements hereunder to pay Project Costs in an amount up to or equal to the lesser of the amount of the Loan or the amount actually disbursed by the Council to the Authority under the Grant Agreement and such obligation is further subject to the conditions of Article V hereof.

6.02. Disbursement Request.

a. When the Borrower desires to obtain a disbursement of the Loan, the Borrower shall submit to the Authority the Disbursement Request Form, together with any additional documents reasonably required by the Authority or the Council, duly signed by the Borrower.

The Disbursement Request Form shall be submitted by the Borrower at least 45 days prior to the date of the requested disbursement. The Disbursement Request Form shall constitute a representation and warranty by the Borrower to the Authority that all

representations and warranties of the Borrower set forth in the Borrower Documents are true and correct as of the date of such Disbursement Request Form, except for such representations and warranties which, by their nature, would not be applicable as of the date of such Disbursement Request.

b. At the time of submission of the Disbursement Request Form, the Borrower shall also submit the following to the Authority:

1. a written lien waiver from the general contractor for work done and materials supplied by it which were paid or a conditional lien waiver from the general contractor for work done and materials supplied by it which are to be paid pursuant to the current Disbursement Request Form and from each subcontractor for work done and materials supplied by it which were paid or are to be paid for pursuant to the prior Disbursement Request Form;

2. evidence satisfactory to the Authority that the Grant-Eligible Activities completed as of the date of the Disbursement Request Form have been constructed or installed in accordance with the Plans and Specifications in all material respects;

3. an executed Sworn Construction Statement, in form and substance acceptable to such parties, signed by the Borrower showing all costs and expenses of any kind theretofore actually paid or incurred in constructing the Grant-Eligible Activities; and

4. a certified statement of the Borrower reflecting the use to which the proceeds of the Loan have been applied in addition to those uses reflected in the Sworn Construction Statement referred to in clause (b)(3) above.

c. Upon receipt of the Disbursement Request Form, if the Authority has determined that all the conditions set forth in Articles V and VI hereof have been satisfied, a request for disbursement shall be submitted to the Council. The adequacy of the request for disbursement shall be determined by the Authority and the Council in their sole discretion, such determination not to be unreasonably withheld, conditioned, or delayed. After submission of the Disbursement Request Form, if the Borrower has performed all of its agreements and complied with all requirements to be performed or complied with under this Agreement and the Grant Agreement, including satisfaction of all applicable conditions precedent contained in Article V hereof, the Authority shall make a disbursement to the Borrower, or the Borrower's agent or designee, in the amount of the requested disbursement or such lesser amount as shall be approved, within 45 days after the date of the Authority's receipt of the Disbursement Request Form, or, if later, upon receipt of grant proceeds from the Council. Each disbursement shall be paid from the proceeds of the TBRA Grant, subject to the Authority's and the Council's determination that the relevant Project Cost is payable from the TBRA Grant under the Grant Agreement. The Authority is under no obligation to disburse any proceeds of the Loan until it receives a disbursement of the TBRA Grant from the Council. Notwithstanding anything to the contrary herein, if the Project Costs of the

Grant-Eligible Activities exceeds the amount to be reimbursed under this Agreement, such excess shall be the sole responsibility of the Borrower.

ARTICLE VII
BORROWER’S COVENANTS, REPRESENTATIONS, WARRANTIES AND
AGREEMENTS

The Borrower covenants, represents, warrants and agrees that:

a. The Borrower is a limited liability limited partnership duly organized and validly existing under the laws of Minnesota, is duly authorized to operate in Minnesota, has the power to enter into and execute this Agreement and by appropriate action has authorized the execution and delivery of this Agreement.

b. The Borrower Documents will not result in any breach of or constitute a default under any other mortgage, lease, loan, grant or credit agreement, organizational documents, or other instrument to which the Borrower is a party or by which it may be bound or affected.

c. The Loan Documents will constitute valid, legal and binding obligations of the Borrower enforceable against the Borrower.

d. The Borrower has or will have all necessary approvals, licenses and permits required for construction and operation of the Project except those which cannot be obtained until completion of the Grant-Eligible Activities or the Project, as the case may be.

e. The Borrower shall permit the Authority, upon reasonable notice, during normal business hours, and in a manner that does not unreasonably interfere with Borrower’s operations, to examine all books, records, contracts, plans, permits, bills and statements of account pertaining to the Grant-Eligible Activities and to make copies as the Authority may require.

f. The Borrower shall obey and comply with all federal, state and local laws, rules and regulations in connection with the Project.

g. The Authority’s actions in approving the Loan shall not be construed as an approval by the Authority of providing any additional funds for the Project or other improvements related to the Project.

h. The Borrower agrees to pay for all of the costs incurred to construct or install the Grant-Eligible Activities including any cost overruns. There are no public funds for the Grant-Eligible Activities except for the Loan.

i. The Borrower agrees to cooperate with the Authority in any action by the Authority under Minnesota Statutes, section 115B.04 to recover Project Costs incurred to clean up the Redevelopment Property.

ARTICLE VIII DEFAULT

Any one or more of the following shall constitute an event of default (an “Event of Default”) under this Agreement:

a. The Borrower shall herein default in the performance or observance of any agreement, covenant or condition required to be performed or observed by the Borrower under the terms of this Agreement or the Grant Agreement, to the extent such obligations exist, and such default shall not be remedied within 60 days after written notice to the Borrower from the Authority specifying such default.

b. The Borrower shall be in default of any term of any other agreement relating to the Grant-Eligible Activities which is not cured within 60 days after written notice from the Authority or if the default cannot be cured within 60 days within such reasonable time as is required to cure the default, provided that the Borrower is diligently pursuing a cure.

c. Any representation or warranty made by the Borrower herein or any document or certificate furnished to the Authority shall prove at any time to be materially incorrect or misleading as of the date made.

d. The Borrower engages in any illegal activities.

e. The Borrower uses any of the Loan funds contrary to this Agreement or the Grant Agreement which is not cured within 60 days after written notice from the Authority.

f. The Borrower shall fail to obtain and/or keep in force insurance only of the types and in the amounts as specified within this Agreement, or shall fail to indemnify and hold harmless the Authority as set forth herein which is not cured within 10 business days after written notice from the Authority, or such longer period as may be reasonably required to obtain such insurance provided Borrower is diligently pursuing the same.

g. The failure to repay any principal of the Loan when due.

ARTICLE IX REMEDIES

Whenever any Event of Default shall have happened and is continuing beyond any applicable cure period, any one or more of the following remedial steps may be taken by the Authority:

a. The Authority may terminate this Agreement;

b. The Authority may suspend or terminate any further disbursements to be made under this Agreement;

c. The Authority may suspend its performance under this Agreement during the continuance of the Event of Default; and/or

d. The Authority may take whatever action at law or in equity, consistent with applicable law and subject to the limitations herein, as may be necessary or appropriate to seek repayment or reimbursement of the Loan funds disbursed to the Borrower, to enforce performance and observance of any obligation, agreement, covenant, representation or warranty of the Borrower under this Agreement, or any related instrument; or to otherwise compensate the Authority for any damages on account of such Event of Default.

No remedy 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 Event of Default shall impair any such right or power, nor 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. To entitle the Authority to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required or be required by law.

ARTICLE X ADDITIONAL PROVISIONS

a. Indemnity, Hold Harmless. The Borrower shall and does hereby agree to indemnify against and to hold the Authority, and its officers, council members, agents, and employees including the independent contractors, consultants and legal counsel, servants and employees thereof (hereinafter, for purposes of this section, collectively the “Indemnified Parties”), harmless of and from any and all liability, loss, or damage to the extent caused by Borrower’s acts or omissions that it or they may incur under or by reason of this Agreement and 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 Grant-Eligible Activities or the Project, and of and from any and all claims and demands whatsoever that may be asserted against one or more of the Indemnified Parties by reason of any alleged obligations or undertakings on the Borrower’s part to perform or discharge any of the terms, covenants, or agreements contained herein.

Except for any willful misrepresentation or any willful, wanton, or grossly negligent misconduct of the Indemnified Parties, the Borrower 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 under this Agreement, the Grant Agreement or the transactions

contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project or the Grant-Eligible Activities.

This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the creation and repayment of any indebtedness to Authority under this Agreement.

b. Independent Contractor. For the purpose of this Agreement, the Borrower shall be deemed an independent contractor and not an employee or agent of the Authority. Any and all employees or agents of the Borrower shall not be considered employees or agents of the Authority.

c. Compliance With Minnesota Laws. All of the data created, collected, received, stored, used, maintained or disseminated by the Borrower with respect to the Grant-Eligible Activities are subject to the requirements of Minnesota Statutes, Chapter 13, (the “Minnesota Government Data Practices Act” or “MGDPA”) and, except as provided in Section 13.05, subdivision 11(b) of the MGDPA, the Borrower agrees to comply with those requirements under the MGDPA to the extent applicable. The remedies in Section 13.08 of the MGDPA may apply to the Borrower. If any provision of this Agreement is in conflict with the MGDPA or other Minnesota State laws, state law shall control. The Borrower shall comply with the conflict of interest provisions of Minnesota Statutes, Sections 471.87 through 471.88.

d. Contractor and Subcontractor Compliance. The Borrower shall comply with and shall cause all contractors and subcontractors to comply with all applicable state and federal laws, and to the extent applicable to the Borrower, the Grant Agreement. The Borrower shall require all contractors and subcontractors performing work covered by the Loan to obtain all required permits, licenses and certifications and comply with all applicable state and federal Occupational Safety and Health Act regulations, especially the federal Hazardous Waste Operations and Emergency Response standards under Code of Federal Regulations, title 29, sections 1910.120 and 1926.65.

e. Site Compliance. The Borrower shall meet or require to be met all applicable requirements of:

(1) Federal and state laws relating to stormwater discharges including, without limitation, any applicable requirements of Code of Federal Regulations, title 40, parts 122 and 123; and

(2) The Council’s *2030 Water Resources Management Policy Plan* and the Authority’s local water management plan applicable to the Redevelopment Property and the Project.

f. Fair Housing Compliance. The Borrower shall comply in all respects with the affordability and fair housing marketing plan requirements set forth in Article VI of the Grant Agreement.

g. Environmental Site Assessment. The Borrower shall ensure that a Phase I Environmental Site Assessment or other environmental review of the Project will be carried out if appropriate for the scope and nature of the Project.

ARTICLE XI INSURANCE

With respect to the Project, the Borrower shall maintain all insurance required by the Grant Agreement.

ARTICLE XII RECORDS AND REPORTS

Upon request, the Borrower shall submit to the Authority a full account of the status of the activities undertaken as part of this Agreement. The following records shall be maintained by the Borrower, copies of which shall be submitted in such form as Authority may prescribe:

- a. All receipts and invoices relating to expenditure of Loan funds.
- b. Records shall be sufficient to reflect all costs incurred in performance of the Loan. The books, records, documents, and accounting procedures, relevant to the Loan shall be subject to examination by the Authority, the Council and state agencies and the legislative auditor.

ARTICLE XIII AMENDMENT

This Agreement shall not be amended or modified without the prior written approval of the Authority and the Borrower.

ARTICLE XIV INCORPORATION OF GRANT AGREEMENT

The Borrower acknowledges and agrees that all terms, conditions and obligations contained in the Grant Agreement are incorporated herein, and made a part of this Agreement. In addition to the terms, conditions and obligations described herein, the Borrower further acknowledges, accepts and assumes all of the Authority's obligations described in the Grant Agreement, unless such obligations can only be reasonably performed by the Authority, including but not limited to, the obligation to repay the TBRA Grant if required by the Council. For purposes of enforcing this Agreement, the Borrower acknowledges, accepts and agrees that the Authority shall inure to, and possess the rights and authority of the Council as described in the Grant Agreement.

**ARTICLE XV
MISCELLANEOUS**

a. Notices. All notices provided for herein shall be in writing and shall be deemed to have been given when delivered personally or when deposited in the United States mail, registered or certified, postage prepaid, addressed as follows:

(a) Name and Address of the Borrower:

Penn Station Apartments LLLP
510 Brunson Street, Suite 100
St. Paul, MN 55130
Attn: Johnny Opara, President and CEO

With a copy to: Winthrop & Weinstine, P.A.
225 South 6th St, Suite 3500
Minneapolis, MN 55402
Attn: Jon L. Peterson

(b) Name and Address of the Authority:

Housing and Redevelopment Authority
6700 Portland Avenue South
Richfield, MN 55423
Attn: Executive Director

With a copy to: Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
Attention: Ronald H. Batty

or addressed to either party at such other address as such party shall hereafter furnish by notice to the other party as above provided.

b. Binding Effect; Waiver. The provisions of this Agreement shall inure to the benefit of and be binding upon the Borrower and the Authority and their respective successors and assigns. No delay on the part of the Authority in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege constitute such waiver nor exhaust the same, which shall be continuing. The rights and remedies of the Authority specified in this Agreement shall be in addition to and not exclusive of any other right and remedies which the Authority, by operation of law, would otherwise have.

c. Survival of Agreements, Representations and Warranties. All agreements, representations and warranties made in this Agreement by the Borrower shall survive its termination.

d. Governing Law. This Agreement and the attachments are to be construed and enforced according to and governed by the laws of Minnesota.

e. Counterparts, Electronic Signatures. This Agreement may be executed in any number of counterparts, all of which shall constitute a single agreement, any one of which bearing signatures of all parties shall be deemed an original. An electronic or facsimile signature is deemed to be the same as an original signature.

f. Time. Time is of the essence in the performance of this Agreement.

g. Entire Agreement. This Agreement contains the entire agreement of the parties hereto on the matters covered herein. No other agreement, statement or promise made by either party or by any employee, officer or agent of either party hereto that is not in writing and signed by both parties to this Agreement shall be binding.

h. No Joint Venture. The relationship between the Authority and the Borrower is solely that of grantor and grantee and the relationship by and between the Authority and the Borrower is not, nor shall it be deemed to create, a partnership or joint venture in the Project.

i. Venue. All matters whether sounding in tort or in contract, relating to the validity, construction, performance, or enforcement of this Agreement shall be controlled by and determined in accordance with the laws of Minnesota, and the Borrower agrees that all legal actions initiated by the Borrower with respect to or arising from any provision contained in this Agreement shall be initiated, filed and venued exclusively in District Court in Hennepin County, Minnesota.

j. Attorneys' Fees and Expenses. In the event the Borrower should default under any of the provisions of this Agreement and the Authority should employ attorneys or incur other expenses for the collection of amounts due hereunder or the enforcement of performance of any obligation or agreement on the part of the Borrower, the Borrower will on demand pay to the Authority the reasonable fee of such attorneys and such other expenses so incurred, but only in the event the Authority prevails in pursuing such claims and as awarded by a court of competent jurisdiction.

k. Assignment. This Agreement may not be assigned by the Borrower without the prior written consent of Authority, which consent shall be in the sole discretion of the Authority.

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

IN WITNESS WHEREOF, the parties have caused this Loan Agreement to be executed the day and year first above written.

