

AGENDA
MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY

Monday, January 30, 2006

Please note location

5:00 p.m.



Shady Oak Room
Minnetonka Community Center, Upper Level

1. Call to Order.

2. Roll Call:

Dan Duffy	Al Thomas
Dave Larson	Tony Wagner
Bunny Robinson	Bob Walker
Peter St. Peter	

BUSINESS ITEMS

3. Glen Lake Redevelopment proposal—Revised Contract for Private Redevelopment.

Action recommended is to adopt the resolution approving the revised Contract for Private Redevelopment.

4. Other Business.

Peter St. Peter and Bunny Robinson were each re-appointed for another six-year term at the January 23 City Council meeting.

The next regular EDA meeting will be held Tuesday, February 21 at 6:00 p.m. in the Mezzanine Conference Room.

5. Adjourn.

The mission of the Economic Development Authority is to advise the City Council on matters related to affordable housing, redevelopment, and economic development.



TO: EDA Commissioners

FROM: Ron Rankin, Community Development Director

DATE: January 27, 2006

SUBJECT: Glen Lake Redevelopment Proposal—revised Contract for Private Redevelopment

Background

The EDA has discussed this project on several occasions. On January 23 the City Council approved the redevelopment project, but with two changes from the EDA approvals. Accordingly, the EDA is now asked to adopt a resolution approving a revised Contract for Private Redevelopment that reflects these changes.

Revised Proposal

On January 23, the developer proposed two changes to the project intended to respond to concerns about the size of the Site C building, and the issue raised by EDA Commissioners about having all of the affordable condominium units as one-bedroom units.

The changes are as follows:

1. The eastern-most wing of the Site C building will have its length reduced by 18 feet, substantially increasing the setback from Kinsel Park, and reducing length of the building along the Lakeside Estates townhouse property. (Please see the enclosed drawing.)
2. To help accommodate this change in the building size, the five affordable units in the Site C building would be deleted. However, six of the affordable units in the Site A building to be built at the north end of the Glenhaven Shopping Center will be increased in size. This is done by including 3 one-bedroom plus den units of 950 to 1,000 square feet, and 3 two-bedroom units of 1,100 to 1,150 square feet.

While the total number of affordable units declines from 36 to 31 units (17.5% of the total), the number of affordable bedrooms increases from 36 to 37. More importantly, however, this allows larger families to be accommodated in six of the affordable units. Instead of having solely one to two person households in the affordable condominiums, we can now have some three to four person households, too.

Enclosed is a copy of the Contract for Private Redevelopment which highlights these changes in Section 4.3 and 4.6 on pages 26, 28, and 29.

Steve Bubul will be present at the meeting to review this information, and other key aspects of the contract.

Recommendation

Staff recommends the EDA adopt the enclosed resolution, which approves the revised Contract for Private Redevelopment as presented.

**Tenth Draft
January 27, 2006**

**CONTRACT
FOR
PRIVATE REDEVELOPMENT**

By and Between

**THE ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR
THE CITY OF MINNETONKA**

and

CITY OF MINNETONKA, MINNESOTA

and

GLEN LAKE REDEVELOPMENT LLC

Dated as of: _____, 2006

This document was drafted by:
KENNEDY & GRAVEN, Chartered
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CONTRACT FOR PRIVATE REDEVELOPMENT

THIS AGREEMENT, made on or as of the ___ day of _____, 2006, by and between THE ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, a public body corporate and politic (the "Authority"), established pursuant to Minnesota Statutes, Sections 469.090 to 469.1081 (hereinafter referred to as the "Act"), the CITY OF MINNETONKA, a Minnesota municipal corporation (the "City") and GLEN LAKE REDEVELOPMENT LLC, a Minnesota limited liability corporation (the "Redeveloper").

WITNESSETH:

WHEREAS, the Authority was created pursuant to the Act and was authorized to transact business and exercise its powers by a resolution of the City Council of the City; and

WHEREAS, the City and the Authority have undertaken a program to promote redevelopment of land that is characterized by blight and blighting factors within the City, and in this connection the Authority administers a redevelopment project known as the Glen Lake Station Housing Development and Redevelopment Project ("Redevelopment Project") pursuant to Minnesota Statutes, Sections 469.001 to 469.047 (the "HRA Act"); and

WHEREAS, the City has also determined to undertake certain public improvements in the area of the Redevelopment Project, including street and park improvements; and

WHEREAS, pursuant to the Act and the HRA Act, the Authority is authorized to acquire real property, or interests therein, and to undertake certain activities to facilitate the redevelopment of real property by private enterprise; and

WHEREAS, pursuant to the Act and the HRA Act, the Authority is authorized to acquire real property, or interests therein, and to undertake certain activities to construct street, park, and other public improvements thereon; and

WHEREAS, the City and the Authority have established within the Redevelopment Project a renewal and renovation tax increment financing district ("TIF District") and adopted a financing plan ("TIF Plan") for the TIF District in order to facilitate redevelopment of certain property in the Redevelopment Project; and

WHEREAS, the Redeveloper has proposed a development within such Redevelopment Project which the Authority believes will promote and carry out the objectives for which redevelopment is undertaken, will be in the vital best interests of the City, will promote the health, safety, morals, and welfare of its residents and will be in accord with the public purposes and provisions of the applicable state and local laws and requirements under which activities within the Redevelopment Project have been undertaken and are being assisted; and

WHEREAS, the Redeveloper is willing to purchase property within the Redevelopment Project ("Redevelopment Property") and to develop the Redevelopment Property for and in accordance with this Agreement; and

WHEREAS, the Redeveloper is willing to dedicate certain public improvements to the City or to cooperate with the City in the construction of such public improvements in accordance with this Agreement; and

WHEREAS, the Authority believes that the redevelopment of the Redevelopment Property pursuant to this Agreement, and fulfillment generally of this Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the Redevelopment Project has been undertaken and is being assisted.

WHEREAS, consistent with the TIF Plan, the Authority is willing to provide financial assistance in accordance with the provisions of this Agreement;

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:

[Remainder of page intentionally left blank.]

ARTICLE I

Definitions

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

“Act” means the Economic Development Authority Act, Minnesota Statutes, Sections 469.090 to 469.108, as amended.

“Affiliate” means with respect to the Redeveloper (a) any corporation, partnership, corporation or other business entity or person controlling, controlled by or under common control with the Redeveloper, and (b) any successor to such party by merger, acquisition, reorganization or similar transaction involving all or substantially all of the assets of such party (or such Affiliate). For the purpose hereof the words “controlling”, “controlled by” and “under common control with” shall mean, with respect to any corporation, partnership, corporation or other business entity, the ownership of fifty percent or more of the voting interests in such entity possession, directly or indirectly, of the power to direct or cause the direction of management policies of such entity, whether ownership of voting securities or by contract or otherwise.

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

“Authority” means the Economic Development Authority in and for the City of Minnetonka, Minnesota, or any successor or assign.

“Authority Costs” has the meaning provided in Section 3.9.

“Authority Representative” means the Executive Director of the Authority, or any person designated by the Executive Director to act as the Authority Representative for the purposes of this Agreement.

“Authorizing Resolution” means the resolution of the Authority, substantially in the form of attached Schedule D to authorize the issuance of the Initial Notes.

“Available Tax Increment” has the meaning provided in Section 3.6(a) hereof.