PENN STATION APARTMENTS LLLP, a
Minnesota limited liability limited partnership

By: Penn Station Apartments LLC, a Minnesota
limited liability company
Its: General Partner

By: JO Companies, LLC,
a Minnesota limited liability company
Its Sole Member

By: Johnny Opara
Its Manager

Dated: _____

**HOUSING AND REDEVELOPMENT
AUTHORITY**

By _____
Erin Vrieze Daniels, Chair

Dated: _____

By _____
Melissa Poehlman, Executive Director

Dated: _____

EXHIBIT A

LEGAL DESCRIPTION OF REDEVELOPMENT PROPERTY

The Redevelopment Property is legally described as follows:

[to be completed]

EXHIBIT B

GRANT AGREEMENT

**TAX BASE REVITALIZATION ACCOUNT
CONTAMINATION CLEANUP GRANT PROGRAM**

GRANTEE: City of Richfield Housing and Redevelopment Authority	GRANT NO. SG-23209
PROJECT: Penn Station	
GRANT AMOUNT: \$303,200.00	FUNDING CYCLE: 2025 – Round 1
COUNCIL ACTION: June 25, 2025	EXPIRATION DATE: June 30, 2028

**METROPOLITAN LIVABLE COMMUNITIES ACT
GRANT AGREEMENT**

THIS GRANT AGREEMENT (“Agreement”) is made and entered into by the Metropolitan Council (“Council”) and the Municipality or Development Authority identified above as “Grantee.”

WHEREAS, Minnesota Statutes section 473.251 creates the Metropolitan Livable Communities Fund, the uses of which fund must be consistent with and promote the purposes of the Metropolitan Livable Communities Act (“LCA”) and the policies of the Council’s Metropolitan Development Guide; and

WHEREAS, Minnesota Statutes sections 473.251 and 473.252 establish within the Metropolitan Livable Communities Fund a Tax Base Revitalization Account and require the Council to use the funds in the account to make grants to Municipalities or Development Authorities for the cleanup of polluted land in the seven-county metropolitan area; and

WHEREAS, the Grantee is a Municipality or a Development Authority as defined in Minnesota Statutes section 473.252, subdivisions 1 and 1a; and

WHEREAS, the Grantee seeks funding in connection with an application for Tax Base Revitalization Account funds submitted in response to the Council’s notice of availability of grant funds for the “Funding Cycle” identified above and will use the grant funds made available under this Agreement to help fund the “Project” identified in the application; and

WHEREAS, the Council awarded Tax Base Revitalization Account grant funds to the Grantee subject to any terms, conditions or clarifications stated in its Council Action, and with the understanding that the Project identified in the application will proceed to completion in a timely manner, all grant funds will be expended prior to the “Expiration Date” identified above, and Project development or redevelopment construction will have “commenced” before the Expiration Date.

NOW THEREFORE, in reliance on the above statements and in consideration of the mutual promises and covenants contained in this Agreement, the Grantee and the Council agree as follows:

**TAX BASE REVITALIZATION ACCOUNT
CONTAMINATION CLEANUP GRANT PROGRAM**

I. DEFINITIONS

1.01. Definition of Terms. The terms defined in this section have the meanings given them in this section unless otherwise provided or indicated by the context.

- (a) **Cleanup Costs or Costs.** “Cleanup Costs” or “Costs” means:
- (1) For hazardous waste or substance contamination, the cost of implementing a voluntary response action plan approved by the Minnesota Pollution Control Agency under Minnesota Statutes section 115B.175, subdivision 3.
 - (2) For asbestos contamination, the cost of implementing a project-specific asbestos project plan for the Site and performing asbestos-related work which is carried out by contractors or subcontractors licensed or certified by the Commissioner of Health under the Minnesota Asbestos Abatement Act, Minnesota Statutes sections 326.70 to 326.81, in accordance with rules prescribed by the Commissioner of Health related to asbestos abatement and asbestos management activity, and meeting the federal Asbestos Hazard Emergency Response Act (“AHERA”) standards for asbestos.
 - (3) For petroleum contamination, the cost of implementing a corrective action plan for the Site approved by the Minnesota Pollution Control Agency under Minnesota Statutes chapter 115C.
 - (4) For lead abatement, the cost of lead abatement work performed by certified contractors consistent with all applicable federal and state laws, rules and standards governing lead abatement or regulated lead work on residential or commercial properties.
- (b) **Commenced.** For the purposes of Sections 2.08 and 5.03, “commenced” means significant physical improvements have occurred in furtherance of the Project (*e.g.*, a foundation is being constructed or other tangible work on a structure has been initiated). In the absence of significant physical improvements, visible staking, engineering, land surveying, soil testing, cleanup site investigation, or pollution cleanup activities are not evidence of Project commencement for the purposes of this Agreement.
- (c) **Council Action.** “Council Action” means the action or decision of the governing body of the Metropolitan Council, on the meeting date identified at Page 1 of this Agreement, by which the Grantee was awarded Tax Base Revitalization Account grant funds.
- (d) **County.** “County” means Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.
- (e) **Development Authority.** “Development Authority” means a statutory or home rule charter city, housing and redevelopment authority, an economic development authority, or a port authority in the “metropolitan area” as defined by Minnesota Statutes section 473.121, subdivision 2.
- (f) **Municipality.** “Municipality” means a statutory or home rule charter city or town participating in the Local Housing Incentives Program under Minnesota Statutes section 473.254, or a county in the metropolitan area as defined by Minnesota Statutes section 473.121, subdivision 2.

**TAX BASE REVITALIZATION ACCOUNT
CONTAMINATION CLEANUP GRANT PROGRAM**

- (g) **Participating Municipality.** “Participating Municipality” means a statutory or home rule charter city or town that has elected to participate in the Local Housing Incentive Account program and negotiated affordable and life-cycle housing goals for the Municipality pursuant to Minnesota Statutes section 473.254.
- (h) **Project.** Unless clearly indicated otherwise by the context of a specific provision of this Agreement, “Project” means the development or redevelopment project identified in the application for Tax Base Revitalization Account funds for which grant funds were requested. Grant-funded activities typically are components of the Project.
- (i) **Project Costs.** “Project Costs” means all costs as defined in Minnesota Statutes section 116J.552, subdivision 7.
- (j) **Site.** “Site” means the polluted land proposed by the Grantee to be cleaned up and located both within the metropolitan area and within a Participating Municipality.
- (k) **Redeployment of Repaid Grant Funds.** “Redeployment of Repaid Grant Funds” means Grantee redeployment of Repaid Grant Funds to continue supporting affordable housing components of the Project or implement or support projects that will help the Grantee (or the Participating Municipality within which the Project is located) meet its affordable and life-cycle housing goals.
- (l) **Repaid Grant Funds.** “Repaid Grant Funds” means repaid loan principal and interest grant funds made available to the Grantee and disbursed to the Project Owner in the form of a loan pursuant to Sections 2.05 and 2.06 of this Agreement.

II. GRANT FUNDS

2.01. Source of Funds. The grant funds made available to the Grantee under this Agreement are from the Tax Base Revitalization Account of the Metropolitan Livable Communities Fund. The grant funds are derived from the area-wide tax imposed under Minnesota Statutes chapter 473F and are not from State or federal sources.

2.02. Grant Amount. The Council will grant to the Grantee the “Grant Amount” identified at Page 1 of this Agreement. The Council’s obligation to reimburse the Grantee for eligible grant-funded expenditures shall not exceed the Grant Amount. Notwithstanding any other provision of this Agreement, the Grantee understands and agrees that any reduction or termination of Tax Base Revitalization Account funds made available to the Council may result in a like reduction in the Grant Amount made available to the Grantee.

2.03. Authorized Use of Grant Funds. The Grant Amount made available to the Grantee under this Agreement shall be used only for Cleanup Costs for the cleanup of the Site described in the application for Tax Base Revitalization Account funds. A Project Summary that identifies eligible uses of the grant funds as approved by the Council is attached to and incorporated into this Agreement as Attachment A. Aerial photography or drawings that identify the specific location(s) within the Project boundaries or the Site(s) for which cleanup grant funds must be used is attached to and incorporated into this Agreement as Attachment B. Grant funds must be used for cleanup of the Site which must be located in a Participating Municipality. If consistent with the application and subject

**TAX BASE REVITALIZATION ACCOUNT
CONTAMINATION CLEANUP GRANT PROGRAM**

to the limitations in Minnesota Statutes section 116J.556, the Grantee may use the grant funds to provide a portion of the local match requirement for Project Costs that qualify for a grant under Minnesota Statutes sections 116J.551 to 116J.557.

2.04. Ineligible Uses. Grant funds must be used for costs directly associated with the specific proposed Project activities for which the grant funds were awarded. Grant funds may not be used for costs of Project activities that occurred prior to the Council Action, unless the pre-award costs were for:

- (a) Site investigation work that occurred within 180 days of the Funding Cycle application due date and is identified as a grant-funded activity in Attachment A; or
- (b) Project cleanup activities that occurred within 180 days of the Funding Cycle application due date that were expressly approved by the Council Action and are described or identified in Attachments A and B.

A detailed list of ineligible and eligible costs is available from the Community Development/Metropolitan Transportation Services Finance and Administration Department. Grant funds also shall not be used by the Grantee or others to supplant or replace: (a) grant or loan funds obtained for the Project from other sources; or (b) Grantee contributions to the Project, including financial assistance, real property or other resources of the Grantee; or (c) funding or budgetary commitments made by the Grantee or others prior to the Council Action, unless specifically authorized in Attachment A. The Council shall bear no responsibility for cost overruns which may be incurred by the Grantee or others in the implementation or performance of the Project activities. The Grantee agrees to comply with any "business subsidy" requirements of Minnesota Statutes sections 116J.993 to 116J.995 that apply to the Grantee's expenditures or uses of the grant funds.

2.05. Loans for Low-Income Housing Tax Credit Projects. If consistent with the application and the Project activities described in Attachment A or if requested in writing by the Grantee, the Grantee may structure the grant assistance to the Project as a loan so the Project Owner can take advantage of federal and state low-income housing tax credit programs. The Grantee may use the grant funds as a loan for a low-income housing tax credit Project, subject to the terms and conditions stated in Sections 2.03 and 2.04 and the following additional terms and conditions:

- (a) The Grantee covenants and represents to the Council that the Project is a rental housing project that received or will receive an award of low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, and the low-income housing tax credit program administered by the Minnesota Housing Finance Agency or a program administered by the Minneapolis/Saint Paul Housing Finance Board or another designated housing credit agency that sub-allocates low-income housing tax credits in the Metropolitan Area.
- (b) The Grantee will execute a loan agreement with the Project Owner. Prior to disbursing any grant funds for the Project, the Grantee will provide to the Council a copy of the loan agreement between the Grantee and the Project Owner.
- (c) Notwithstanding the Expiration Date identified at Page 1 of this Agreement and referenced in Section 5.01, when the Grantee receives Repaid Grant Funds and elects Redeployment of

**TAX BASE REVITALIZATION ACCOUNT
CONTAMINATION CLEANUP GRANT PROGRAM**

Repaid Grant Funds the Grantee shall report Redeployment of Repaid Grant Funds in the next annual Housing Policy and Production Survey.

- (d) The grant funds made available to the Grantee and disbursed to the Project Owner by the Grantee in the form of a loan may be used only for the grant-eligible activities and Project components for which the Grantee was awarded the grant funds. For the purposes of this Agreement, the term "Project Owner" means the current Project Owner and any Project Owner successor(s).
- (e) Pursuant to Section 2.04, the grant funds made available to the Grantee and disbursed to the Project Owner in the form of a loan shall not be used by the Grantee, the Project Owner or others to supplant or replace: (1) grant or loan funds obtained for the Project from other sources; or (2) Grantee contributions to the Project, including financial assistance, real property or other resources of the Grantee; or (3) funding or budgetary commitments made by the Grantee or others prior to the Council Action, unless specifically authorized in Attachment A. The Council will not make the grant funds available to the Grantee in a lump sum payment, but will disburse the grant funds to the Grantee on a reimbursement basis pursuant to Section 2.10.
- (f) By executing this Agreement, the Grantee: (1) acknowledges that the Council expects the loan will be repaid so the grant funds may be used to help fund other activities consistent with the requirements of the Metropolitan Livable Communities Act; (2) covenants, represents and warrants to the Council that the Grantee's loan to the Project Owner will meet all applicable low-income housing tax credit program requirements under section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), and the low-income housing tax credit program administered by the Minnesota Housing Finance Agency or a program administered by the Minneapolis/Saint Paul Housing Finance Board or another designated housing credit agency that sub-allocates low-income housing tax credits in the metropolitan area; and (3) agrees to administer its loan to the Project Owner consistent with federal and state low-income housing tax credit program requirements.
- (g) The Grantee will, at its own expense, use diligent efforts to recover loan proceeds: (1) whenever the Project Owner becomes obligated to repay the Grantee's loan or defaults on the Grantee's loan; (2) when the initial thirty-year "compliance period" expires, unless the Council agrees in writing that the Grantee may make the grant funds available as a loan to the Project Owner for an "extended use period"; and (3) if noncompliance with low-income housing tax credit program requirements or some other event triggers the Project Owner's repayment obligations under its loan agreement with the Grantee. Except as otherwise provided in this Paragraph (g), the Grantee must repay to the Council all loan repayment amounts the Grantee receives from the Project Owner. The Grantee shall not be obligated to repay the grant funds to the Council except to the extent the Project Owner repays its loan to the Grantee, provided the Grantee has exercised the reasonable degree of diligence and used administrative and legal remedies a reasonable and prudent housing finance agency would use to obtain payment on a loan, taking into consideration (if applicable) the subordinated nature of the loan.

As an alternative to such loan proceeds recovery, the Grantee may elect Redeployment of Repaid Grant Funds. If the Grantee elects Redeployment of Repaid Grant Funds, the Grantee shall report such Redeployment of Repaid Grant Funds in its next annual Housing Policy and

**TAX BASE REVITALIZATION ACCOUNT
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Production Survey. Upon the Council's review of any Redeployment of Repaid Grant Funds identified in the Grantee's Housing Policy or Production Survey or otherwise, the Council reserves the right to request return of such funds if, after review, the Council determines such Redeployment of Repaid Grants Funds does not comply with the Livable Communities Act program requirements, or affordable and life-cycle housing goals. Upon the Council's request, the Grantee shall promptly return the Repaid Grant Funds.

- (h) If the Grantee earns any interest or other income from its loan agreement with the Project Owner, the Grantee must repay to the Council all interest or other income the Grantee receives from the Project Owner. Alternatively, the Grantee may elect redeployment of interest or other income received from the Project Owner. If the Grantee elects redeployment of such interest or other income so received, the Grantee shall report such redeployment in its next annual Housing Policy and Production Survey. Upon the Council's review of any such redeployment identified in the Grantee's Housing Policy or Production Survey or otherwise, the Council reserves the right to request return of such interest or other funds if, after review, the Council determines such redeployment of does not comply with the Livable Communities Act program requirements, or affordable and life-cycle housing goals. Upon the Council's request, the Grantee shall promptly return the interest or other income received from the Project Owner. The Grantee is not obligated to earn any interest or other income from its loan agreement with the Project Owner, except to the extent required by any applicable law.

2.06. Revolving or Deferred Loans. If consistent with the application and the Project Summary or requested in writing by the Grantee, the Grantee may use the grant funds to make deferred loans (loans made without interest or periodic payments) revolving loans (loans made with interest and periodic payments), otherwise make the grant funds available on a "revolving" basis for the purposes of implementing the Project activities described or identified in Attachments A and B.

As an alternative to such loan proceeds recovery for revolving loans, the Grantee may elect Redeployment of Repaid Grant Funds. If the Grantee elects Redeployment of Repaid Grant Funds, the Grantee shall report such Redeployment of Repaid Grant Funds in its next annual Housing Policy and Production Survey. Upon the Council's review of any Redeployment of Repaid Grant Funds identified in the Grantee's Housing Policy or Production Survey or otherwise, the Council reserves the right to request return of such funds if, after review, the Council determines such Redeployment of Repaid Grants Funds does not comply with the Livable Communities Act program requirements, or affordable and life-cycle housing goals. Upon the Council's request, the Grantee shall promptly return the Repaid Grant Funds.