“Business Day” means any day except a Saturday, Sunday, legal holiday, a day on which the City is closed for business, or a day on which banking institutions in the City are authorized by law or executive order to close.

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

“Certificate of Completion” means the certification provided to the Redeveloper, or the purchaser of any part, parcel or unit of the Redevelopment Property, pursuant to Section 4.4 of this Agreement.

“City” means the City of Minnetonka, Minnesota.

“Construction Plans” means the plans, specifications, drawings and related documents on the construction work to be performed by the Redeveloper on the Redevelopment Property which a) shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the appropriate building officials of the City, and (b) shall include at least the following for each building: (1) site plan; (2) foundation plan; (3) basement plans; (4) floor plan for each floor; (5) cross sections of each (length and width); (6) elevations (all sides); (7) landscape plan; and (8) such other plans or supplements to the foregoing plans as the Authority may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.

“County” means the County of Hennepin, Minnesota.

“Development Budget” means the Development Budget attached as Schedule H.

“Event of Default” means an action by a party described in Section 9.1 of this Agreement.

“HRA Act” means Minnesota Statutes, Sections 469.001 to 469.047.

“Holder” means the owner of a Mortgage.

“Initial Note” or “Initial Notes” means Taxable Tax Increment Revenue Notes, substantially in the form contained in the Authorizing Resolution, to be delivered by the Authority to the Redeveloper in accordance with Section 3.6 hereof.

“Master Site Plan” means the plan for development of the Redevelopment Property, attached as Schedule C as it may be revised from time to time under Section 4.2.

“Minimum Improvements” means the construction on the Phase I Property of approximately 32 units of for-sale condominiums housing units, and approximately 18,000 square feet of commercial facilities (together, “Phase I”); and the construction on the Phase II Property of approximately 45 units of for-sale condominiums housing units (“Phase II”), and the construction on the Phase III Property of approximately 100 for-sale condominium housing units (“Phase III”).

“MURA” means the Minnesota Uniform Relocation Act, Minnesota Statutes, Sections 117.50 to 117.56, as amended.

“Mortgage” means any mortgage made by the Redeveloper which is secured, in whole or in part, with the Redevelopment Property and which is a permitted encumbrance pursuant to the provisions of Article VIII of this Agreement.

“Parcel” means any parcel of the Redevelopment Property, and each individual parcel as

described in Schedule A.

“Phase I,” “Phase II,” and “Phase III” have the meaning provided in the definition of Minimum Improvements.

“Phase I Property,” “Phase II Property,” and “Phase III Property” mean the respective portions of the Redevelopment Property so designated in the Schedule A attached and in the Master Site Plan.

“Public Improvements” means the public improvements constructed by the City and the Redeveloper as described in Section 4.10 hereof and Schedule F.

“Public Redevelopment Costs” means the costs described in Schedule G.

“Public Trail” means the public trail running through the Redevelopment Property, as shown on the Master Site Plan and located on Parcel J and Parcel K, as described in Schedule A.

“Redeveloper” means Glen Lake Redevelopment LLC or its permitted successors and assigns.

“Redevelopment Project” means the Authority’s Glen Lake Station Housing a Development and Redevelopment Project.

“Redevelopment Property” means the property so described on Schedule A.

“Redevelopment Plan” means the Authority’s Redevelopment Plan for the Redevelopment Project, as amended.

“Refinancing Available Tax Increment” has the meaning provided in Section 3.8(a) hereof.

“Refinancing Notes” has the meaning provided in Section 3.8(a).

“Subdeveloper” has the meaning provided in Section 8.2(a).

“State” means the State of Minnesota.

“Tax Increment” means that portion of the real property taxes which is paid with respect to the Redevelopment Property and which is remitted to the Authority as tax increment pursuant to the Tax Increment Act. The market value of the Redevelopment Property and resulting original tax capacity will be allocated to specific parcels on a square footage basis. The term Tax Increment does not include any amounts retained by or payable to the State auditor under Section 469.177, Subd. 11 of the Tax Increment Act, or any amounts described in Section 469.174, Subd. 25, clauses (2) through (4) of the Tax Increment Act.

“Tax Increment Act” or “TIF Act” means the Tax Increment Financing Act, Minnesota Statutes, Sections 469.174 to 469.1799, as amended.

“Tax Increment District” or “TIF District” means the Authority’s Glen Haven Tax Increment Financing District.

“Tax Increment Plan” or “TIF Plan” means the Authority’s Tax Increment Financing Plan for the TIF District, as approved by the Authority on January 17, 2006, and the City on January 23, 2006, and as it may be amended from time to time.

“Tax Official” means any County assessor; County auditor; County or State board of equalization, the commissioner of revenue of the State, or any State or federal court including the tax court of the State.

“Termination Date” means the date the Authority receives the last installment of Tax Increment from the County.

“Transfer” has the meaning set forth in Section 8.2(a) hereof.

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of war, terrorism, strikes, other labor troubles, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the Authority in exercising its rights under this Agreement) which directly result in delays. Unavoidable Delays shall not include delays in the Redeveloper’s obtaining of permits or governmental approvals necessary to enable construction of the Minimum Improvements by the dates such construction is required under Section 4.3 of this Agreement, unless (a) Redeveloper has timely filed any application and materials required by the City for such permit or approvals, and (b) the delay is beyond the reasonable control of the Redeveloper.

[Remainder of page intentionally left blank.]

ARTICLE II

Representations and Warranties

Section 2.1. Representations and Covenants by the Authority and City. (a) The Authority is an economic development authority duly organized and existing under the laws of the State. Under the provisions of the Act and the HRA Act, the Authority has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The Authority and City will use their best efforts to facilitate development of the Minimum Improvements, including but not limited to cooperating with the Redeveloper in obtaining necessary administrative and land use approvals and construction and/or permanent financing pursuant to Section 7.1 hereof.

(c) The activities of the Authority are undertaken for the purpose of fostering the redevelopment of certain real property that is or was occupied primarily by substandard and obsolete buildings, which will revitalize this portion of the Redevelopment Project, increase tax base, and increase housing and employment opportunities.

(d) The City is a home rule charter city duly organized and existing under the laws of the State, and is a state public body under Section 469.041 of the HRA Act. Under the provisions of its charter and the HRA Act, the City has the power to enter into this Agreement and carry out its obligations hereunder.

(e) The City and Authority have taken or will take all actions necessary to establish the TIF District as a renewal and renovation district as defined in the TIF Act, except for filing the request for certification of the district with the County. Before issuance of any Initial Note, the Authority will file the request for certification of the TIF District.

(f) The City and Authority will take no action, nor omit to take any action, regarding the TIF District that materially impairs the collection or payment of Tax Increment.

(g) As of the date of this Agreement, the Minimum Improvements constructed in accordance with the Master Site Plan are allowed uses under the City zoning ordinance and are consistent with the City comprehensive Plan.

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

(i) The Authority shall promptly advise City in writing of all litigation or claims affecting any part of the Minimum Improvements.

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

(a) The Redeveloper is a limited liability company organized and in good standing under the laws of the State of Minnesota, is not in violation of any provisions of its bylaws, its operating agreement or the laws of the State, is duly authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action of its members.

(b) Upon acquisition of the Redevelopment Property, the Redeveloper will construct, operate and maintain the Minimum Improvements in accordance with the terms of this Agreement, the Redevelopment Plan and all applicable local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(c) The Redeveloper will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

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

(e) The Redeveloper shall promptly advise City in writing of all litigation or claims affecting any part of the Minimum Improvements and all written complaints and charges made by any governmental authority materially affecting the Minimum Improvements or materially affecting the Redeveloper or its business which may delay or require changes in construction of the Minimum Improvements.

(f) The proposed redevelopment by the Redeveloper hereunder would not occur but for the tax increment financing assistance being provided by the Authority hereunder.

[Remainder of page intentionally left blank.]

ARTICLE III

Property Acquisition, Conveyance; Public Redevelopment Cost Financing

Section 3.1. Status of the Property. (a) As of the date of this Agreement, the Redeveloper owns Parcel L of the Redevelopment Property. The Redeveloper has also entered into a purchase agreement to acquire Parcel A, Parcel B, Parcel C, Parcel D, Parcel E, Parcel G, Parcel H, Parcel I, and Parcel J, in each case for a price the Authority has determined is reasonable. Parcels F and K are owned by third parties and the Redeveloper has not secured purchase agreements for those Parcels as of the date of this Agreement. The Redeveloper must use commercially reasonable efforts to acquire Parcels F and K through voluntary negotiation, subject to the terms of Section 3.2. As of the date of this Agreement, the Redeveloper has made reasonable written offers to owners of all such Parcels and has also offered to submit to mediation relating to the purchase of such Parcels. The Redeveloper must consult with the Authority on any price to be paid for a voluntary acquisition and no voluntary acquisition shall be undertaken except at a price approved by the Authority as reasonable.

(b) The Redeveloper must use commercially reasonable efforts to negotiate the termination of the Leasehold Interests, which are more fully described in Schedule B (the "Leasehold Interests"), subject to the terms of Section 3.2. The Redeveloper must consult with the Authority on any price to be paid for a voluntary termination and no voluntary termination shall be undertaken except at a price approved by the Authority as reasonable.

(c) The Redeveloper shall pay all costs to acquire Parcels and Leasehold Interests by voluntary purchase, and all carrying costs on such Parcels and Leasehold Interests. All such costs are subject to reimbursement as a Public Redevelopment Cost in accordance with Section 3.6, provided that interest costs will be reimbursable only to the extent such cost represents interest on any valid evidence of indebtedness under general federal income tax principles.

(d) The Redeveloper will acquire the Phase III Property from its Affiliate for a price equal to that Parcel's fair market value (approved by the Authority), which amount will be incorporated in the final Development Budget and used to calculate Redeveloper's net return on costs as described in Section 3.7. If the Authority and Redeveloper cannot agree on the fair market value, the parties shall obtain an appraisal by the appraiser conducting the appraisals for the Authority on other Redevelopment Property. Both the Authority and the Redeveloper shall meet with the appraiser and advise of their view of value. If upon completion of the final appraisal the Authority and Redeveloper still cannot agree on value, the Redeveloper shall obtain a separate appraisal by an MAI appraiser of its choice. Following this appraisal, the two parties will further negotiate in good faith regarding value. If no agreement is then reached, the Authority and Redeveloper shall submit the matter to arbitration, which determination shall be final. Notwithstanding anything else to the contrary in this Agreement, no Tax Increment shall be paid to Redeveloper as reimbursement for the acquisition cost of the Phase III Property.

(e) The City has previously received a quit claim deed from the County for the excess county right of way used for a public parking lot in the Phase I Property. The City agrees to take whatever actions are necessary to ensure that it has marketable title to the parking lot property in the Phase I Property and to convey marketable title to Redeveloper at a price equal to the total cost

of acquisition, including any costs of acquiring or ensuring marketable title, paid by the City. In order to acquire the parking lot property, the Redeveloper will not be required to purchase the City's interests in the property. Costs under this paragraph shall be costs of acquisition of a Parcel and subject to reimbursement as a Public Redevelopment Cost in accordance with Section 3.6.

(f) The Redeveloper shall not Transfer any portion of the Redevelopment Property to any Subdeveloper (or to itself or an Affiliate for any Phase or portion thereof retained and constructed by the Redeveloper) at a price less than the following:

\$25,000	per Phase I condominium housing unit for 22 of such units
\$30,000	per Phase I condominium housing unit for 10 of such units
\$500,000	for the commercial portion of Phase I
\$42,500	per Phase II condominium housing unit for 45 of such units
\$25,000	per Phase III condominium housing unit for 20 of such units
\$30,000	per Phase III condominium housing unit for 80 of such units

The above amounts are payable at closing on any such Transfer. In addition, each Subdeveloper shall pay to the Redeveloper at closing on such land sale the net present value of projected Available Tax Increment from the transferred Parcel (calculated as described in Section 3.6(a) hereof). Upon such payment, the Authority shall issue the Initial Note to the Subdeveloper for such amount, subject to all the terms and conditions of Section 3.6. If any portion of the Redevelopment Property is transferred for more than the prices listed above, the Initial Notes will be decreased in size pursuant to Section 3.7(b)(ii) hereof. If the Phase III Property costs more than \$2,900,000 to acquire, the price of \$30,000 per Phase III condominium housing unit for 80 of such units shall be increased commensurately without any corresponding decrease in the amount of the Initial Notes.

Section 3.2. Authority Parcels and Leasehold Interests. (a) If the Redeveloper notifies the Authority in writing on or after January 30, 2006, that it has been unsuccessful in accomplishing acquisition of Parcels F and K voluntarily after commercially reasonable efforts (such notice to include a detailed description of the Redeveloper's acquisition efforts), then the Authority (and City, for any Parcels or portions thereof needed for the Public Trail right of way) will proceed to acquire all such Parcels (hereinafter referred to as "Authority Parcels") through negotiation or the exercise of its powers of eminent domain to the extent permissible under law. In addition, if the Redeveloper notifies the Authority in writing on or after April 1, 2007 that it has been unsuccessful in accomplishing acquisition of any of the Leasehold Interests voluntarily after commercially reasonable efforts (such notice to include a detailed description of the Redeveloper's acquisition efforts), then the Authority will proceed to acquire all such Leasehold Interests through negotiation or the exercise of its powers of eminent domain to the extent permissible under law. The Authority and City will utilize so-called "quick take" powers under Minnesota Statutes Ch. 117 to the extent needed or desirable to allow the redevelopment described in this Agreement to proceed in accordance with the overall schedule. The parties will cooperate and consult with one another on any condemnation actions and specifically on the final price to be paid in settlement of any condemnation action.

(b) During the pendency of any Authority actions to acquire any Authority Parcel or Leasehold Interest, the Redeveloper shall be required to promptly pay all expenses incurred by the Authority in connection with the prosecution thereof, including legal, survey, title, appraisal,

relocation, process service, court costs, and similar expenses (subject to reimbursement as a Public Redevelopment Cost in accordance with Section 3.6). The Authority shall, not more often than monthly during the pendency of the action, furnish the Redeveloper with a written itemized statement of all such expenditures. The Redeveloper shall have two weeks from the receipt of such statement to pay its share of the same.

(c) Not later than five days prior to any date on which the Authority is required to deposit any amount into court to obtain title and possession to any Authority Parcel or Leasehold Interest, the Redeveloper shall deliver to the Authority 100 percent of the amount of any such deposit or payment. The Authority shall then have the right, and subject to the terms and conditions hereof, the obligation to use such funds to make such deposit or such payments. The Authority shall have no obligation to repay such funds received, deposited or paid pursuant to this Agreement should the redevelopment covered by this Agreement not be completed for any reason, except to the extent provided otherwise in Section 3.2(e) hereof.