2.07. Restrictions on Loans or Grants by Subgrantees. The Grantee shall not permit any subgrantee, subrecipient, or contractor to use the grant funds for loans or grants to any subrecipient at any tier unless the Grantee obtains the prior written consent of the Council. The requirements of this Section 2.07 shall be included in all subgrants, subrecipient agreements, and contracts.

2.08. Project Commencement and Changes. The Project for which grant funds were requested must be "commenced" prior to the Expiration Date. The Grantee must promptly inform the Council in writing of any significant changes to the Project for which the grant funds were awarded, as well as any potential changes to grant-funded activities described or identified in Attachments A and B. Failure to inform the Council of any significant changes to the Project or significant changes to grant-

**TAX BASE REVITALIZATION ACCOUNT
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funded components of the Project, and use of grant funds for ineligible or unauthorized purposes, will jeopardize the Grantee's eligibility for future LCA awards. Grant funds will not be disbursed prior to Council approval of significant changes to either the Project or grant-funded activities described or identified in Attachments A and B.

2.09. Loss of Grant Funds. The Grantee agrees to remit to the Council in a prompt manner: any unspent grant funds, including any grant funds that are not expended prior to the Expiration Date identified at Page 1 of this Agreement; any grant funds that are not used for the authorized purposes; and any interest earnings described in Section 2.11 that are not used for the purposes of implementing the grant-funded Project activities described or identified in Attachments A and B. For the purposes of this Agreement, grant funds are "expended" prior to the Expiration Date if the Grantee pays or is obligated to pay for expenses of eligible grant-funded Project activities that occurred prior to the Expiration Date and the eligible expenses were incurred prior to the Expiration Date. Unspent or unused grant funds and other funds remitted to the Council shall revert to the Council's Tax Base Revitalization Account for distribution through application processes in future Funding Cycles or as otherwise permitted by law.

2.10. Payment Requests, Documentation, and Disbursements. The Council will disburse grant funds in response to payment requests submitted by the Grantee through the Council's online grant management system and reviewed and approved by the Council's Authorized Agent. The Council will make the final determination whether the expenditures are eligible for reimbursement under this Agreement, and verify the total amount requested from the Council. Reimbursement of any cost does not constitute a waiver by the Council of any Grantee noncompliance with this Agreement.

The Council shall disburse grant funds for all grant-eligible expenditures within thirty-five (35) days of the receipt of satisfactory documentation from the Grantee. **NOTWITHSTANDING THE PROVISIONS OF THIS SECTION 2.10, THE COUNCIL WILL NOT DISBURSE ANY GRANT FUNDS TO THE GRANTEE UNLESS THE PARTICIPATING MUNICIPALITY WITHIN WHICH THE PROJECT IS LOCATED HAS ADOPTED A FAIR HOUSING POLICY AS REQUIRED BY SECTION 6.04.**

The Council will reimburse up to 90 percent of the awarded grant funds. The remaining 10 percent may be withheld before a final payment is issued until the Grantee: (a) completes the Project or grant deliverables identified in the project summary; and (b) submits a final request for payment and the Final Report as required under Section 3.03. If the required deliverables are not submitted within the term and closeout period specified in Section 4.01, the Council shall have no obligation to disburse the remaining 10 percent. In such cases, the remaining funds shall revert to the Council's Livable Communities Demonstration Account for redistribution through future funding cycles or as otherwise permitted by law.

2.11. Interest Earnings. If the Grantee earns any interest or other income from the grant funds received from the Council under this Agreement, the Grantee will use the interest earnings or income only for the purposes of implementing the Project activities described or identified in Attachments A and B.

2.12. Effect of Grant. Issuance of this grant neither implies any Council responsibility for the contamination at the Site nor imposes any obligation on the Council to participate in the cleanup of

**TAX BASE REVITALIZATION ACCOUNT
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the Site contamination or in the Cleanup Costs beyond the Grant Amount of this Agreement. By awarding grant funds to the Grantee for the Project and executing this Agreement, the Council assumes no responsibility for: (a) any damage to persons, property, or the environment caused by Site cleanup activities or implementation of the Project; or (b) determining whether intended uses of the Site identified in the grant application or potential future uses of the Site, including any residential uses, are suitable for the Site.

III. ACCOUNTING, AUDIT AND REPORT REQUIREMENTS

3.01. Accounting and Records. The Grantee agrees to establish and maintain accurate and complete accounts and records relating to the receipt and expenditure of all grant funds received from the Council. Notwithstanding the expiration and termination provisions of Sections 5.01 and 5.02, such accounts and records shall be kept and maintained by the Grantee for a period of six (6) years following the completion of the Project activities described or identified in Attachments A and B or six (6) years following the expenditure of the grant funds, whichever occurs earlier. Accounting methods shall be in accordance with generally accepted accounting principles.

3.02. Audits. The above accounts and records of the Grantee shall be audited in the same manner as all other accounts and records of the Grantee are audited and may be audited or inspected on the Grantee's premises or otherwise by individuals or organizations designated and authorized by the Council at any time, following reasonable notification to the Grantee, for a period of six (6) years following the completion of the Project activities or six (6) years following the expenditure of the grant funds, whichever occurs earlier. Pursuant to Minnesota Statutes section 16C.05, subdivision 5, the books, records, documents and accounting procedures and practices of the Grantee that are relevant to this Agreement are subject to examination by the Council and either the Legislative Auditor or the State Auditor, as appropriate, for a minimum of six (6) years.

3.03. Report Requirements. The Grantee will report to the Council written progress reports on a semi-annual basis by January 31 (for the period July 1 through December 31) and July 31 (for the period January 1 through June 30) of each calendar year during the term of this Agreement. The Grantee reports shall describe the status of the Project activities described or identified in Attachments A and B. The report shall also describe the projected spending for the current reporting period and projected spending for future reporting periods. The Grantee must complete and submit to the Council a Final Report before the final disbursement of grant funds will be approved. The form and content of the progress reports and the Final Report will be determined by the Council. In addition to the required status reports and the Final Report, the Grantee must submit to the Council by April 15 of the year following the expiration of this Agreement and by April 15 of each of the succeeding three (3) years, an annual written report that includes information about redevelopment activities, net tax capacity of the Site, and jobs resulting from Site cleanup. The form and content of the annual written report will be determined by the Council. The reporting requirements of Sections 3.03 and 3.04 shall survive the expiration or termination of this Agreement.

3.04. Certificate of Completion. Upon completion of the Site cleanup, the Grantee will provide to the Council:

- (a) For hazardous waste or substance contamination, a copy of a certificate of completion for the Site issued by the Minnesota Pollution Control Agency pursuant to Minnesota Statutes

**TAX BASE REVITALIZATION ACCOUNT
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section 115B.175, or a letter from the Agency indicating that the approved voluntary response action plan for the Site has been implemented to the satisfaction of the Agency and that the Agency is issuing a determination that no further action is required under Minnesota Statutes sections 115B.01 to 115B.08 to address the identified release; or

- (b) For asbestos contamination, either: (1) a copy of a statement from the Grantee's licensed asbestos abatement contractor that the project-specific asbestos project plan and asbestos-related work for the Site have been completed in accordance with the rules of the Minnesota Department of Health; or (2) a final asbestos abatement implementation report that shows the project-specific asbestos project plan and asbestos-related work for the Site have been completed in accordance with the rules of the Minnesota Department of Health; or
- (c) For petroleum contamination, a copy of a site closure letter issued by the Minnesota Pollution Control Agency pursuant to Minnesota Statutes chapter 115C; or
- (d) For lead abatement or regulated lead work: (1) a copy of the contractor firm certification to conduct lead-based paint activities in residential or child-occupied facilities per Code of Federal Regulations, title 40, section 745.89 and Minnesota Statutes section 144.9505; and (2) a statement or other documentation from the certified contractor that the lead abatement or regulated work at the Site has been completed in accordance with applicable provisions of Code of Federal Regulations, title 40, part 745 and state laws, rules and standards governing lead abatement according to the Lead Poisoning Prevention Act, Minnesota Statutes sections 144.9501 to 144.9512 and Minnesota Rules parts 4761.2000 to 4761.2700.

IV. RECOVERY AND REPAYMENT

4.01. Recovery of Funds. If the Grantee recovers funds pursuant to an action under Minnesota Statutes section 115B.04, or other law, to recover the reasonable and necessary Project Costs incurred to clean up the Site, the Grantee shall repay to the Council that portion of the grant as provided in Section 4.04.

4.02. Assignment of Rights. Upon request of the Council, the Grantee shall assign to the Council the Grantee's right to recover the funds described in Section 4.01, shall prepare and submit a certification of the Project Costs incurred, and shall cooperate in any cost recovery action brought by the Council.

4.03. Expenses of Recovery. The reasonable litigation expenses or other costs of legal or technical assistance incurred by the Grantee, the Council, or both, may be deducted from recovery obtained in accordance with Sections 4.01 or 4.02 and reimbursed to the entity incurring such costs before proceeds of the recovery are distributed in accordance with Section 4.04.

4.04. Reimbursement. Subject to the deduction provided in Section 4.03, amounts recovered either by the Grantee or the Council from responsible persons and all other amounts otherwise received by the Grantee or the Council for cleanup of the Site shall be used to reimburse the Grantee, the Council, or any other nonresponsible party who contributed funds for cleanup of the Site in proportion to their respective payments for response costs.

**TAX BASE REVITALIZATION ACCOUNT
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4.05. Survival of Recovery and Repayment Provisions. The provisions of Sections 4.01 through 4.04 shall survive the expiration or termination of this Agreement.

V. AGREEMENT TERM

5.01. Term and Close Out. This Agreement is effective upon execution of this Agreement by the Council. Unless terminated pursuant to Section 5.02, this Agreement expires on the Expiration Date identified at Page 1 of this Agreement. Failure of the Grantee to timely execute this Agreement does not extend the Expiration Date. The Grantee has 120 calendar days after the Expiration Date to provide documentation and information necessary to close out this Agreement and receive disbursements for eligible grant-funded Project activities as prescribed in Section 2.03. If the Grantee fails to provide necessary documentation and information during this 120-day close out period, the Grantee shall not be eligible to receive any unpaid grant funds and the Council will not disburse any unpaid grant funds to the Grantee. This 120-day close out period does not extend any Grantee reporting deadlines established in this Agreement or authorize the Grantee to expend or commit any grant funds after the Expiration Date.

5.02. Termination. This Agreement may be terminated by the Council for cause at any time upon fourteen (14) calendar days' written notice to the Grantee. Cause shall mean a material breach of this Agreement and any amendments of this Agreement. If this Agreement is terminated prior to the Expiration Date, the Grantee shall receive payment on a pro rata basis for eligible Project activities described or identified in Attachments A and B that have been completed prior to the termination. Termination of this Agreement does not alter the Council's authority to recover grant funds on the basis of a later audit or other review, and does not alter the Grantee's obligation to return any grant funds due to the Council as a result of later audits or corrections. If the Council determines the Grantee has failed to comply with the terms and conditions of this Agreement and the applicable provisions of the Metropolitan Livable Communities Act, the Council may take any action to protect the Council's interests and may refuse to disburse additional grant funds and may require the Grantee to return all or part of the grant funds already disbursed.

5.03. Amendments and Extension. The Council and the Grantee may amend this Agreement by mutual agreement. Amendments or an extension of this Agreement shall be effective only on the execution of written amendments signed by authorized representatives of the Council and the Grantee. If the Grantee needs a change to the Project, additional time within which to complete the grant-funded activities and commence the Project, a change in the budget, or a change in grant-funded activities the Grantee must submit to the Council **AT LEAST NINETY (90) CALENDAR DAYS PRIOR TO THE EXPIRATION DATE**, a complete, written amendment request. All requirements must be met for a request to be considered complete. **THE EXPIRATION DATE MAY BE EXTENDED, BUT THE PERIOD OF ANY EXTENSION(S) SHALL NOT EXCEED TWO (2) YEARS BEYOND THE ORIGINAL EXPIRATION DATE IDENTIFIED AT PAGE 1 OF THIS AGREEMENT.**

VI. AFFORDABILITY; AFFIRMATIVE FAIR HOUSING

6.01. Affordability Term. If the Project for which the grant funds were awarded includes affordable housing units, the Grantee shall, through written instruments or otherwise, ensure the affordable units will remain affordable for a minimum period of fifteen (15) years. The Grantee's obligation under this section may be satisfied if other Project funding sources (*e.g.*, the Minnesota

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Housing Finance Agency or HUD) or state or federal laws (e.g., low-income housing tax credit programs) require an affordability term of at least fifteen (15) years. For the purposes of this section, “affordable housing unit” means a unit that is affordable to households at 60 percent or less of the Area Median Income (“AMI”), as established by HUD, unless the Grantee’s application stated an affordability standard lower than 60 percent of AMI, in which case the Grantee’s lower affordability standard shall apply. The affordability requirements of this section shall survive the expiration or termination of this Agreement.

6.02. Affirmative Fair Housing Marketing Plans. If the Project for which the grant funds were awarded is a housing project, or includes housing units (whether market rate or affordable), the Grantee shall, through written instruments or otherwise, ensure the Project owner (and any subsequent owner(s)) adopts and implements an affirmative fair housing marketing plan for Project housing units. For the purposes of this section, “affirmative fair housing marketing plan” means an affirmative fair housing marketing plan that substantially conforms to affirmative fair housing marketing plans published by the U.S. Department of Housing and Urban Development (“HUD”) or sample affirmative fair housing marketing plans published by the Minnesota Housing Finance Agency. The affirmative fair housing marketing plan requirement under this section shall continue for the minimum affordability term specified in Section 6.01 and shall survive the expiration or termination of this Agreement.

6.03. Section 8 Housing Choice Vouchers. If the Project is a housing project, or includes housing units (whether market rate or affordable) and the Grantee stated in its application that the Project housing units would be made available to households participating in the federal Housing Choice Voucher program, the Grantee shall, through written instruments or otherwise, ensure the Project owner (and any subsequent owner(s)) adopts and implements a policy under which the Project owner will not refuse to lease Project units to households or individuals participating in the Housing Choice Voucher program because those households or individuals are Housing Choice Voucher program participants. The Housing Choice Voucher requirement under this section shall continue for the minimum affordability term specified in Section 6.01 and shall survive the expiration or termination of this Agreement.

6.04. Fair Housing Policy. If the Project will include a housing component, the governing body of the Grantee (or the Participating Municipality within which the Project is located) must adopt a Fair Housing Policy. For the purposes of this section, the term “Fair Housing Policy” means a written statement regarding the Grantee’s (or Participating Municipality’s) commitment to fair housing that contains at least the following elements: a purpose statement; procedures for complaint identification and referral; a designated fair housing officer; and an outline of the internal and external actions the Grantee will undertake to advance fair housing. A best practices guide, as well as a copy of a model local fair housing policy is available at: <https://metro council.org/Handbook/Files/Resources/Best-Practices/Fair-Housing-Policy-Guide.aspx>

VII. GENERAL PROVISIONS

7.01. Equal Opportunity. The Grantee agrees it will not discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, sex, gender identity marital status, status with regard to public assistance, familial status, membership or activity in a local civil rights commission, disability, sexual orientation or age and will take affirmative action to ensure

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applicants and employees are treated equally with respect to all aspects of employment, rates of pay and other forms of compensation, and selection for training.

7.02. Conflict of Interest. The members, officers and employees of the Grantee shall comply with all applicable state statutory and regulatory conflict of interest laws and provisions.

7.03. Liability. Subject to the limitations provided in Minnesota Statutes chapter 466, to the fullest extent permitted by law, the Grantee shall defend, indemnify and hold harmless the Council and its members, employees and agents from and against all claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from the conduct or implementation of the Project activities funded by this grant, except to the extent the claims, damages, losses and expenses arise from the Council's own negligence. Claims included in this indemnification include, without limitation, any claims asserted pursuant to the Minnesota Environmental Response and Liability Act (MERLA), Minnesota Statutes chapter 115B, the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) as amended, United States Code, title 42, sections 9601 *et seq.*, and the federal Resource Conservation and Recovery Act of 1976 (RCRA) as amended, United States Code, title 42, sections 6901 *et seq.* This obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which otherwise would exist between the Council and the Grantee. The provisions of this section shall survive the expiration or termination of this Agreement. This indemnification shall not be construed as a waiver on the part of either the Grantee or the Council of any immunities or limits on liability provided by Minnesota Statutes chapter 466 or other applicable state or federal law.

7.04. Acknowledgments and Signage. The Grantee will acknowledge the financial assistance provided by the Council in promotional materials, press releases, reports and publications relating to the Project. The acknowledgment will contain the following or comparable language:

*Financing for this project was provided by the Metropolitan Council
Metropolitan Livable Communities Fund.*

Until the Project is completed, the Grantee shall ensure the above acknowledgment language, or alternative language approved by the Council's Authorized Agent, is included on all signs (if any) located at Project or construction sites that identify Project funding partners or entities providing financial support for the Project. The acknowledgments and signage should refer to the "Metropolitan Council" (not "Met Council" or "Metro Council").

7.05. Permits, Bonds, and Approvals. The Council assumes no responsibility for obtaining any applicable local, state or federal licenses, permits, bonds, authorizations or approvals necessary to perform or complete the Project activities described or identified in Attachments A and B. The Grantee and its developer(s), if any, must comply with all applicable licensing, permitting, bonding, authorization, and approval requirements of federal, state and local governmental and regulatory agencies, including conservation districts.

7.06. Subgrantees, Contractors, and Subcontractors. The Grantee shall include in any subgrant, contract, or subcontract for Project activities appropriate provisions to ensure subgrantee, contractor, and subcontractor compliance with all applicable state and federal laws and this Agreement. Along with such provisions, the Grantee shall require that contractors and subcontractors performing work

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covered by this grant obtain all required permits, licenses and certifications, and comply with all applicable state and federal Occupational Safety and Health Act regulations, especially the federal Hazardous Waste Operations and Emergency Response standards under Code of Federal Regulations, title 29, sections 1910.120 and 1926.65. If the Project for which the grants were awarded includes affordable units, the Grantee's subgrant agreement(s) shall expressly include the applicable affordability and affirmative fair housing requirements of Sections 6.01, 6.02, and 6.03.

7.07. Stormwater Discharge and Water Management Plan Requirements. If any grant funds are used for urban site redevelopment, the Grantee shall at such redevelopment site meet or require to be met all applicable requirements of:

- (a) Federal and state laws relating to stormwater discharges including, without limitation, any applicable requirements of Code of Federal Regulations, title 40, parts 122 and 123; and
- (b) The Council's *2050 Water Resources Policy Plan* and the local water management plan for the jurisdiction within which the redevelopment site is located.

7.08. Authorized Agent. Payment requests, written reports and correspondence submitted to the Council pursuant to this Agreement shall be directed to the Authorized Agent named below or their successor through the Council's online grants administration portal or to the below contact information:

Attn: Kelly Nezworski
Metropolitan Council
CD & MTS Finance and Administration
390 Robert Street North
Saint Paul, Minnesota 55101-1805
kelly.nezworski@metc.state.mn.us

7.09. Non-Assignment. Minnesota Statutes section 473.252, subdivision 3, requires the Council to distribute grant funds to eligible "municipalities," metropolitan-area counties or "development authorities" for projects in municipalities participating in the Local Housing Incentives Account program. Accordingly, this Agreement is not assignable and shall not be assigned by the Grantee.

7.10. Authorization to Reproduce Images. The Grantee certifies that the Grantee: (a) is the owner of any renderings, images, perspectives, sections, diagrams, photographs or other copyrightable materials (collectively, "copyrightable materials") that are in the Grantee's application, or are submitted to the Council as part of the grant application renew process or after grant award, or that the Grantee is fully authorized to grant permissions regarding the copyrightable materials; and (b) the copyrightable materials do not infringe upon the copyrights of others. The Grantee agrees the Council has a nonexclusive royalty-free license and all necessary permissions to reproduce and publish the copyrightable materials for noncommercial purposes, including but not limited to press releases, presentations, reports, and on the internet. The Grantee also agrees the Grantee will not hold the Council responsible for the unauthorized use of the copyrightable materials by third parties.

7.11. Warranty of Legal Capacity. The individuals signing this Agreement on behalf of the Grantee and on behalf of the Council represent and warrant on the Grantee's and the Council's behalf

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respectively that the individuals are duly authorized to execute this Agreement on the Grantee's and the Council's behalf respectively and that this Agreement constitutes the Grantee's and the Council's valid, binding, and enforceable agreements.

7.12. Counterparts. This Agreement may be executed in counterpart, each of which counterpart constitutes an original, but both of which together constitute one instrument.

7.13. Electronic Signatures. The electronic signatures of the Council's and the Grantee's authorized representatives shall be valid as an original signature of the authorized representatives and shall be effective to bind the Council and the Grantee under this Agreement. This Agreement containing, or to which there is affixed, an electronic signature shall be deemed to: (a) be "written" or "in writing"; (b) have been signed; and (c) constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. "Electronic signature" also means a manually signed original signature that is then transmitted by any electronic means, including without limitation a faxed version of an original signature or an electronically scanned and transmitted version (*e.g.*, via PDF) of an original signature. The Council's or the Grantee's failure to produce the original signature of any electronically transmitted signature shall not affect the enforceability of this Agreement.

This space intentionally left blank. Signature page follows.


**TAX BASE REVITALIZATION ACCOUNT
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IN WITNESS WHEREOF, the Grantee and the Council have caused this Agreement to be executed by their duly authorized representatives. This Agreement is effective on the date of final execution by the Council.

**CITY OF RICHFIELD HOUSING
AND REDEVELOPMENT AUTHORITY**

METROPOLITAN COUNCIL

By: 
Title: Chair
Date: 9-Aug-2025

By: 
LisaBeth Barajas, Executive Director
Community Development Division
Date: 08/20/2025

By: 
Title: Executive Director
Date: Jul 15, 2025

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Approved as to form:

By: _____
Title: _____
Date: _____

**TAX BASE REVITALIZATION ACCOUNT
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SG-23209

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rev. 06/12/25

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ATTACHMENT A
PROJECT SUMMARY

This attachment comprises this page and the succeeding page(s) which contain(s) a summary of the Project identified in the application for Tax Base Revitalization Account grant funds submitted in response to the Council's notice of availability of Tax Base Revitalization Account grant funds for the Funding Cycle identified at Page 1 of this Agreement. The summary reflects the proposed Project for which the Grantee was awarded grant funds by the Council Action, and may reflect changes in Project funding sources, changes in funding amounts, or minor changes in the proposed Project that occurred subsequent to application submission. The application is incorporated into this Agreement by reference and is made a part of this Agreement as follows. If the application or any provision in the application conflicts with or is inconsistent with the Council Action, other provisions of this Agreement, or the Project Summary contained in this Attachment A, the terms, descriptions and dollar amounts reflected in the Council Action or contained in this Agreement and the Project Summary shall prevail. For the purposes of resolving conflicts or inconsistencies, the order of precedence is: (1) the Council Action; (2) this Agreement; (3) the Project Summary and Cleanup Site Locations; and (4) the grant application.

Project Summary

Grant #	SG-23209
Grant Type	Contamination Cleanup
Applicant	City of Richfield HRA
Project Name	Penn Station
Project Location	6501 and 6525 Penn Avenue South, Richfield
Council District	5 – John Pacheco Jr.

Project Detail	
Contaminant history	The mostly vacant 0.9-acre site includes an unoccupied single-story commercial building. Past uses include auto supply companies, a camping supply store, auto repair shops, cabinet makers, electronic sales and repair shops, and a motorcycle/scooter dealership. Contaminants of concern include metals, volatile organic compounds (VOCs), and diesel-range organics (DRO) in the soil and polynuclear aromatic hydrocarbons (PAHs) in the soil vapor.
Redevelopment project to start construction by the end of the grant term	Expected benefits include 42 affordable apartments (including seven units for high-priority homeless individuals and six units for people with disabilities)
Jobs (FTEs)	1.5
Net tax capacity increase	\$19,250
Acres cleaned	0.9
Total housing units	42
Affordable units	42 (16 at 30% Area Median Income (AMI) or below; 26 at 51%-60% AMI)
Recommended amount	\$303,200
Funding partner requests	\$150,191 Hennepin County ERF
Previous LCA funding	\$850,000 LHIA and \$100,000 LCA Predevelopment awarded in 2024.
Use of Funds	
Eligible uses (to be completed by the end of the grant term)	For Response Action Plan (RAP) preparation, abatement plans, additional environmental site investigation, asbestos abatement, soil remediation, soil vapor mitigation (including confirmation sampling after installation), and related environmental oversight.
Comments	Costs for additional investigation of the south parcel and sealing the well on site are eligible for reimbursement using grant funds. Demolition of remaining buildings and costs associated with preparing and filing an environmental covenant are <u>not</u> eligible for reimbursement using grant funds.

ATTACHMENT B
CLEANUP SITE LOCATION(S)

This attachment comprises this page and the succeeding page(s) which contain aerial photography or drawings that identify the specific location(s) within the Project boundaries or the Site(s) for which the Grantee must use the grant funds. The attached photography or drawings also may identify the types of eligible cleanup activities for which the grant funds must be used at specific locations within the Project boundaries or within the Site(s).

Cleanup Site Location(s)



EXHIBIT C

DISBURSEMENT REQUEST FORM

Housing and Redevelopment Authority
6700 Portland Avenue South
Richfield, MN 55423
Attn: _____

The undersigned, Penn Station Apartments LLLP, a Minnesota limited liability limited partnership (the “Borrower”), pursuant to that certain Loan Agreement, dated as _____ (the “Loan Agreement”), between the Authority of Richfield, Minnesota (the “Authority”), and the Borrower, hereby requests payment of the expenses listed on the attached Expense Listing.

The total amount to be disbursed for this draw is \$_____.

In connection with this draw, the undersigned hereby represents as follows:

- a. each obligation listed in the attached Exhibit A has been incurred and is a Project Cost related to the Grant-Eligible Activities,
- b. no license or permit necessary for construction of the Grant-Eligible Activities previously issued has been revoked or the issuance thereof subjected to challenge before any court of other governmental authority having or asserting jurisdiction thereover;
- c. no event has occurred and is continuing which, but for the giving of notice, the expiration of any cure period, or both, would constitute an event of default under the Loan Agreement or the Grant Agreement;
- d. all funds of the Borrower’s match, if any, have been fully disbursed for the payment of Project Costs; and
- e. _____% of the Grant-Eligible Activities have been completed.

<p>Penn Station Apartments LLLP By: Penn Station Apartments, LLC Its: General Partner</p> <p>By: _____ Name: Johnny Opara Its: President and CEO</p>	<p>Approved:</p> <p>HOUSING AND REDEVELOPMENT AUTHORITY</p> <p>By _____ Its _____</p>
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Exhibit A

Expense Listing

Expense Description

Amount

C-A-1

**NOTE
(TBRA)**

\$303,200

Richfield, Minnesota
_____, 2025

FOR VALUE RECEIVED, the undersigned (herein called the “Borrower”), promises to pay to the order of the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of Minnesota, or its assigns (the “Lender”), the sum of \$303,200 (the “Loan”). Said sum was made available to the Borrower pursuant to the terms of a Loan Agreement of even date herewith (the “Loan Agreement”) between the Lender and the Borrower to enable the Borrower to undertake the development of the Grant-Eligible Activities (as defined in the Loan Agreement) on Property (as defined in the Loan Agreement) located in the City of Richfield, Minnesota.

1. This Note shall not bear interest.
2. The principal of the Loan shall be due and payable in one lump sum on the earliest of: (a) December 31, 2055, (b) the sale of any portion of the Property by the Borrower without the Lender’s prior written consent, or (c) the Borrower’s material default under the Loan Agreement or Combination Mortgage and Security Agreement of even date herewith (the “Mortgage”) from the Borrower to the Lender (the “Maturity Date”), at which time all unpaid principal and sums paid or advanced by the Lender is due and payable. This Note may also be required to be repaid in whole or in part in accordance with Article IX of the Loan Agreement. The Note may be prepaid in whole or in part at any time without penalty.
3. If suit is instituted by Lender, or its successors or assigns, to recover on this Note, the Borrower agrees to pay all costs of such collection actually incurred, awarded by a court of competent jurisdiction, and reasonably documented, including reasonable attorneys’ fees and court costs. If this Note be reduced to judgment, such judgment shall bear the lawful interest rate pertaining to judgments, but not to exceed six percent (6%) per annum.
4. The Borrower hereby waives presentment, demand, protest and notice of demand, protest and nonpayment of this Note.
5. This Note is given pursuant to the Loan Agreement and the Mortgage delivered by the Borrower. If either the Loan Agreement or the Mortgage is found to be invalid due to a material breach, misrepresentation, or act of the Borrower, such invalidity shall constitute an Event of Default hereunder. This Note is secured by the Mortgage and such Mortgage describes the rights of the Lender as to the acceleration of the indebtedness evidenced by this Note.

All of the agreements, conditions, covenants, provisions, and stipulations contained in the Loan Agreement, the Mortgage, or any other instrument securing this Note are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If an Event of Default occurs under

the Loan Agreement, the Mortgage, or any other instrument securing this Note, then the Lender may at its right and option, after giving any written notice and allowing any applicable cure period provided in the Loan Agreement or Mortgage, declare immediately due and payable the principal balance of this Note and sums paid or advanced by the Lender, together with reasonable attorneys' fees and expenses, to the extent awarded to Lender by a court of competent jurisdiction, incurred by the Lender in collecting or enforcing payment hereof and all other sums due hereunder or any instrument securing this Note.

6. The remedies of the Lender as provided herein and in the Loan Agreement, the Mortgage, or any other instrument securing this Note shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Lender, may be exercised, subject always to the nonrecourse limitations in paragraph 9 and applicable law, as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Lender shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Lender and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

7. If any term of this Note, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

8. This Note shall be governed by and construed in accordance with the laws of Minnesota.

9. Neither the Borrower nor any partner shall have any personal liability for the Borrower's obligations hereunder, it being recognized by the Lender the obligations of the Borrower hereunder are non-recourse obligations and that the remedies of the Lender are limited to the collateral security provided in connection with the Loan.

10. IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

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

IN WITNESS WHEREOF, this Note has been duly executed by the undersigned as of the date and year first written above.

PENN STATION APARTMENTS LLLP, a
Minnesota limited liability limited partnership

By: Penn Station Apartments LLC, a Minnesota
limited liability company

Its: General Partner

By: JO Companies, LLC, a Minnesota limited
liability company

Its Sole Member

By: _____
Johnny Opara, Its Manager

Dated: _____

COMBINATION MORTGAGE AND SECURITY AGREEMENT

(TBRA)

THIS MORTGAGE SECURES A LOAN MADE UNDER AN AFFORDABLE HOUSING PROGRAM BY A STATE OR LOCAL GOVERNMENT AGENCY, AND AS SUCH IS EXEMPT FROM MORTGAGE REGISTRATION TAX PURSUANT TO MINNESOTA STATUTES, SECTION 287.04(6).