(d) The Authority will not make the deposit and obtain title to and possession of any Authority Parcel or Leasehold Interest unless:

(i) The Redeveloper is not in default of any provisions of this Agreement;

(ii) The Redeveloper has provided the Authority with an undertaking in the form of a written agreement and security reasonably acceptable to the Authority (including but not limited to a letter of credit, escrow deposit, or lien) that will assure payment by the Redeveloper of:

- (1) 100 percent of any condemnation award for the Authority Parcel or Parcels or the Leasehold Interest in excess of the previously deposited sums;
- (2) any relocation benefits for which are not yet paid;
- (3) the obligation of the Redeveloper under Section 3.2(e) hereof; and
- (4) the obligation of the Redeveloper under Section 3.2(g) hereof.

Such security shall be in the amount adequate to ensure performance of the above-described obligations outstanding from time to time and shall remain in effect according to its terms, and in any event, until suitable and adequate substitute security is agreed to by the parties, or until the obligations secured thereby are fully performed.

(iii) The Authority is satisfied that the Redeveloper has obtained, or will be obtaining, fee simple title to all other Parcels of the Redevelopment Property and will acquire all Leasehold Interests required for the relevant Phase (including any property needed for Public Improvements related to that Phase).

(e) Notwithstanding anything herein to the contrary, if at any time before the Authority takes title or is legally required to take title to all interest in any Authority Parcel or Leasehold Interest, the Redeveloper elects to discontinue the condemnation action, then upon written notice from the Redeveloper, the Authority shall immediately discontinue its acquisition activities, and thereafter the Redeveloper's sole obligation shall be (i) to reimburse the Authority for all costs and expenses incurred by the Authority in connection with the acquisition activities and all costs payable by the Redeveloper under Section 3.9, and (ii) to indemnify and save harmless the Authority and the City and their officers, agents and employees and to defend the same from any claim or cause arising out of or occasioned by the discontinuance of such acquisition activities, and the City's and Authority's sole remedy shall be to obtain such reimbursement and indemnity from the Redeveloper. Any amounts deposited by the Redeveloper with the Authority under Section 3.2(c) hereof that remain within the control of the Authority shall be applied toward the Redeveloper's obligations hereunder, and the balance of such amounts returned to the Redeveloper upon determination by the Authority, in its reasonable discretion, that such balance exceeds the amount reasonably expected to be necessary to satisfy the Redeveloper's obligations under this Section 3.2(e). The return of any such balance shall not affect or diminish the Redeveloper's continuing obligations under clause (ii) of this Section 3.2(e).

(f) The Authority will execute and deliver to the Redeveloper a quit claim deed for each Authority Parcel on the date the Authority has acquired such Parcel, or on such date as the Authority and the Redeveloper mutually agree in writing, subject in any case to the Authority having held a public hearing regarding such conveyance in accordance with Section 469.029 of the HRA Act. Unless otherwise mutually agreed by the Authority and the Redeveloper, the execution and delivery of all deeds and documents shall be made at the offices of the Authority. The deed shall be in recordable form and shall be promptly recorded in the proper office for the recordation of deeds and other instruments pertaining to the Redevelopment Property. At closing on acquisition and conveyance of the Authority Parcels or Leasehold Interests the Redeveloper shall pay:

(i) all recording costs, including state deed tax, in connection with acquisition of the Parcels or the Leasehold Interests by the Authority and the conveyance thereof to the Redeveloper, including costs of recording any instruments needed to remove title encumbrances;

(ii) all property taxes due and payable in the year of closing; and

(iii) any title company closing fees and any other fees related to the transaction.

(g) The purchase price to be paid to the Authority by the Redeveloper in exchange for conveyance of the Authority Parcels or the Leasehold Interests is the Authority's actual cost of acquisition of such Parcels or Leasehold Interests, together with all costs of condemnation including relocation and attorney fees, provided that any amounts paid or deposited by the Redeveloper under this Section 3.2 shall be credited against the purchase price, and further provided that in the event the Authority takes title and possession of Authority Parcels under Minnesota Statutes, Section 117.042 before final determination of the damage award, the Redeveloper shall remain obligated to pay to the Authority, within five days after written notice thereof, any additional costs of acquisition through final determination of the damage award under Minnesota Statutes, Chapter 117, to the extent such costs exceed amounts paid or deposited under this Section 3.2.

(h) In coordination with the Redeveloper's efforts to acquire Parcel F (the "Alano Parcel"), the City or the Authority will work directly with the land owner with respect to identification and acquisition of a relocation site for its business, which may be outside the TIF District. If the costs of such activity are eligible costs reimbursable under the TIF Act, the City may also use a portion of Available Tax Increments to reimburse itself for the costs of such activities. In such event, the Authority and the City will approve an interfund loan in accordance with Section 469.178, Subdivision 7 of the TIF Act. The pledge of Available Tax Increment to any interfund loan shall be subordinate to the Initial Notes and the Refinancing Notes and certain other subordinate debt as described in Section 4.11. Any such costs shall not be an obligation of the Redeveloper hereunder.

Section 3.3. Relocation. (a) With the exception of the costs of acquiring a relocation site for the land owner of Parcel F which the City and the Authority have agreed to assume pursuant to Section 3.2(h) hereof, the Redeveloper shall pay all relocation costs (unless properly waived as described in paragraph (b) below) in accordance with MURA, arising from acquisition of all Parcels and Leasehold Interests of the Redevelopment Property, whether acquired voluntarily or by condemnation. The parties agree and understand that prior to the date of this Agreement, the Authority and the Redeveloper retained Conworth, Inc. ("Relocation Consultant") as a relocation consultant regarding the MURA relocation benefits and payments to be provided to owners and tenants of the Redevelopment Property. The Redeveloper and Authority agree and understand that they will continue to work with the Relocation Consultant (or any successor appointed by the Authority) regarding relocation matters under this Agreement. Any relocation costs paid by the Redeveloper are a reimbursable Public Redevelopment Cost in accordance with Section 3.6.

(b) For each Parcel and Leasehold Interest the Redeveloper acquires by voluntary acquisition or termination, before closing or termination the Redeveloper must deliver to the Authority either (i) certification from the Relocation Consultant describing in detail the relocation services, payments and benefits to be provided; or (ii) a written relocation waiver agreement, in a form approved by the Authority and which includes the Authority as an express third-party beneficiary, specifically describing the type and amounts of relocation assistance services, payments and benefits for which eligible, separately listing those services being waived. In addition, the Redeveloper shall furnish to the Authority a written certification from the Relocation Consultant that prior to execution of any relocation waiver agreement, the Relocation Consultant explained the contents thereof to the owner-occupant or tenant. Notwithstanding anything to the contrary in this Section, the waiver option under clause (ii) may not be used for tenants of any Parcel (unless the tenant is also an owner of the Parcel); instead, the Redeveloper must comply with the provisions of clause (i).

(c) Without limiting the Redeveloper's obligations under Section 8.3 hereof, the Redeveloper will indemnify, defend, and hold harmless the Authority, the City, and their governing body members, employees, agents, and contractors from any and all claims for benefits or payments arising out of the relocation or displacement of any person from the Redevelopment Property (whether from any Authority Parcel, Leasehold Interest, or otherwise) as a result of the implementation of this Agreement.

Section 3.4. Platting. (a) Before commencing construction of each Phase and where required under applicable ordinances and procedures, the Redeveloper shall prepare and obtain City approval of

a plat of the relevant portion of the Redevelopment Property at the Redeveloper's cost and subject to all City ordinances and procedures. The plat must be consistent with the Master Site Plan, provided that nothing in this Agreement is intended to limit the City's authority in reviewing any preliminary or final plat, or to preclude revisions requested or required by the City. The City and Authority will cooperate in all replatting. The relationship between the Master Site Plan and the plat is further described in Section 4.2(a) hereof. The Redeveloper must dedicate to the City, at no cost, all public rights of way needed for the Public Trail and any necessary utility easements.

(b) The City will vacate existing streets and rights of way as needed to effectuate each plat. The Redeveloper will cooperate with the City in this effort, including without limitation filing any requests or consents required under City ordinances or State law.

(c) The Redeveloper shall pay all water and sewer hook-up fees, SAC and WAC fees, and park dedication fees in accordance with applicable City policies and ordinances. The Redeveloper will owe park dedication fees in the net amount of \$100,000, based on credits for the cost incurred by the Redeveloper in constructing the public trail, the cost incurred by the Redeveloper for the land upon which the public trail will be constructed that will be dedicated to the City, and affordable housing the Redeveloper has agreed to provide in the area. The park dedication fees to be paid by the Redeveloper will be used by the City to renovate the Glen Lake Station park area on Excelsior Boulevard and pay for adjacent trail and sidewalk improvements as part of the Phase III of the Minimum Improvements.

Section 3.5. Environmental Conditions. (a) The Redeveloper acknowledges that the Authority makes no representations or warranties as to the condition of the soils on the Redevelopment Property or the fitness of the Redevelopment Property for construction of the Minimum Improvements or any other purpose for which the Redeveloper may make use of such property, and that the assistance provided to the Redeveloper under this Agreement neither implies any responsibility by the Authority or the City for any contamination of the Redevelopment Property or poor soil conditions nor imposes any obligation on such parties to participate in any cleanup of the Redevelopment Property or correction of any soil problems (other than the financing described in this agreement). Notwithstanding the foregoing, the City and the Authority have agreed to seek grants from Hennepin County for environmental investigation of the Redevelopment Property. If received, such grants shall be provided to the Redeveloper, without any reduction or offset against other public assistance hereunder and the Redeveloper promises to comply with any grant requirements. Further, in the event the environmental investigation identifies any material contamination, in excess of what the Redeveloper has projected in its Pro Forma in Schedule I, requiring remediation, without in any way limiting the obligation of Redeveloper hereunder, the Authority or City agrees to use reasonable efforts to obtain grants from the County, the Metropolitan Council or the State for such costs and to provide such grants to the Redeveloper in accordance with the terms of the grants without any reduction or offset against other public assistance under this Agreement.

(b) Without limiting its obligations under Section 8.3 of this Agreement the Redeveloper further agrees that it will indemnify, defend, and hold harmless the Authority, the City, and their governing body members, officers, and employees, from any claims or actions arising out of the presence, if any, of hazardous wastes or pollutants on the Redevelopment Property as a result of the actions or omissions of the Redeveloper, unless and to the extent that

such hazardous wastes or pollutants are present as a result of the actions or omissions of the indemnitees. Nothing in this section will be construed to limit or affect any limitations on liability of the City or Authority under State or federal law, including without limitation Minnesota Statutes Sections 466.04 and 604.02.

Section 3.6. Issuance of Initial Notes. (a) *Generally.* In order to make development of the Minimum Improvements financially feasible, the Authority will reimburse the Redeveloper for Public Redevelopment Costs incurred by the Redeveloper through issuance of one or more Initial Notes in accordance with the terms of this Section. The Authority will issue the Initial Notes in two series, with one Initial Note secured by the Available Tax Increment from Phase I Property and Phase II Property of the Redevelopment Property and the Minimum Improvements constructed thereon and another Initial Note secured by the Available Tax Increment from Phase III Property of the Redevelopment Property and the Minimum Improvements constructed thereon. The term “Available Tax Increment” means, on any Initial Note payment date, 95 percent of the Tax Increment from such Phase or Phases received by the Authority in the six-month period before such payment date.

(b) *Sale of Initial Notes.* If the Redeveloper chooses to sell the Initial Notes to third parties, the Redeveloper shall be solely responsible for securing a purchaser or purchasers of the Initial Notes through private placement, and the Authority shall have no obligation to obtain a purchaser or otherwise issue the Initial Notes except to a purchaser secured by the Redeveloper. Notwithstanding anything to the contrary herein, the Authority shall be entitled to review and approve all underwriting criteria with respect to the Initial Notes, provided that approval will not be unreasonably withheld. Without limiting its obligations under Section 8.3 of the Contract, the Redeveloper agrees to indemnify, defend and hold harmless the Authority, its officers, employees and agents from any claim or action whatsoever arising in connection with issuance of the Initial Notes. The Initial Notes will be issued and delivered upon satisfaction of the following conditions:

- (i) the Redeveloper has secured a purchaser (or purchasers) of the Initial Notes on terms acceptable to the Authority;
- (ii) each purchaser of any Initial Note has provided an investment letter to the Authority in a form acceptable to the Authority; and
- (iii) all conditions for the issuance of the Initial Notes have been satisfied.

(c) *Principal Amount of Initial Notes Sold to Third Parties.* If the Initial Notes are sold to third parties, the Initial Notes will be issued in the maximum principal amount that provides \$3,962,500 in proceeds disburseable to the Redeveloper (net of costs of issuance, original issue discount, and capitalized interest), which represents the amount of assistance needed to provide the Redeveloper \$500,000 in profit as master Redeveloper, as shown in the Development Budget attached as Schedule H. The aggregate principal amount of Initial Notes shall be subject to adjustment as described in Section 3.7.

(d) *Disbursement of Proceeds of Initial Notes Sold to Third Parties.* The Authority will disburse net proceeds of the Initial Note within five business days of receipt of a draw request that complies with Section 3.6(h), clauses (i) through (iii). The parties agree and understand that upon

issuance of the Initial Notes, the Authority and Redeveloper may enter into a disbursing agreement with a disbursing agent mutually chosen by the parties, which agreement will at a minimum incorporate the substance of this paragraph. All amounts held by the Authority in accounts created under any resolution in connection with issuance of the Initial Notes will be invested by the Authority in accordance with all restrictions for investments by municipal entities under Minnesota law. The Authority will invest such amounts in accordance with the Authority's normal investment policies and will have no responsibility or liability to the Redeveloper regarding the types of investments made or interest earned thereof.

(e) *Issuance of Initial Notes to Redeveloper.* At Redeveloper's request, in lieu of issuing Initial Notes to third parties as described in paragraph (b) through (d) of this Section, the Authority will issue the Initial Notes to Redeveloper as a single note for Phase I and II and a single note for Phase III through adoption of a resolution in substantially the form attached as Schedule D. The Initial Notes issued under the form of resolution in Schedule D will be issued in the maximum principal amount of \$3,962,500, which represents the amount of assistance needed to provide the Redeveloper \$500,000 in profit as master Redeveloper, as shown in the Development Budget attached as Schedule H.