THIS COMBINATION MORTGAGE AND SECURITY AGREEMENT (hereinafter referred to as the “Mortgage”) is made and given as of the ___ day of _____, 2025, by Penn Station Apartments LLLP, a Minnesota limited liability limited partnership (the “Mortgagor”), in favor of the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of Minnesota (the “Mortgagee”).

RECITALS:

WHEREAS, the Mortgagor hereby mortgages and conveys to the Mortgagee the real property and improvements situated in the County of Hennepin, State of Minnesota, and legally described on Exhibit A attached hereto and made a part hereof, the leases and rents with respect to the real property and improvements and all personal property and equipment, and all products and proceeds thereof owned by Mortgagor and used in the operation of the Project (as defined in the hereinafter-described Loan Agreement) (herein, collectively the “Property”); and

WHEREAS, this Mortgage, together with the Loan Agreement of even date herewith (the “Loan Agreement”) between the Mortgagor and the Mortgagee and all other documents securing the Loan as defined below (collectively, the “Loan Documents”) are given in consideration of and as security for the payment of \$303,200 (the “Loan”), receipt of which is hereby acknowledged and which is made to enable the Mortgagor to complete the Grant-Eligible Activities (as defined in the Loan Agreement). The Loan is evidenced by a Note (the “Note”) in the amount of \$303,200 executed by the Mortgagor, to the order of the Mortgagee, of even date herewith. The unpaid principal sum shall be due and payable by the Mortgagor in full on December 31, 2055 unless forgiven in accordance with the Note (the “Maturity Date”).

AGREEMENTS:

NOW, THEREFORE, to secure (a) the due and punctual payment of principal on the Note and the obligations of the Mortgagor under the Loan Agreement and all renewals, extensions and modifications thereof any agreements or obligations issued in substitution therefore (provided the principal amount secured by this Mortgage shall not exceed \$303,200) and (b) the performance of all the covenants and agreements of the Mortgagor herein, in the Loan Agreement and in any other agreement now or hereafter entered into between the Mortgagor and Mortgagee in connection with the Loan Agreement or the Grant-Eligible Activities contemplated therein (the payment and other obligations evidenced by the Loan Agreement, this Mortgage and all such other agreements are hereinafter collectively referred to as the "Indebtedness"), the Mortgagor does hereby mortgage, grant, bargain, sell, assign, transfer and convey unto the Mortgagee forever, with power of sale the following:

I.

All of the Mortgagor's right, title and interest in and to the Property and the buildings, structures, other improvements, fixtures and personal property now standing or at any time hereafter constructed or placed upon the Property (the "Improvements"), including but not limited to (i) all building materials, supplies and equipment now or hereafter located on the Property and suitable or intended to be incorporated in any Improvements located or to be erected on the Property; (ii) all heating, plumbing and lighting apparatus, motors, engines and machinery, electrical equipment, incinerator apparatus, air-conditioning equipment, water and gas apparatus, pipes, faucets, and all other fixtures of every description which are now or may hereafter be placed or used upon the Property or in any of the Improvements now or hereinafter located thereon; (iii) all additions, accessions, increases, parts, fittings, accessories, replacements, substitutions, betterments, repairs and proceeds to and of any and all of the foregoing; (iv) all hereditaments, easements, appurtenances; estates, and other rights and interests now or hereafter belonging to or in any way pertaining to the Property or to any of the Improvements now or hereafter located thereof; and (v) all tangible personal property owned by the Mortgagor and now or at any time hereafter located on or relating to the Property.

II.

All rents, issues, profits, condemnation awards, revenues and income arising from the ownership, operation or sale of the Property and the Improvements and all proceeds and products thereof (herein collectively called "Revenues and Income").

To Have and To Hold the Property and the Improvements (together, the "Mortgaged Property"), and the Revenues and Income unto the Mortgagee forever; provided, nevertheless, that this Mortgage is granted upon the express condition that if the Mortgagor shall cause to be paid to the Mortgagee as and when due and payable the Indebtedness, and shall also keep and perform each and every covenant and agreement of the Mortgagor herein contained, then this Mortgage and the estate hereby granted shall cease and be and become void and shall be released of record at the expense of the Mortgagor; otherwise this Mortgage shall be and remain in full force and effect.

The Mortgagor represents, warrants and covenants to and with the Mortgagee that Mortgagor is lawfully seized of the Property and has good right and full power and authority to execute this Mortgage and to mortgage the Mortgaged Property; that the Mortgagor owns the Mortgaged Property free from all liens; security interests and encumbrances except as agreed to by the Mortgagee; that the Mortgagor will warrant and defend the title to the Mortgaged Property and the lien and priority of this Mortgage against all claims and demands of all persons whomsoever, whether now existing or hereafter arising, except (i) as agreed to by the Mortgagee, (ii) listed on Exhibit B attached hereto and made a part hereof, and (iii) the regulatory agreement or land use restriction agreement to be entered into relating to low-income housing tax credits (collectively, the "Permitted Encumbrances"). The covenants and warranties of this paragraph shall survive foreclosure of this Mortgage and shall run with the Property.

The Mortgagor further covenants and agrees as follows:

1. Payment of the Indebtedness and Compliance with Other Agreements.

(a) The Mortgagor will cause the principal on the Indebtedness to be duly and punctually paid in accordance with the terms of the Note, the Loan Agreement and this Mortgage, when and as due and payable. The provisions of the Note and Loan Agreement are hereby incorporated by reference into this Mortgage as fully as if set forth at length herein.

(b) Mortgagor will duly and punctually perform each and every obligation under the Loan Agreement and any other agreement on or hereafter entered into by the Mortgagor and Mortgagee in connection with the Loan Agreement or the Grant-Eligible Activities contemplated therein.

2. Payment of Taxes, Assessments and Other Charges; Escrow. Subject to paragraph 6 relating to contests, the Mortgagor shall pay before a penalty might attach for nonpayment thereof, all taxes and assessments and all other charges whatsoever levied upon or assessed or placed against the Mortgaged Property, except that assessments may be paid in installments so long as no fine or penalty is added to any installment for the nonpayment thereof. The Mortgagor shall likewise pay all taxes, assessments and other charges, levied upon or assessed, placed or made against, or measured by, this Mortgage, or the recordation hereof, or the Indebtedness secured hereby, provided that the Mortgagor shall not be obliged to pay such tax, assessment or charge if such payment would be contrary to law or would result in the payment of an unlawful rate of interest on the Indebtedness secured hereby; and provided further that nothing herein contained shall be construed as requiring the Mortgagor to pay any net income, profits or revenues taxes of the Mortgagee. The Mortgagor shall promptly furnish to the Mortgagee all notices received by the Mortgagor of amounts due under this paragraph and shall furnish receipts evidencing such payments within 10 days after such payments are made.

3. Payment of Utility Charges. Subject to paragraph 6 relating to contests, the Mortgagor shall pay all charges made by utility companies, whether public or private, for electricity, gas, heat, water, or sewer, furnished or used in connection with the Mortgaged Property or any part thereof, and will upon written request of the Mortgagee, furnish proper receipts evidencing such payment.

4. Liens. Subject to paragraph 6 hereof relating to contests, the Mortgagor shall not create, incur or suffer to exist any lien, encumbrance or charge on the Mortgaged Property or Revenues and Income or any part thereof which may have priority over the lien hereof, other than the lien of current real estate taxes and installments of special assessments with respect to which no penalty is yet payable, and other than any lien granted in connection with the current financing secured by the Property including without limitation the Permitted Encumbrances. Subject to paragraph 6 relating to contests, the Mortgagor shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the Mortgaged Property.

5. Compliance with Laws. Subject to paragraph 6 relating to contests, the Mortgagor shall comply, in all material respects, with all present and future statutes, laws, rules, orders, regulations and ordinances affecting the Mortgaged Property, any part thereof or the use thereof. The Mortgagor shall not use or occupy nor permit the use and occupancy of the Property without a current Certificate of Occupancy issued by the City of Richfield, Minnesota.

6. Permitted Contests. The Mortgagor shall not be required to (i) pay any tax, assessment or other charge referred to in paragraph 2 hereof, (ii) pay any charges referred to in paragraph 3 hereof, (iii) discharge or remove any lien, encumbrance or charge referred to in paragraph 4 hereof, or (iv) comply with any statute, law, rule, order, regulation or ordinance referred to in paragraph 5 hereof, so long as the Mortgagor shall (a) contest, in good faith, the existence, or the validity thereof, the amount of damages caused thereby or the extent of the Mortgagor's liability therefor, by appropriate proceedings which shall operate during the pendency thereof to prevent (A) the collection of, or other realization upon the tax, assessment, charge or lien, encumbrance or charge so contested, (B) the sale, forfeiture or loss of the Mortgaged Property or any part thereof, and (C) any interference with the use or occupancy of the Mortgaged Property or any part thereof, and (b) shall give such security to the Mortgagee as may be reasonably demanded by the Mortgagee to insure compliance with the foregoing provisions of this paragraph 6. Mortgagor shall give prompt written notice to Mortgagee of the commencement of any contest referred to in this paragraph 6.

7. Insurance. The Mortgagor shall keep the improvements now existing or hereafter erected on the Mortgaged Property insured against loss by fire and any other hazards for which the Mortgagee requires insurance for full replacement value of the improvements. This insurance shall be maintained only in the amounts and for the periods as required under the terms of the Loan Agreement. If the Mortgagor fails to maintain coverage described above, the Mortgagee may, at the Mortgagee's option, obtain coverage to protect the Mortgagee's rights in the Mortgaged Property in accordance with paragraph 6.

All insurance policies and renewals shall be reasonably acceptable to the Mortgagee and shall include a standard mortgage clause. If the Mortgagee requires, the Mortgagor shall, upon reasonable notice, give to the Mortgagee all receipts of paid premiums and renewal notices. In the event of loss, the Mortgagor shall give prompt notice to the insurance carrier and the Mortgagee. The Mortgagee may make proof of loss if not made promptly by the Mortgagor.

If the Mortgaged Property is acquired by the Mortgagee, the Mortgagor's rights to any insurance policies and proceeds resulting from damage to the Mortgaged Property prior to the

acquisition shall pass to the Mortgagee to the extent of the sums secured by this Mortgage immediately prior to the acquisition.

8. Preservation and Maintenance of Mortgaged Property. The Mortgagor (i) shall keep the buildings and other Improvements hereafter erected as part of the Project on the Property in safe and good repair and condition, ordinary wear and tear and damage by insured casualty excepted (provided that the Mortgagor may proceed to demolish the existing buildings when vacant), (ii) shall reasonably maintain the parking and landscaped areas of the Mortgaged Property, (iii) shall not commit waste or permit impairment or deterioration of the Mortgaged Property, and (iv) shall not remove from the Property any of the fixtures and personal property included in the Mortgaged Property unless the same is immediately replaced with like property of at least equal value and utility (provided that Mortgagor may proceed to demolish and remove all existing personal property and fixtures located on the Property).

9. Inspection. The Mortgagee, or its agents, shall have the right at all reasonable times, upon not less than two (2) business days' prior written notice to Mortgagor, to enter upon the Mortgaged Property for the purposes of inspecting the Mortgaged Property or any part thereof, which inspection shall not interfere with the use or occupancy of the Mortgaged Property. The Mortgagee shall, however, have no duty to make such inspection.

10. Protection of Mortgagee's Security. Subject to the rights of the Mortgagor under paragraph 6 hereof, if the Mortgagor fails to perform any of the covenants and agreements contained in this Mortgage or if any action or proceeding is commenced which affects the Mortgaged Property or the interest of the Mortgagee therein, or the title thereto, then the Mortgagee, at the Mortgagee's option, upon advance written notice to the Mortgagor, may perform such covenants and agreements, defend against and/or investigate such action or proceeding, and take such other action as the Mortgagee deems necessary to protect the Mortgagee's interest. The Mortgagee shall be the sole judge of the legality, validity and priority of any claim, lien, encumbrance, tax assessment, charge and premium paid by it and of the amount necessary to be paid in satisfaction thereof. The Mortgagee is hereby given the irrevocable power of attorney (which power is coupled with an interest and is irrevocable) effective upon the occurrence of an Event of Default, to enter upon the Mortgaged Property as the Mortgagor's agent in the Mortgagor's name to perform any and all covenants and agreement to be performed by the Mortgagor as herein provided. Any amounts disbursed or incurred by the Mortgagee pursuant to this paragraph 10 shall become additional Indebtedness of the Mortgagor secured by this Mortgage. Unless the Mortgagor and the Mortgagee agree in writing to other terms of repayment, such amounts shall be immediately due and payable. The Mortgagee shall, at its option, be subrogated to the lien of any mortgage or other lien discharged in whole or in part by the Indebtedness or by the Mortgagee under the provisions hereof, and any such subrogation rights shall be additional and cumulative security for this Mortgage. Nothing contained in this paragraph 10 shall require the Mortgagee to incur any expense or do any act hereunder, and the Mortgagee shall not be liable to the Mortgagor for any damages or claims arising out of action taken by the Mortgagee pursuant to this paragraph 10.

11. Condemnation.

(a) The Mortgagor hereby irrevocably assigns to the Mortgagee any award or payment which becomes payable by reason of any taking of the Mortgaged Property, or

any part thereof, whether directly or indirectly or temporarily or permanently, in or by condemnation or other eminent domain proceedings or by reason of sale under threat thereof, or in anticipation of the exercise of the right of condemnation or other eminent domain proceedings (hereinafter called "Taking"). Forthwith upon receipt by Mortgagor of notice of the institution of any proceeding or negotiations for a Taking, the Mortgagor shall give notice thereof to the Mortgagee. The Mortgagee may appear in any such proceedings and participate in any such negotiations and may be represented by counsel. The Mortgagor, notwithstanding that the Mortgagee may not be a party to any such proceeding, will promptly give to the Mortgagee copies of all notices, pleadings, judgments, determinations, and other papers received by the Mortgagor therein. The Mortgagor will not enter into any agreement permitting or consenting to the Taking of the Mortgaged Property, or any part thereof, or providing for the conveyance thereof in lieu of condemnation, with anyone authorized to acquire the same in condemnation or by eminent domain unless the Mortgagee shall first have consented thereto in writing, which consent will not be unreasonably withheld. All Taking awards shall be adjusted jointly by the Mortgagor and the Mortgagee. All awards payable as a result of a Taking shall be paid to the Mortgagee, which shall, after first deducting the Mortgagee's expenses incurred in the collection thereof, be applied to the repair or restoration of the Mortgaged Property. To the extent that restoration or repair is not economically feasible, which determination shall be made in Mortgagor's sole discretion, any remaining proceeds may be applied by the Mortgagee against the Indebtedness in such order of application as the Mortgagee may determine. Any application of Taking awards to principal of the Indebtedness shall not extend or postpone the due date of any installments payable under the Indebtedness or change the amount of such installments.

(b) If the Taking involves a taking of any building or other Improvements now or hereafter located on the Property, the Mortgagor shall proceed, with reasonable diligence, to demolish and remove any ruins and complete repair or restoration of the Mortgaged Property as nearly as possible to its size, type and character immediately prior to the Taking, but only to the extent that the condemnation awards are available or adequate to complete such repair or restoration.