(f) *Recognition of Advances under Initial Notes Issued to Redeveloper.* Upon issuance of the Note or on any date thereafter, the Redeveloper may request the Authority to enter an advance of principal under the Note (a "Principal Advance") on the ledger of such advances maintained by the Registrar (the "Principal Advance Ledger"), by submitting to the Authority a certificate (the "Principal Advance Certificate") signed by the Redeveloper's duly authorized representative, containing the information described in Section 3.6(h), clauses (i) through (iii).

Within 20 days after receipt of the Principal Advance Certificate, the Authority shall, if the Authority Representative has determined that all the aforementioned requirements have been satisfied, so notify the Redeveloper and direct the Registrar to enter the amount requested in the Principal Advance Ledger, such entry being dated as of the date of the Principal Advance Certificate, provided that the aggregate amount of sums entered on the Principal Advance Ledger shall not exceed \$3,962,500. The Authority may, if not satisfied that the conditions described herein have been met, return the Principal Advance Certificate with a statement of the reasons why the Principal Advance Certificate is not acceptable and requesting such further documentation or clarification as the Issuer may reasonably require.

(g) *Terms.* Each Initial Note will bear interest (i) at the market rate, for Initial Notes transferred to a third party, subject to Authority approval of underwriting assumptions; and (ii) at a rate of 6.75 percent annum for Initial Notes owned by the Redeveloper (including any Subdeveloper). Initial Notes will be paid in semi-annual installments on each February 1 and August 1, commencing with the first August 1 after Available Tax Increment is anticipated to be received from the subject Phase or Phases and concluding no later than February 1 of the year following the last calendar year in which the Authority receives Tax Increment from the TIF District. Interest on each Initial Note sold to third parties will accrue from the date of delivery of the Initial Note. Interest on each Initial Note issued to the Redeveloper will accrue from the date of each Principal Advance described in Section 3.6(f). The payment schedule for each Note will be calculated by assuming that interest accruing from the date of original issue (for Initial Notes sold to third parties) or the date of each Principal Advance (for Initial Notes issued to the Redeveloper) through and including the February 1 before

first payment date is compounded semiannually on February 1 and August 1 of each year and added to principal. There shall be no payments of principal or interest on the Initial Notes prior to the Redeveloper's completion of the demolition and landscaping of the Phase III Property, as required by Section 4.3 hereof.

(h) *Certification of Public Redevelopment Costs.* Except as otherwise provided in paragraph (i) below, the Initial Notes will be issued in consideration of payment by the Redeveloper of Public Redevelopment Costs incurred by the Redeveloper and not paid with any other public financing source under this Agreement. Before disbursement of the proceeds of the Initial Note pursuant to Section 3.6(d) or registration of Principal Advances of the Initial Note pursuant to Section 3.6(f), the Redeveloper must submit to the Authority one or more certificates signed by the Redeveloper's duly authorized representative, containing the following: (i) a statement that each cost identified in the certificate is a Public Redevelopment Cost as defined in this Agreement and that no part of such cost has been included in any previous certification or any disbursement from any other public financing source described in Article VII hereof, (ii) evidence that each identified Public Redevelopment Cost has been paid or incurred by or on behalf of the Redeveloper, and (iii) a statement that no uncured Event of Default by the Redeveloper has occurred and is continuing under the Agreement. The Redeveloper may apply Public Redevelopment Costs incurred anywhere within the Redevelopment Property toward the principal amount of any Initial Note.

(i) *Authorization and Delivery.* Each Initial Note will be issued in substantially the form set forth in the Authorizing Resolution attached as Schedule D. Each Authorizing Resolution will be approved upon mutual determination by the Authority and the Redeveloper of the principal amounts of and payment schedule for each Initial Note in accordance with the terms of this Section 3.6. The obligation to deliver each Initial Note is conditioned upon (i) the Redeveloper having delivered to the Authority an investment letter for the Initial Note in a form reasonably satisfactory to the Authority; and (ii) there being no uncured Event of Default by the Redeveloper under this Agreement with respect to the relevant Phase. Notwithstanding anything to the contrary in this Agreement, as provided in Section 469.1763, Subdivision 3 of the TIF Act: (i) if the Initial Notes are issued to the Redeveloper and the proceeds of such Initial Notes are not expended for eligible costs pursuant to the TIF Act within five years after the date of certification of the TIF District by the County, no additional Principal Advances will be made and any proceeds not expended after the five year period will be used to prepay the Initial Note; and (ii) if the Initial Notes are sold to third parties and the proceeds of the Initial Notes are not spent prior to the five year period or a reasonable temporary period (as that term is used in Section 148(c)(1) of the Internal Revenue Code of 1986, as amended), the amount of the proceeds not expended prior to the expiration of these time frames will be used to prepay the Initial Notes.

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

Section 3.7 TIF Lookback. (a) *Generally*. The financial assistance to the Redeveloper under this Agreement is based on certain assumptions regarding likely costs and expenses associated with constructing the Minimum Improvements and proceeds to be derived by the Redeveloper from the sale of condominium units to be constructed as part of the Minimum Improvements on the Redevelopment Property. Specifically, the maximum aggregate principal amount of the Initial Notes has been determined based on the amount of assistance needed to provide the Redeveloper a profit of \$500,000, as shown in the current Development Budget attached as Schedule H. The Authority and the Redeveloper agree that those assumptions will be reviewed at the times described in this Section, and that the amount of Tax Increment assistance provided under Section 3.6 will be adjusted accordingly.

(b) *Redeveloper as Master Developer*. (i) For all portions of the Redevelopment Property, the Redeveloper shall submit certified cost and revenue analysis to the Authority's financial advisor in the form of the Development Budget and prepared in accordance with generally accepted accounting principles. As shown in Schedule H, the Development Budget shall include a contingency for increases in cost of \$400,000, but any other cost changes shall be handled in accordance with subsection (ii) of this paragraph (b). The Redeveloper agrees to provide to the Authority's consultant any background documentation related to the financial data, upon request. The Authority may retain an accountant to audit the submitted Development Budget, at the Redeveloper's cost.

(ii) At the time of the review under clause (i) above, the Authority will determine whether the aggregate actual costs of land acquisition and relocation benefits approved by the relocation consultant are lower than projected in Schedule H. If the actual costs (excluding any costs paid by grants or other sources of public financing) are lower than shown in Schedule H, the amount of the difference between actual costs and the costs projected in Schedule H will be applied: (i) if all the Initial Note have not been issued, to reduce the principal amount of the final Initial Note; (ii) if the Initial Notes have been issued to third parties pursuant to Section 3.6(b), to reduce the principal amount of the Refinancing Notes (as described in Section 3.8 hereof) and consequently increase the Cash Requirement (as defined in Section 3.8(d)(2)); and (iii) if the Initial Notes have been issued to the Redeveloper under 3.6(e), as a prepayment of the outstanding principal amount of any outstanding Initial Note.

(c) *Redeveloper as Constructor*. For all portions of the Redevelopment Property where the Redeveloper constructs the Phase or portions thereof, before commencement of construction, the Authority and the Redeveloper shall mutually agree in writing on a development pro forma for that Phase or portion thereof allowing for 12 percent net profit to the Redeveloper. The pro forma must be in substantially the form of the prototype Redeveloper Pro Forma attached as Schedule I, and net profit will be calculated substantially as described in that schedule. Within 60 days after substantial completion of the relevant Minimum Improvements for Phase I and II and within 60 days after substantial completion of the relevant Minimum Improvements for Phase III, the Redeveloper shall submit certified cost and revenue analysis to the Authority's financial advisor in the form of the final Redeveloper Pro Forma and prepared in accordance with generally accepted accounting principles. If the retail component of Phase I is not sold by the Redeveloper to a nonaffiliated entity within 60 days after substantial completion of the relevant Minimum Improvements for

Phase I and II, the costs of the retail component of Phase I shall not be included in the Redeveloper Pro Forma and shall not be considered when calculating net profit for Phase I and II. The Redeveloper agrees to provide to the Authority's consultant any background documentation related to the financial data, upon request. The Authority may retain an accountant to audit the submitted Redeveloper Pro Forma, at the Redeveloper's cost.

At the time of final review under this paragraph, the Authority will determine whether the net profit for Phase I and II and the net profit for Phase III is higher or lower than 12 percent. If the net profits exceed 12 percent, then 25 percent of the excess profit will be applied (i) if all the Initial Note have not been issued, to reduce the principal amount of the final Initial Note; (ii) if the Initial Notes have been issued to third parties pursuant to Section 3.6(b), to reduce the principal amount of the Refinancing Notes (as described in Section 3.8 hereof) and consequently add to the Cash Requirement (as defined in Section 3.8(d)(2)); and (iii) if the Initial Notes have been issued to the Redeveloper under 3.6(e), as a prepayment of the outstanding principal amount of any outstanding Initial Note. Any prepayment or reduction under this paragraph is in addition to the prepayment and reduction described in paragraph (b).

Section 3.8. Authority Refinancing of Initial Notes. (a) *Generally.* Upon the Redeveloper's request, the Authority will refinance the outstanding principal amount of any Initial Note by issuing one or more tax-exempt tax increment revenue notes or bonds (the "Refinancing Notes") to one or more third parties, subject to the terms and conditions contained herein. The Refinancing Notes may be issued in one or more series, or in series over time. Refinancing Notes will be secured solely by "Refinancing Available Tax Increment," which means, on any Refinancing Notes payment date, 95 percent of the Tax Increment from such Phase or Phases received by the Authority in the six-month period before such payment date. The Redeveloper and the Authority will reasonably and timely cooperate with the refinancing efforts, including providing requested information and attorney opinions and signing documents. The Redeveloper shall be solely responsible for securing buyer(s) for the Refinancing Notes, subject to the terms of this Section 3.8.

(b) *Principal Amount, Terms.* Issuance of any Refinancing Note is subject to the following terms and conditions:

(1) No Refinancing Notes will be issued until the Redeveloper completes the demolition of all buildings and structures currently standing on the Phase III Property, and if the construction of Phase III Minimum Improvements are not scheduled to begin within 60 days following the demolition, interim landscaping is completed which is acceptable to the Authority;

(2) The revenue stream for Refinancing Notes will be based on estimates of Refinancing Available Tax Increment from the relevant Minimum Improvements for the duration of the TIF District based on the actual estimated market value (as determined by the County Assessor's Office) of the relevant portion of the Minimum Improvements constructed thereon;

(3) Estimates of Refinancing Available Tax Increment (reviewed and approved

by the Authority) must provide at least 120 percent debt service coverage on the Refinancing Notes, subject to adjustment if market conditions permit less and the Authority approves;

(4) The Authority must approve all underwriter(s) and underwriting terms and assumptions, provided that (i) Available Tax Increment in excess of what is needed to pay debt service on the Refinancing Notes on each payment date must be available to the Authority for other obligations based on the priority of subordinate debt described in Section 4.11 hereof; (ii) the Authority will make every effort to maximize the amount of the Refinancing Notes in order to minimize subordinate debt on the part of the Redeveloper; and (iii) the Authority's consent to the underwriter(s) and underwriting terms and assumptions will not be unreasonably withheld;

(5) No Refinancing Note will be issued later than 18 months after the *later* of (i) the date the expenditures for Public Redevelopment Costs allocated to the relevant Initial Note were paid, or (ii) the date the facilities financed by the Initial Note are placed in service but no later than 3 years after the date of the original expenditure of the Public Redevelopment Costs related to that Initial Note. However, if a Refinancing Note is eligible for the small-issuer rebate exception under Section 148(f)(f)(D) of the Internal Revenue Code of 1986 as amended, the "18 month" limitation above is changed to "3 years" and the "3-year" maximum period in clause (ii) is disregarded. This paragraph does not apply if (1) the Refinancing Note is issued on a taxable basis, or (2) the Authority receives an opinion of a nationally-recognized bond counsel selected by the Authority to the effect that the Refinancing Note represents refunding of an "obligation" as defined in Treasury Regulations 1.150-1(b);

(6) Issuance of any Refinancing Note is subject to market, legal and timing constraints described in paragraph (c) below;

(7) Reductions in the amount of the Refinancing Note because of a default on the part of the Redeveloper to complete Phase III, as described in Section 9.5 hereof; and

(8) Refinancing Notes may be sold only to "accredited investors" as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, in denominations of at least \$100,000.

(c) *Timing.* Notwithstanding the foregoing, the Authority shall have the option to delay issuance of any Refinancing Note temporarily or for as long as the following conditions exist:

(1) The Authority is prohibited from issuing any Refinancing Note pursuant to changes in federal law enacted after the date of this Agreement;

(2) Substantial adverse changes in the market conditions have occurred that make it infeasible to refinance a Initial Note on a reasonable basis, as confirmed by a bond underwriter to the Redeveloper and the Authority in writing; or

(3) Delay is necessary to ensure that either the Authority or City will issue less than \$10,000,000 of “qualified exempt obligations” (as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended) in the year of issuance of the Refinancing Notes; provided that the Authority may not delay issuance under this clause if such delay would extend issuance past the time required for issuance of a Refinancing Note under Section 3.8(b)(5).

(d) *Redeveloper Responsibility Upon Refinancing.* If the Authority determines that the net proceeds of a series of Refinancing Notes will be insufficient to prepay the entire principal amount of the relevant outstanding Initial Note or that the Refinancing Notes cannot be issued, the Redeveloper shall:

(1) upon issuance of the Refinancing Notes and application of proceeds to pay the outstanding balance of the relevant Initial Note to the extent possible, return the relevant Initial Note to the Authority along with an unconditional release from the Redeveloper and any assignee owner of the Initial Note, which terminates the Authority’s obligations with respect to the unpaid principal of and accrued interest on the Initial Note;

(2) provide written assurances to the Authority, deemed acceptable to the Authority, that the Redeveloper will deliver to the Authority on or before the date of issuance of the Refinancing Notes an amount which, along with the net proceeds of the Refinancing Notes, will be sufficient to prepay the relevant outstanding Initial Note (the "Cash Requirement"); and deliver the Cash Requirement to the Authority, in immediately available funds, no later than fifteen (15) days prior to the issuance of the Refinancing Notes, in which event the Authority will issue and the Redeveloper will accept a subordinate tax increment revenue note (the “Subordinate Redeveloper Note”) in the amount of the Cash Requirement, secured by Available Tax Increment subordinate to the outstanding Initial Notes and the Refinancing Notes; the Subordinate Redeveloper Note shall also be subject to the priority of subordinate debt as described in Section 4.11 hereof; or

(3) provide a written notice to the Authority that the Redeveloper waives its right to request issuance of the relevant Refinancing Notes, in which event the relevant Initial Note will not be prepaid but will remain in full force and effect.