(c) The Mortgagor shall promptly reimburse the Mortgagee upon demand for all of the Mortgagee's expense, including reasonable attorneys' fees, incurred in the collection of awards.

12. Information; Books and Records. The Mortgagor will prepare or cause to be prepared at the Mortgagor's expense and deliver to the Mortgagee immediately upon becoming aware of the existence of any condition or event which constitutes, or which after notice or lapse of time or both would constitute, an Event of Default, written notice specifying the nature and period of existence thereof and what action the Mortgagor has taken, is taking or proposes to take with respect thereto. The Mortgagor shall keep and maintain at all times at the Mortgagor's address stated below or at such other place as the Mortgagee may approve in writing, complete and accurate books of accounts and records in sufficient detail to correctly reflect the receipts and expenses in connection with the acquisition, construction, operation and/or sale of the Mortgaged Property and copies of all written contracts, leases and other instruments which affect the Mortgaged Property. Such books, records, contracts, leases and other instruments shall be subject

to examination and inspection by the Mortgagee or its representative during ordinary business hours.

13. Indemnification by the Mortgagor. The Mortgagor shall bear all loss, expense (including reasonable attorneys' fees) and damage in connection with, and agrees to indemnify and hold harmless the Mortgagee and its agents, servants and employees (the "Indemnified Parties") from, all claims, demands and judgments made or recovered against the Indemnified Parties because of bodily injuries, including death at any time resulting therefrom, and/or because of damages to property of the Mortgagee or others (including loss of use) from any cause whatsoever, arising out of, incidental to, or in connection with the construction and/or operation of the Improvements prior to appointment of a receiver or foreclosure of this Mortgage or arising by reason of the presence of hazardous or toxic substances on the Property or in the Improvements or releases thereof from the Mortgaged Property, whether or not due to any act of omission or commission, including negligence of the Mortgagor or the Mortgagor's employee, servants or agents. The Mortgagor's liability hereunder shall not be limited to the extent of insurance carried by or provided by the Mortgagor or subject to any exclusion from coverage in any insurance policy. The obligations of the Mortgagor under this paragraph shall survive the payment of the Note; provided, however, that Mortgagor shall not be required to indemnify, defend, and hold harmless the Indemnified Parties from and against any of the foregoing if such claims, demands, losses, expenses, and/or judgements made or recovered against or suffered by the Indemnified Parties are the result of the gross negligence, willful misconduct, or breach of this Mortgage or the Loan Agreement by such Indemnified Parties.

14. Security Interest. This Mortgage shall constitute a security agreement with respect to (and the Mortgagor hereby grants the Mortgagee a security interest in) the tangible personal property and fixtures included in the Mortgaged Property, as more particularly described in Granting Clause I of this Mortgage, and the Revenues and Income, as more particularly described in Granting Clause II. The Mortgagor will from time to time, at the request of the Mortgagee, execute any and all financing statements covering such personal property and fixtures (in a form satisfactory to the Mortgagee) which the Mortgagee may reasonably consider necessary or appropriate to perfect its interest.

15. Events of Default. Each of the following occurrences shall constitute an event of default hereunder (herein called an "Event of Default"):

(a) The Mortgagor shall fail to duly and punctually pay any obligation payable under the Note or Loan Agreement which is not cured within 10 business days after written notice from the Mortgagee.

(b) The Mortgagor shall fail duly to perform or observe any of the covenants or agreements contained in this Mortgage (other than default in the performance, or breach, of any covenant of the Mortgagor in paragraph 1(a) hereof) and such failure shall continue for a period of 60 days after the Mortgagee has given written notice to the Mortgagor specifying such default or breach. If such failure cannot reasonably be cured within 60 days, no Event of Default shall occur so long as Mortgagor commences cure within such 60-day period and diligently prosecutes such cure to completion.

(c) The Mortgagor shall make assignment for the benefit of the Mortgagor's creditors, or shall admit in writing the Mortgagor's inability to pay the Mortgagor's debts as they become due, or shall file a petition in bankruptcy, or shall become or be adjudicated bankrupt or insolvent, however defined, or shall file a petition seeking any reorganization, dissolution, liquidation, arrangement, composition, readjustment or similar relief under any present or future bankruptcy or insolvency statute, law or regulation or shall file an answer admitting to or not contesting the material allegations of petition filed against the Mortgagor in such proceedings, or shall not, within 120 days after the filing of such petition against the Mortgagor, have same dismissed or vacated, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of a material part of the Mortgagor's properties or of the Mortgaged Property or shall not, within 90 days after the appointment, without the Mortgagor's consent or acquiescence, of a trustee, receiver or liquidator of any material part of the Mortgagor's properties or of the Mortgaged Property, have such appointment vacated.

(d) An Event of Default under the Loan Agreement (as defined in the Loan Agreement) or Note shall have occurred and be continuing or the Mortgagor shall be in default under any other agreement now or hereafter entered into by the Mortgagor and the Mortgagee in connection with the Loan Agreement or the Grant-Eligible Activities contemplated therein after expiration of any applicable cure periods.

16. Remedies. Whenever any Event of Default shall have occurred and be continuing, the Mortgagee may, at its option, exercise one or more of the following rights and remedies (and/or any other rights and remedies available to it), subject to the rights of the Senior Lender (hereinafter defined) pursuant to the terms and conditions of the Subordination Agreement (hereinafter defined):

(a) The Mortgagee may, by written notice to the Mortgagor, declare immediately due and payable all Indebtedness secured by this Mortgage, and the same shall thereupon be immediately due and payable, without further notice or demand, provided that Mortgagee has first given written notice of the Event of Default and afforded Mortgagor any applicable cure period set forth herein or in the Loan Agreement.

(b) The Mortgagee shall have and may exercise with respect to all personal property and fixtures which are part of the Mortgaged Property and with respect to the Revenues and Income all the rights and remedies accorded upon default to a secured party under the Uniform Commercial Code, as in effect in Minnesota. If notice to the Mortgagor of the intended disposition of such property is required by law in a particular instance, such notice shall be deemed commercially reasonable if given to the Mortgagor in the manner specified in paragraph 20 at least 10 calendar days prior to the date of intended disposition. The Mortgagor shall pay on demand all costs and expenses incurred by the Mortgagee in exercising such rights and remedies, including without limitation, reasonable attorneys' fees and legal expenses.

(c) The Mortgagee may (and is hereby authorized and empowered to) foreclose this Mortgage by action or advertisement, pursuant to the statutes of Minnesota in such case made and provided, power being expressly granted to sell the Mortgaged Property at

public auction and convey the same to the purchaser in fee simple the Mortgagor's interest in the Property at the time of such sale and, out of the proceeds arising from such sale, to pay all Indebtedness secured hereby, and all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law, which costs, charges and fees the Mortgagor agree to pay.

THE MORTGAGOR HEREBY CONSENTS TO AND ACKNOWLEDGES THE RIGHT OF THE MORTGAGEE, AT MORTGAGEE'S OPTION, TO ACT TO FORECLOSE THIS MORTGAGE BY ACTION OR ADVERTISEMENT PURSUANT TO MINNESOTA STATUTES, CHAPTER 580 OR 581. A POWER OF SALE BEING HEREIN EXPRESSLY GRANTED WHICH SHALL ALLOW THE MORTGAGEE TO SELL AT PUBLIC AUCTION AFTER SERVICE OF NOTICE THEREOF UPON THE OCCUPANT OF THE MORTGAGED PROPERTY, THE MORTGAGOR ACKNOWLEDGES THAT SUCH SERVICE NEED NOT BE MADE ON THE MORTGAGOR PERSONALLY UNLESS THE MORTGAGOR IS AN OCCUPANT OF THE MORTGAGED PROPERTY AND THAT NO HEARING IS REQUIRED IN CONNECTION WITH THE SALE. MORTGAGOR EXPRESSLY WAIVES ANY AND ALL RIGHTS TO PRIOR NOTICE OF SALE AND ANY AND ALL RIGHTS TO PRIOR HEARING IN CONNECTION WITH THE SALE. OUT OF THE PROCEEDS OF SUCH SALE THE PRINCIPAL AMOUNT OF THE LOAN SHALL BE PAID TOGETHER WITH ALL LEGAL COSTS AND CHARGES OF FORECLOSURE WITH MAXIMUM ATTORNEYS' FEES PERMITTED BY LAW. NOTHING HEREIN SHALL WAIVE ANY RIGHT THAT CANNOT BE WAIVED UNDER APPLICABLE LAW, AND THIS PARAGRAPH SHALL BE INTERPRETED AND ENFORCED CONSISTENT WITH SUCH LAW.

(d) The Mortgagee shall be entitled, without notice and without any showing of waste of the Mortgaged Property, inadequacy of the Mortgaged Property as security for the Indebtedness, or insolvency of the Mortgagor, to the appointment of a receiver of the rents and profits of the Mortgaged Property, including those past due.

(e) The Mortgagee may pursue one or more of the remedies provided for in the Loan Agreement or any other agreement now or hereafter entered into between the Mortgagor and the Mortgagee in connection with the Loan Agreement or the Grant-Eligible Activities contemplated herein.

17. Estoppel Certificate. The Mortgagor agrees at any time and from time to time, upon not less than 15 days' prior notice by the Mortgagee, to execute, acknowledge and deliver, without charge, to the Mortgagee or to any person designated by the Mortgagee, a statement in writing certifying, to the best of its knowledge, that this Mortgage is unmodified (or if there have been modifications, identifying the same by the date thereof and specifying the nature thereof), the principal amount then secured hereby, that the Mortgagor has not received any notice of default or notice of acceleration or foreclosure of this Mortgage (or if the Mortgagor has received such a notice, that it has been revoked, if such be the case), that to the knowledge of the Mortgagor no Event of Default exists hereunder (or if any such Event of Default does exist, specifying the same and stating that the same has been cured, if such be the case), the Mortgagor to the Mortgagor's knowledge have no claims or offsets against the Mortgagee (or if the Mortgagor have any such claims, specifying the same), and the dates to which the principal and the other sums and charges payable by the Mortgagor pursuant to the Loan Agreement have been paid. In the event the

Mortgagor fails to execute, acknowledge and deliver such statement within the time above required, the Mortgagor hereby appoint and constitute the Mortgagee as the Mortgagor's attorney-in-fact to do so (which power of attorney is coupled with an interest and is irrevocable), the Mortgagor shall be fully bound by any such statement executed by the Mortgagee on the Mortgagor's behalf to the same extent as if the Mortgagor had executed, acknowledged and delivered the same. The Mortgagee agrees to provide statements of the principal balance payable pursuant to the Note from time to time upon request of the Mortgagor.

18. Forbearance Not a Waiver, Rights and Remedies Cumulative. No delay by the Mortgagee in exercising any right shall be deemed a waiver of or preclude the exercise of such right or remedy, and no waiver by the Mortgagee of any particular provision of this Mortgage shall be deemed effective unless in writing signed by the Mortgagee. All such rights and remedies provided for herein or which the Mortgagee may have otherwise, at law or in equity, shall be distinct, separate and cumulative and may be exercised concurrently, independently or successively in any order whatsoever, and as often as the occasion therefor arises. The Mortgagee's taking action pursuant to paragraph 10 or receiving proceeds, awards or damages pursuant to paragraph 7 or 11 shall not impair any right or remedy available to the Mortgagee under paragraph 16 hereof. Acceleration of maturity of the Indebtedness, once claimed hereunder by the Mortgagee, may, at the option of Mortgagee, be rescinded by written acknowledgment to that effect by the Mortgagee, but the tender and acceptance of partial payments alone shall not in any way affect or rescind such acceleration of maturity of the Indebtedness.

19. Successors and Assigns Bound; Number; Gender; Agents; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective heirs, legal representatives, successors and assignees of the Mortgagee and the Mortgagor. Wherever used, the singular number shall include the plural, and the plural the singular, and the use of any gender shall apply to all genders. In exercising any rights hereunder or taking any actions provided for herein, the Mortgagee may act through its employees, agents or independent contractor as authorized by Mortgagee. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

20. Notice. Any notice from the Mortgagee to the Mortgagor under this Mortgage shall be deemed to have been given by the Mortgagee and received by the Mortgagor when mailed by certified mail by the Mortgagee or its agents to the Mortgagor at the address set forth in paragraph 26(a) below or at such other address as the Mortgagor may designate in writing to the Mortgagee.

21. Governing Law; Severability. This Mortgage shall be governed by the laws of Minnesota. In the event that any provision or clause of this Mortgage conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage which can be given effect without the conflicting provisions and to this end the provisions of the Mortgage are declared to be severable.

22. Counterparts. This Mortgage may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

23. Waiver of Marshaling. To the fullest extent permitted by law and subject to the rights of the senior lenders, the Mortgagor, any party who consents to this Mortgage, and any party who now or hereafter acquires a lien on the Mortgaged Property and who has actual or constructive notice of this Mortgage hereby waives any and all right to require the marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein and waives any right to have the Mortgaged Property sold in separate tracts pursuant to Minnesota Statutes, Section 580.08.

24. Construction Mortgage. This Mortgage secures an obligation incurred for the construction of an improvement on land and is a construction mortgage.

25. Application of Rents. Notwithstanding anything to the contrary herein, all Rents collected by the Mortgagee or any receiver each month shall be applied as determined by Mortgagor, or as otherwise determined by applicable law.

26. Fixture Filing. From the date of its recording, this Mortgage shall be effective as a financing statement filed as a fixture filing with respect to all goods constituting part of the Mortgaged Property (as more particularly described in Granting Clause I of this Mortgage) which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

(a) Name and Address of the Mortgagor:

Penn Station Apartments LLLP
510 Brunson Street, Suite 100
St. Paul, MN 55130
Attn: Johnny Opara, President and CEO

With a copy to:

Winthrop & Weinstine, P.A.
225 South 6th St, Suite 3500
Minneapolis, MN 55402
Attn: Jon L. Peterson

(b) Name and Address of the Mortgagee:

Housing and Redevelopment Authority
6700 Portland Avenue South
Richfield, MN 55423
Attn: _____

With a copy to:

Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
Attention: Ronald H. Batty

This document covers goods which are or are to become fixtures.

27. Additional Provisions.

(a) The Mortgagee agrees, notwithstanding any other provision herein to the contrary, that in the event of a foreclosure of the Property, that no tenant may be evicted or tenancy terminated (other than for good cause), and the rent on no apartment unit may be increased, for the three year period following foreclosure if such eviction, termination of tenancy or increase in rent would be contrary to the provisions of Section 42(h)(6)(E) of the Internal Revenue Code of 1986, as amended. This Mortgage is expressly subordinate to this provision.

(b) This Mortgage and the Note shall be construed according to the laws of Minnesota.

(c) In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part hereof, the Mortgagor shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that no material default then exists under the Loan Documents. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to the Mortgagee for repayment of the remaining balance of the Loan.

(d) The Mortgagor will permit the Mortgagee's authorized representatives to enter the Property at all times during normal business hours upon not less than two (2) business days' prior written notice for the purpose of inspecting the same, which inspections shall not unreasonably interfere with use or occupancy of the Property; provided the Mortgagee shall have no duty to make such inspections and shall not incur any liability or obligation for making or not making any such inspections .

(e) The Mortgagor hereby agrees to defend, indemnify, and hold harmless Mortgagee from and against any and all claims, losses, damages, liabilities, costs, and expenses, including without limitation reasonable attorneys' fees, incurred by the Mortgagee as a result of any hazardous materials or substances which are on the Property in violation of applicable environmental laws at any time during which the Mortgagor shall be in custody or control of the Property. This indemnification shall remain in full force and effect and shall survive the repayment of the Loan and the exercise of any remedy by the Mortgagee hereunder including a foreclosure of the Mortgage or the acceptance of a deed in lieu of foreclosure.

(f) The Mortgagor shall have the right and privilege, but not the obligation, to borrow additional funds and to further encumber the security and collateral given and pledged to the Mortgagee hereunder at any time, from time to time, and as often as the Mortgagor shall determine, but only with the prior written consent of the Mortgagee, which consent shall not be unreasonably withheld, delayed and conditioned, except for the Permitted Encumbrances set forth in Exhibit B.

(g) If the Mortgagor fails to perform any of the covenants and agreements contained in this Mortgage, subject to any applicable cure periods, or if any action or proceeding is commenced which affects the Property or the interest of the Mortgagee therein, or the title thereto, then the Mortgagee, at Mortgagee's option, upon 60 days advance written notice to the Mortgagor, may perform such covenants and agreements to defend against and/or investigate such action or proceeding, and take such other action as the Mortgagee deems necessary to protect the Mortgagee's interest. The Mortgagee shall be the sole judge of the legality, validity and priority of any claim, lien, encumbrance, tax assessment, charge and premium paid by it and of the amount necessary to be paid in satisfaction thereof. The Mortgagee is hereby given the irrevocable power of attorney (which power is coupled with an interest and is irrevocable) effective 60 days after written notice, to enter upon the Property as the Mortgagor's agent in the Mortgagor's name to perform any and all covenants and agreements to be performed by the Mortgagor as herein provided. Any amounts disbursed or incurred by the Mortgagee pursuant to this paragraph shall become additional indebtedness of the Mortgagor secured by this Mortgage. Unless the Mortgagor and the Mortgagee agree in writing to other terms of repayment, such amounts shall be immediately due and payable. The Mortgagee shall, at its option, be subrogated to the lien of any mortgage or other lien discharged in whole or in part by the indebtedness or by the Mortgagee under the provisions hereof, and any such subrogation rights shall require the Mortgagee to incur any expense or do any act hereunder, and the Mortgagee shall not be liable to the Mortgagor for any damages or claims arising out of action taken by the Mortgagee pursuant to this paragraph.

THE MORTGAGOR ACKNOWLEDGES THAT THIS IS A LEGAL DOCUMENT AND THAT BEFORE SIGNING THE MORTGAGOR HAS FULLY UNDERSTOOD THE TERMS AND CONDITIONS HEREIN, AND THE RIGHTS WAIVED HEREBY AND THE EFFECT OF SUCH WAIVER OR HAS SOUGHT LEGAL COUNSEL TO EXPLAIN SUCH TERMS AND CONDITIONS, RIGHTS AND THE WAIVER OF SUCH RIGHTS.

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EXHIBIT A
LEGAL DESCRIPTION

[to be completed]

EXHIBIT B
PERMITTED ENCUMBRANCES

[to be completed]



Housing and Redevelopment Authority Meeting 9/15/2025

Agenda Section: Consent Calendar

Agenda Item: 7.b.

Report Prepared By:

Julie Urban, Assistant Community Development Director

Department Director:

Melissa Poehlman, Community Development Director

Item for Consideration:

Consideration of an Estoppel Certificate and an Assignment and Assumption Agreement of the Contract for Private Development for the Riley-Richlyn development.

EXECUTIVE SUMMARY

The Riley and the Richlyn, apartment developments located at 6345 Lyndale and 600 64th Street West (Properties), are under contract by Court Place of Burnsville, LLP (Buyer). The Properties were developed with the financial assistance of Tax Increment Financing (TIF) and include income-restricted units. The terms of the financial assistance are detailed in a Contract for Private Redevelopment (Contract) and a Declaration of Restrictive Covenants between the Housing and Redevelopment Authority (HRA) and 6345 Partners, LLC (Developer). In order to facilitate the purchase, the Buyer is seeking HRA approval of an Assignment and Assumption of the Contract (Agreement) and the Declaration of Restrictive Covenants. The Buyer is also seeking approval of an Estoppel Certificate (Certificate), certifying that the development is currently in compliance with the Contract.

The HRA has no legal reason not to approve the Agreement, and HRA staff is supportive of a sale to a Buyer who plans to honor the affordability requirements of the TIF District.

HISTORICAL CONTEXT

The HRA approved a Contract on September 22, 2020, with the Developer, for the development of the Properties. Under the terms of the Contract, the Developer constructed 82 units of new rental housing (Riley) and rehabilitated 22 units of existing naturally occurring affordable rental housing (Richlyn). A housing TIF District was created, and the HRA agreed to provide a \$2,025,987 Pay-as-You-Go TIF Note to pay for eligible costs related to the extraordinary costs of redevelopment. The TIF Note was collaterally assigned to Drake Bank. The TIF District requires that the development provide 21 units (20%) affordable to households earning no more than 50% of the Area Median Income (AMI) for the life of the TIF District. Five of the units are provided in the Riley and 16 units in the Richlyn. The restrictions are memorialized in a Declaration of Restrictive Covenants recorded against the Properties.

In 2024, the development's lender started foreclosure proceedings against the owner, and in early 2025, management of the Properties was taken over by Lighthouse Management Group, a Court-appointed Receiver (Receiver). The Receiver placed the Properties up for sale and on August 7, 2025, and has entered into a purchase

agreement with the Buyer.

RECOMMENDED ACTION

By Motion: Adopt a resolution approving an Assignment and Assumption Agreement for the Contract for Private Development and an Estoppel Certificate for the Riley-Richlyn development.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

The Buyer plans to honor the requirements of the TIF District, which will retain the affordability restrictions on the 21 units, consistent with the Strategic Plan outcome to maintain Richfield as an affordable place to live.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

State Statute requires that 20% of the units be affordable to households earning no more than 50% of the AMI. If the Buyer does not honor the affordability covenant, the TIF District will need to be decertified. No further payments would be made on the Note would be made.

CRITICAL TIMING ISSUES

- The Buyer needs approval of the Assignment and Assumption Agreement and Estoppel Certificate to move forward with closing on the property this fall.
- The units will remain affordable until the TIF District is decertified. The TIF District's maximum term is 2047, but current estimates have the TIF Note paid in 2037.

FINANCIAL IMPACT

The HRA approved issuance of a \$2,025,987 TIF Note, which is held by Drake Bank. This financial commitment does not change with the approval of the Agreement and Certificate.

LEGAL CONSIDERATIONS

- The HRA Attorney approved the Agreement and Certificate.
- The Buyer will assume the requirements of the Contract and the Declaration of Restrictive Covenants, including the requirement for 21 income-restricted units. If the Buyer does not meet the affordability requirements, the TIF District will be decertified.

ALTERNATIVE RECOMMENDATION(S)

Decide not to approve the Agreement or Certificate.

ATTACHMENTS

1. 091525 Resolution Riley-Richlyn Assignments
2. 091525 Riley-Richlyn Estoppel Certificate
3. 091525 Riley-Richlyn Assignment and Assumption

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

RESOLUTION NO. _____

**RESOLUTION APPROVING ASSIGNMENT AGREEMENT AND ESTOPPEL CERTIFICATE
RELATED TO THE RILEY- RICHLYN DEVELOPMENT**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority") entered into a Contract for Private Development, dated September 22, 2020, with 6345 PARTNERS, LLC, a Minnesota limited liability company ("Partners"); and

WHEREAS, pursuant to the Development Agreement, the Partners agreed to construct an 82-unit multifamily develop and purchase and rehabilitate a 22-unit apartment building with naturally occurring affordable rents (collectively, the "Minimum Improvements"), located at 600 64th Street West and 6345 Lyndale Avenue South (the "Project"), and requested the Authority use tax increment financing to assist with certain costs to fill the gap between the project costs and the funds available to pay such costs; and

WHEREAS, the Authority issued the Tax Increment Limited Revenue Note, Series 2021 (the "TIF Note"), dated September 1, 2021, in the original aggregate principal amount of \$2,025,987.00, to Richfield Property Holdings, LLC, a Minnesota limited liability company (an undivided 15.54% interest) 15th NB Property1 LLC, a Minnesota limited liability company (an undivided 23.27% interest) 6345 Partners, LLC, a Minnesota limited liability company (an undivided 61.19% interest) (collectively the "Original TIF Holders"), to reimburse the Partners for certain Public Redevelopment Costs (as defined in the Development Agreement) associated with the Minimum Improvements; and

WHEREAS, in connection with the Development Agreement, the Project was subjected to that certain Declaration of Restrictive Covenants dated December 22, 2020, and filed May 3, 2021 (the "Restrictive Covenant"); and

WHEREAS, pursuant to a Collateral Assignment of Development Agreement and TIF Note dated as of December 23, 2020, the Authority consented to the collateral assignment by the Original TIF Holders to Drake Bank, a Minnesota state banking corporation (the "TIF Lender") of all of its right, title and interest the TIF Note; and

WHEREAS, Lighthouse Management Group, Inc., a Minnesota corporation, acting solely in its capacity as the Receiver of the Developer (the "Assigner"), and Court Place of Burnsville, LLP, a Minnesota limited liability company (the "Assignee"), entered into that certain Purchase Agreement dated August 7, 2025 (the "Purchase Agreement") for sale of the Project, together with the Development Agreement and the Restrictive Covenant, among other things; and

WHEREAS, there are no defaults or outstanding obligations under the Development Agreement by the Assigner or the Assignee, and as developed and currently operating the Property is in compliance with all terms and conditions of the TIF Documents; and

WHEREAS, pursuant to the terms of the Purchase Agreement, the TIF Note is to remain in favor of the TIF Lender; and

WHEREAS, the Assignor desires to assign all of the Developer's right, title and interest under the Development Agreement, the Restrictive Covenant, and related documents (collectively, the "Transferred Documents") to the Assignee, and Assignee desires to assume the Developer's obligations; and

WHEREAS, there have been presented to the Board of Commissioners of the Authority (the "Board") forms of the following agreements: (i) an Assignment and Assumption Agreement (the "Assignment and Assumption Agreement") between the Authority, the Assignor, and the Assignee, pursuant to which the Assignor will assign to the Assignee, and the Assignee will assume, the Assignor's rights and obligations under the Development Agreement and Restrictive Covenant; (ii) an Estoppel Certificate certifying that the Project is currently in compliance with the terms of the Development Agreement; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota as follows:

Section 1. Approvals.

1.01. The Board hereby consents to the assumption by the Assignee of the rights and obligations of the Assignor under the Development Agreement, and the Assignee shall be the developer under the Development Agreement (the "Developer").

1.02. The Assignment and Assumption Agreement and the Estoppel Certificate are hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Director are hereby authorized and directed to execute the Agreement and Estoppel Certificate for and on behalf of the Authority in substantially the forms now on file with the Executive Director but with such modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

1.03. This resolution shall be in full force and effect upon its adoption.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 15th day of September, 2025.

Erin Vrieze Daniels, Chair

Sean Hayford Oleary, Secretary

ESTOPPEL CERTIFICATE

THIS ESTOPPEL CERTIFICATE (“**Certificate**”) is made by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of the State of Minnesota (the “**Authority**”) in favor of Court Place of Burnsville, L.L.P., a Minnesota limited liability partnership (“**Buyer**”) and Bridgewater Bank (“**Lender**”) with respect to the property located in the County of Hennepin, State of Minnesota and more particularly described in Exhibit A attached hereto (the “**Property**”).

The Authority hereby understands that Buyer intends to, in connection with Buyer’s acquisition of the residential apartment project located at the Property, obtain a new loan from Lender, which such loan is secured in part by the Property. The Property is currently owned by LIGHTHOUSE MANAGEMENT GROUP, INC., a Minnesota corporation, acting solely in its capacity as the Receiver of 6345 Partners, LLC, a Minnesota limited liability company, Richfield Property Holdings, LLC, a Minnesota limited liability company, and 15th NB Property1, LLC, a limited liability company, pursuant to the certain Receivership Orders filed in the District Court, Fourth Judicial District, State of Minnesota, on April 17, 2025, in Hennepin County Court File No. 27-CV-24-16245 and 27-CV-24-16388 (collectively “**Property Seller**”), from which Buyer will acquire the Property, and which the Property was developed pursuant to those certain (i) Contract for Private Development dated September 22, 2020, filed May 3, 2021 as Document Number 10948739 between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, and 6345 Partners, LLC, a Minnesota limited liability company, and that certain First Amendment to Contract for Private Development filed May 3, 2021 as Document Number 10948740 (the “**Development Agreement**”); (ii) Declaration of Restrictive Covenants dated December 22, 2020, filed May 3, 2021 as Document Number 10948741 (“**Restrictive Covenant**”); and (iii) Tax Increment Limited Revenue Note Series 2021 dated September 1, 2021 in the original principal amount of \$2,025,987.00 to 6345 Partners, LLC, a Minnesota limited liability company, Richfield Property Holdings, LLC, a Minnesota limited liability company, and 15th NB Property1 LLC, a Minnesota limited liability company (the “**TIF Note**”) (the Development Agreement, the Restrictive Covenant, and the TIF Note, collectively, the “**TIF Documents**”). This Estoppel Certificate (“**Estoppel**”) may be relied upon by the parties to whom this Estoppel is addressed, by Property Seller, by Buyer, and by their respective successors and assigns.

The undersigned hereby certifies and agrees to the following as of the date hereof:

1. The TIF Documents constitute a true, correct and complete list of all the tax increment financing (TIF) assistance agreements, documents, and instruments applicable to the Property. The TIF Documents are in full force and effect and have not been modified or amended, except as may be stated herein.
2. There are no defaults or outstanding obligations under any of the provisions of the TIF Documents by Property Seller or Buyer, and as developed and currently operating the Property is in compliance with all terms and conditions of the TIF Documents. To the best of the undersigned’s knowledge, no act or event has occurred or failed to occur which, with the passage of time or the giving of notice or both, would result in Property Seller, Buyer, or the Property being in default under the TIF Documents. Additionally, there are no unpaid

or past due fees, amounts, or other charges under the TIF Documents that are due with respect to the Property.

3. The undersigned acknowledges and approves of the assignment and transfer of the Development Agreement and Restrictive Covenant from Property Seller to Buyer in connection with the Buyer's above-described acquisition of the Property from Property Seller.

4. The Minimum Improvements have been constructed in accordance with the TIF Documents. In connection with delivering this Estoppel, the HRA has issued or is prepared to issue a certificate of completion in the form required under the Development Agreement dated as of the Effective Date.

5. The undersigned acknowledges and approves of the TIF Note remaining the property of Drake Bank, a Minnesota state banking corporation pursuant to that certain Collateral Assignment of Development Agreement and TIF Note dated as of December 23, 2020.

6. The TIF Documents have not been assigned or pledged as collateral for any other obligation, except as described in Section 4 herein and as follows: notwithstanding any provisions to the contrary in the Development Agreement, the undersigned hereby acknowledges, approves, and permits Buyer, in connection with the above-described loan, to collaterally assign the Development Agreement and Restrictive Covenant, to Lender, as may be required by Lender.

7. The maturity date of the TIF Note is February 1, 2048.

8. This Estoppel shall inure to the benefit of the parties to whom this Estoppel is addressed, to Property Seller, to Buyer, Lender, and to their respective successors and assigns.

9. The undersigned is duly authorized to execute this Estoppel on behalf of the Authority.

The Authority makes the statements contained in this Estoppel with the understanding that Buyer and Lender intend to rely upon this Estoppel and the undersigned agrees that it may so rely.

EXHIBIT A
Legal Description of the Property

Lots 1 and 2, Block 1, Richlyn Riley, Hennepin County, Minnesota.

Abstract Property.

**ASSIGNMENT AND ASSUMPTION OF CONTRACT FOR PRIVATE
DEVELOPMENT AND DECLARATION OF RESTRICTIVE COVENANTS**

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACT FOR PRIVATE DEVELOPMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this “**Agreement**”) is made and entered into as of _____, 2025 (the “**Effective Date**”), by and among Lighthouse Management Group, Inc., a Minnesota corporation, acting solely in its capacity as the Receiver of 6345 Partners, LLC, a Minnesota limited liability company, Richfield Property Holdings, LLC, a Minnesota limited liability company, and 15th NB Property1, LLC, a limited liability company, pursuant to the certain Receivership Orders filed in the District Court, Fourth Judicial District, State of Minnesota, on April 17, 2025, in Hennepin County Court File No. 27-CV-24-16245 and 27-CV-24-16388 (collectively “**Assignor**”), Court Place of Burnsville, L.L.P., a Minnesota limited liability partnership (“**Assignee**”), and the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “**Authority**”). “**Party**” or “**Parties**” shall mean one (1) or more of Assignor, Assignee or the Authority.

RECITALS

A. Pursuant to a Contract for Private Development dated September 22, 2020, filed May 3, 2021 as Document Number 10948739 between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, and 6345 Partners, LLC, a Minnesota limited liability company, and that certain First Amendment to Contract for Private Development filed May 3, 2021 as Document Number 10948740 (the “**Development Agreement**”), Assignor’s predecessor in interest proposed to (i) construct an eighty-two unit multifamily housing development; and (ii) purchase and rehabilitate a 22 unit apartment building with naturally occurring affordable rents; each located on those certain real properties located in Hennepin county and as legally described on the attached **Exhibit A** (the “**Project**”) and requested the Authority use tax increment financing to assist with certain costs thereof in order to fill the gap between the Project costs and the funds available to pay such costs.

B. In connection with the Development Agreement, the Authority issued its Tax Increment Limited Revenue Note Series 2021 dated September 1, 2021 in the original principal amount of \$2,025,987.00 to Richfield Property Holdings, LLC, a Minnesota limited liability company (an undivided 15.54% interest) 15th NB Property1 LLC, a Minnesota limited liability company (an undivided 23.27% interest) 6345 Partners, LLC, a Minnesota limited liability company (an undivided 61.19% interest) (collectively the “**Original TIF Holders**”), as the holder thereof (the “**TIF Note**”).

C. In connection with the Development Agreement, the Project was subjected to that certain Declaration of Restrictive Covenants dated December 22, 2020, filed May 3, 2021 as Document Number 10948741 (the “**Restrictive Covenant**”).

D. Pursuant to that certain Collateral Assignment of Development Agreement and TIF Note dated as of December 23, 2020, the Authority consented to the collateral assignment by the Original TIF Holders to Drake Bank, a Minnesota state banking corporation (the “**TIF Lender**”) of all of its right, title and interest in and to the Development Agreement and the TIF Note.

E. Assignee and Assignor entered into that certain Purchase Agreement dated August 7, 2025 (the “**Purchase Agreement**”) for sale of the Project, together with all personal property, fixtures and improvements thereon, and easements, leases and rights benefiting or appurtenant to the property (collectively the “**Property**”), the Development Agreement and the Restrictive Covenant, among other things.

F. Pursuant to the terms of the Purchase Agreement, the TIF Note is to remain in favor of the TIF Lender.

G. As of the Effective Date, Assignor desires to assign all its right, title and interest under the Development Agreement, the Restrictive Covenant, and related documents (collectively, the “**Transferred Documents**”) to Assignee, and Assignee desires to assume Assignor’s obligations thereunder, subject to the terms and conditions set forth herein.

H. Assignor and Assignee have requested the Authority consent to Assignor’s assignment and Assignee’s assumption of the Development Agreement and Restrictive Covenant and consent to the transfer of the Property to Assignee, subject to the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority, Assignor and Assignee agree as follows:

1. Recitals. The Recitals set forth above are true and correct and are incorporated herein by this reference.

2. Capitalized Terms. Capitalized terms not separately defined in this Agreement shall have the definitions ascribed to such terms in the Development Agreement.

3. Ratification of the Transferred Documents. The Parties hereby agree that the Development Agreement and the Restrictive Covenant have not been extinguished, terminated or foreclosed prior to the date hereof, and that the same have been and remain in full force and effect.

4. Assignment and Assumption. Assignor hereby transfers, assigns and conveys to Assignee, from and after the Effective Date, all of Assignor’s right, title, interest and obligations in, to and under the Transferred Documents. From and after the Effective Date, Assignee hereby accepts such transfer, assignment and conveyance of Assignor’s right, title, interest and obligations in, to and under the Transferred Documents, and Assignee agrees, for the benefit of Assignor and the Authority, to perform, observe, keep and comply with all of the terms, covenants, conditions, provisions and agreements contained in the Transferred Documents on the part of the Assignor to be performed, observed, kept and complied with from and after the Effective Date. From and after the Effective Date, Assignee agrees to be subject to all the conditions, provisions and restrictions to which the Assignor is subject to under the Transferred Documents.

5. Representations and Warranties of Assignee. Assignee hereby represents and warrants to Assignor and the Authority that:

(a) Organization. Assignee is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Minnesota.

(b) Authorization, Validity and Enforceability. Assignee has all requisite power and authority to enter into this Agreement and to carry out the actions contemplated hereby. The execution, delivery and performance by Assignee of this Agreement has been duly authorized and approved by all necessary corporate action. This Agreement, when executed, shall constitute the valid and legally binding obligation of Assignee, enforceable against Assignee in accordance with its terms.

(c) No Conflicts. Neither the execution and delivery of this Agreement, or any other documents attached hereto or referenced herein, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which Assignee is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(d) Conflict of Interest. The execution and delivery of this Agreement will not create a conflict of interest prohibited by Minnesota Statutes section 469.009, as amended.

(e) No Violations of Laws. Assignee has complied in all material respects with all legal requirements and is not in default with respect to any judgment, order, injunction or decree of any court, administrative agency or other governmental authority that is in any respect material to the transactions contemplated in and by this Agreement.

6. Authority Consent to Assignment and Assumption and Conveyance. In accordance with Section 8.2 of the Development Agreement, the Authority hereby consents to Assignor's transfer, assignment and conveyance to Assignee, from and after the Effective Date, of all of Assignor's right, title, interest and obligations in, to and under the Transferred Documents.

7. TIF Note. The Authority consents to the TIF Lender remaining the holder of the TIF Note.

8. Execution, Delivery and Performance of Agreement. Each Party hereby represents and warrants that it has the right, power, legal capacity and authority to execute, deliver and perform this Agreement.

9. Further Instruments. Each Party hereby agrees to execute and deliver to the other such further instruments reasonably requested or appropriate to evidence or give effect to the provisions of this Agreement and which are consistent with the provisions and intent of this Agreement.

10. Rights of Authority. Nothing herein limits the Authority's ability to exercise its rights and remedies under the Development Agreement.

11. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and assigns.

12. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the state where the Property is located.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original, and all of which shall be deemed to be one and the same instruments. Electronically-transmitted signatures shall be deemed originals.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the Effective Date.

ASSIGNEE:

Court Place of Burnsville, L.L.P.,
a Minnesota limited liability partnership

By: _____
Name: _____
Its: _____

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by _____, the _____ of the Court Place of Burnsville, L.L.P., a limited liability partnership under the laws of the State of Minnesota, on behalf of the partnership.

NOTARY PUBLIC

This Instrument Drafted By:

WINTHROP & WEINSTINE, P.A. (NPV)
225 South Sixth Street
Suite 3500
Minneapolis, MN 55402
(612) 604-6400

EXHIBIT A
Legal Description of the Property

Lots 1 and 2, Block 1, Richlyn Riley, Hennepin County, Minnesota.

Abstract Property.



Housing and Redevelopment Authority Meeting 9/15/2025

Agenda Section: Resolutions

Agenda Item: 10.a.

Report Prepared By:

Julie Urban, Assistant Community Development Director

Department Director:

Melissa Poehlman, Community Development Director

Item for Consideration:

Consideration of a resolution accepting a Bring It Home Minnesota funding award.

EXECUTIVE SUMMARY

In 2023, the State Legislature passed a Metro area sales tax and dedicated a portion of the funds toward a state-level rental assistance program called Bring It Home Minnesota (BIH). All housing and redevelopment authorities that administer the Federal Section 8 Housing Choice Voucher (HCV) program were eligible to apply for BIH funding, the funding formula for which is based on the amount of income-eligible households in a community.

In March of 2025, the Housing and Redevelopment Authority (HRA) submitted an application for funds and was awarded \$1,004,264, which includes two years of program and administrative funding and up to \$55,104 in start-up costs. The funds are expected to serve between 35 and 45 households with ongoing rental assistance.

The BIH program will be operated similarly to the HCV program with some modifications designed to allow the HRA to utilize the funds more efficiently. The modifications include:

- BIH vouchers will be awarded through a Lease-in-Place system, i.e., existing Richfield residents who have a current lease will be eligible to apply for rental assistance. Unlike the federal HCV program, BIH voucher holders will only be able to use their voucher in Richfield.
- The BIH program will open once a year. Applicants will apply, and their names will be kept on file for one year. Residents will need to reapply annually.
- The BIH legislation requires that priority for the BIH program be given to families with children under 18 and earning under 30% of the Area Median Income (AMI). In order to fulfill this requirement, up to 30% of the vouchers will be reserved for Hennepin County's Schools to Housing Program (Program). This Program works with the Richfield Public Schools to support precariously-housed families with temporary rental assistance and case management services. BIH may provide the rental assistance portion of the assistance and/or participants may transition from the temporary help to more permanent BIH assistance.

The HRA's application also includes the option to set aside a portion of the funding for project-based vouchers if the HRA were to choose to support a specific development with project-based subsidies in the future.

Several “due diligence” items, including a resolution approved by the HRA Board, are due to Minnesota Housing by October 15. Once the due diligence items are submitted, Minnesota Housing will prepare a Grant Contract Agreement. Set-up and marketing of the BIH program will begin in early 2026. Staff estimates issuing the first vouchers in the second quarter of 2026.

HISTORICAL CONTEXT

- In 2023, the State Legislature approved a Metro area sales tax and dedicated a portion of the funds toward a state-level rental assistance program called Bring It Home Minnesota (BIH).
- In October 2024, the HRA approved the HCV Administrative Plan, which governs the HRA's administration of the HCV program and will be used in the administration of BIH with some modifications.

RECOMMENDED ACTION

By Motion: Adopt a resolution accepting a Bring It Home Minnesota funding award and authorizing the Chair and Executive Director to execute the Grant Contract Agreement.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

Providing rental assistance to families with low incomes helps to further the Strategic Plan outcome of maintaining Richfield as an affordable place to live. Many of the community's renters are also people of color, and rental assistance offers housing stability and can help to reduce racial inequities and barriers for traditionally excluded communities.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

State legislation requires BIH recipients to prioritize serving families with children who earn less than 30% of the AMI. Communities may also establish additional priorities based on local need. Families that are elderly or disabled and families earning between 31 - 50% of the AMI will be additional priorities for the Richfield BIH program.

CRITICAL TIMING ISSUES

The resolution and other due diligence items are due to Minnesota Housing by October 15, 2025.

FINANCIAL IMPACT

- The two-year award of \$1,004,264 includes up to \$55,104 in start-up costs and \$949,160 in Housing Assistance Payments (HAP) and administrative fees. Administrative fees are based on the number of vouchers being utilized. Staff anticipates adding hours to the current part-time HCV staff and believes that the fees will be adequate to cover the HRA's administrative costs.
- Funds will be provided on a reimbursement basis; however, Minnesota Housing has agreed to advance up to 50% of start-up funding and three months of anticipated HAP payments.

LEGAL CONSIDERATIONS

The HRA Attorney will review the Grant Contract Agreement.

ALTERNATIVE RECOMMENDATION(S)

Decide not to approve the resolution accepting the Bring It Home Minnesota funding award.

ATTACHMENTS

- 1. 091525 Resolution Bring It Home Minnesota
- 2. BIH Award Letter Housing and Redevelopment Authority in and for the City of Richfield

RESOLUTION NO.

RESOLUTION AUTHORIZING ACCEPTANCE OF BRING IT HOME MINNESOTA FUNDING AWARD AND AUTHORIZING EXECUTION OF THE GRANT CONTRACT AGREEMENT

WHEREAS, the Bring It Home Rental Assistance Program, also referred to as “Bring It Home”, is a new program to create rental assistance for low-income families across Minnesota; and

WHEREAS, Bring It Home is funded by state appropriations and a new metro sales tax for housing, the program will provide grants to eligible Program Administrators who will administer the program as direct tenant and/or project based rental assistance for cost burdened households at 50% area median income (AMI) or less; and

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield (the “Authority”) is an eligible Program Administrator and applied for a Bring It Home grant to administer the program and provide rental assistance to eligible Richfield residents; and

WHEREAS, the Authority was awarded \$1,004,264 in Bring It Home funds, including up to \$55,104 in start-up costs to be used in the first twelve months of contracting and \$949,160 in Housing Assistance Payments (HAP) and Administrative Fees intended to be used during the full two-year contract term; and

WHEREAS, the Authority has the staff capacity and capability to administer the awarded funds, and

WHEREAS, the Authority Chair and Executive Director have the authority to sign all contracts on behalf of the Authority.

NOW, THEREFORE, BE IT RESOLVED

1. The Authority accepts the Bring It Home award in the amount of \$1,004,264 over a two-year period, and
2. The Authority authorizes the Chair and Executive Director to execute the Grant Contract Agreement on behalf of the Authority.

Adopted by the Housing and Redevelopment Authority of the City of Richfield, Minnesota this 15th day of September, 2025.

Erin Vrieze Daniels, Chair

ATTEST:

Sean Hayford Oleary, Secretary



Minnesota Housing
400 Wabasha St. N
Suite 400
St. Paul, MN 55102

July 31, 2025

Julie Urban
Housing and Redevelopment Authority in and for the City of Richfield
6700 Portland Ave S
Richfield, MN 55423

Sent via email

RE: Bring It Home Rental Assistance Program funding to Housing and Redevelopment Authority in and for the City of Richfield

Dear Julie Urban,

We are pleased to inform you that your application was approved for funding by Minnesota Housing on July 24, 2025.

Your organization will be awarded up to a total grant amount of **\$1,004,264.00**. This is made up of **\$55,104.00** in startup costs to be used in the first twelve months of contracting and **\$949,160.00** in Housing Assistance Payments (HAP) and Administrative Fees intended to be used during the full two-year contract term.

The grant term will start upon execution of the Grant Contract Agreement by both parties and will end two years after execution. Funding is contingent upon satisfactory completion of all due diligence items, approval of which is at the sole discretion of Minnesota Housing.

Enclosed with this letter is the Due Diligence Checklist. All items listed in the Due Diligence Checklist must be returned to, and approved by, Minnesota Housing prior to the execution of the Grant Contract Agreement.

An informative webinar detailing the Due Diligence Checklist will be held on August 18th at 1:00pm. Registration link to follow.

If you have program specific questions, contact Dani Salus at: danielle.salus@state.mn.us

Thank you for your continued commitment to providing rental assistance to low-income households in Minnesota.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jennifer Bergman', with a long horizontal stroke extending to the right.

Jennifer Bergman

Director of Local Government Housing Programs