(e) *Redeveloper Representations.* The Redeveloper makes the following representations to the Authority with respect to the Refinancing Notes:

(1) The Redeveloper will take no action, and will not fail to take an action, the effect of which will be to cause any Refinancing Note to be determined to be a "private activity bond" (as such term is defined in Section 141 of the Internal Revenue Code of 1986, as amended (the "Code") and in applicable Treasury Regulations promulgated pursuant to applicable provisions of the Code (the "Regulations")

(2) The Redeveloper will take no action, and will not fail to take an action, the

effect of which will be to cause the "private security or payment test" (as such term is defined in Section 141 of the Code and in applicable Regulations) or the "private loan financing test (as such term is defined in Section 141 of the Code and in applicable Regulations to be satisfied with respect to the Refinancing Notes.

(3) The Redeveloper will take no action, and will not fail to take an action, the effect of which will be to cause any Refinancing Note to be determined to be an "arbitrage bond"(as such term is defined in Section 148 of the Code and in applicable Regulations).

(4) The Redeveloper will take no action, and will not fail to take an action, the effect of which will be to cause interest on any Refinancing Note to be includable in gross income for federal income tax purposes.

(f) *Other Qualifications.* Notwithstanding anything to the contrary in this Agreement, from and after the date of issuance of any Refinancing Note, the Authority shall have no right to enforce, and the Redeveloper shall have no obligations under Sections 6.1 and 8.3 of this Agreement, unless and to the extent that the Authority shall have received an opinion of a nationally-recognized bond counsel selected by the Authority to the effect that the receipt by the Authority of such payment will not cause the interest on the Refinancing Notes to become includable in gross income of the holder thereof for purposes of federal income taxation.

Section 3.9. Payment of Authority Costs. (a) The Redeveloper is responsible to pay "Authority Costs," which term means out-of pocket-costs incurred by the City or Authority after September 15, 2005 for: (i) the Authority's financial advisor in connection with the Authority's financial participation in redevelopment of the Redevelopment Property, including without limitation all costs related to establishment of any development or tax increment financing districts, (ii) the City or Authority's legal counsel in connection with negotiation and drafting of this Agreement and any related agreements or documents, and any legal services related to the Authority's financial participation in redevelopment of the Property; (iii) any consultants retained in connection with analysis of the Redevelopment Property for eligibility for designation as a redevelopment project or as a renewal and renovation tax increment financing district; and (iv) consultants retained by the City and Authority for planning, environmental review, and engineering for the Redevelopment, including the zoning and land use approvals and Public Improvements feasibility studies and approvals and applications for any additional grant funding.

(b) At any time, but not more often than monthly, the City or Authority may request payment of Authority Costs, and the Redeveloper agrees to pay all Authority Costs (in excess of the initial deposit made under the Preliminary Development Agreement), within ten days of the City or Authority's written request, supported by suitable billings, receipts or other evidence of the amount and nature of Authority Costs incurred. At the Redeveloper's request, but no more often than monthly, the Authority will provide Redeveloper with a written report on current and anticipated expenditures for Authority Costs, including invoices or other comparable evidence. Any Authority Costs paid by the Redeveloper are a Public Redevelopment Cost reimbursable under Section 3.6 to the extent permitted by law.

Section 3.10. Exemption from Business Subsidy Act Requirements. (a) The Redeveloper warrants and represents that its investment in the purchase of the Redevelopment Property and in

site preparation on such property (net of any portion of such costs reimbursed with Tax Increment) will equal at least 70% of the County assessor's estimated market value of the Redevelopment Property for the 2005 assessment year, calculated as follows:

Redevelopment Property cost	\$8,400,000
<i>Plus</i> Estimated cost of Redevelopment Property site preparation	\$1,260,000
<i>Equals</i> land cost and site preparation	\$9,660,000
2005 Assessor's Estimated Fair Market Value of Redevelopment Property	\$3,387,100

\$9,660,000 (acquisition and site preparation cost) less \$3,962,500 (net principal amount of Notes) equals \$5,697,500 which is 168.21% of \$3,387,100 (assessor's current estimated fair market value)

(b) Notwithstanding anything to the contrary in Section 8.3 hereof, the Redeveloper releases from and covenants and agrees that the Authority and the City and the governing body members, officers, agents, servants and employees thereof shall not be liable for and agrees to indemnify and hold harmless the Authority and the City and the governing body members, officers, agents, servants and employees thereof against any claim arising from application of the Business Subsidy Act to this Agreement, including without limitation any claim from any person or entity that the Authority or the City failed to comply with the Business Subsidy Act with respect to this Agreement.

Section 3.11. Other Grants. The Authority, the City and the Redeveloper will cooperate to obtain other grants to fund costs of the redevelopment described in this Agreement, including without limitation a Hennepin County Transit Grant and a Hennepin County Environmental Grant.

Section 3.12. Letter of Intent Superseded. This Agreement supersedes the Letter of Intent, dated October 24, 2005, between the Authority and the Redeveloper.

[Remainder of page intentionally left blank.]

ARTICLE IV

Construction of Minimum Improvements and Public Improvements

Section 4.1. Construction of Minimum Improvements. The Redeveloper agrees that it will construct or cause (through a Subdeveloper as provided herein or otherwise) construction of the Minimum Improvements on the Redevelopment Property, in accordance with approved Construction Plans and at all times while the Redeveloper owns the Redevelopment Property, will operate, maintain, preserve and keep the respective components of the Minimum Improvements or cause such components to be operated, maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition.

Section 4.2. Master Site Plan and Construction Plans. (a) *Master Site Plan*. The initial Master Site Plan for the Redevelopment Property is attached hereto as Schedule C. The parties agree and understand that the Master Site Plan may be refined and modified as part of the review and approval process for each plat, subject to approval by the Authority.

(b) *Construction Plans*. Before commencing construction of each Phase, the Redeveloper shall submit to the Authority Construction Plans for the subject Phase. The City's chief building official and community development director will review and approve all Construction Plans on behalf of the Authority, and for the purposes of this Section the term "Authority" means those named officials. The Construction Plans shall provide for the construction of the subject Phase and shall be in conformity with this Agreement, the Master Site Plan as it may be revised, the Design Guidelines, the TIF Plan, and all applicable State and local laws and regulations. The Authority will approve the Construction Plans in writing or by issuance of a permit if (i) the Construction Plans conform to all terms and conditions of the Master Site Plan, the Design Guidelines, this Agreement, the final plat for the relevant Phase; (ii) the Construction Plans conform to the goals and objectives of the TIF Plan; (iii) the Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (iv) the Construction Plans are adequate to provide for construction of the subject Phase; and (v) there is no uncured Event of Default. No approval by the Authority shall relieve the Redeveloper of the obligation to comply with the terms of this Agreement, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the subject Phase in accordance therewith. No approval by the Authority shall constitute a waiver of an Event of Default, or waiver of any State or City building or other code requirements that may apply. Within 30 days after receipt of complete Construction Plans and permit applications for a building within any Phase, the Authority will deliver to the Redeveloper an initial review letter describing any comments or changes requested by Authority staff. Thereafter, the parties shall negotiate in good faith regarding final approval of Construction Plans for that building. The Authority's approval shall not be unreasonably withheld or delayed. Said approval shall constitute a conclusive determination that the Construction Plans (and the subject Phase, constructed in accordance with said plans) comply to the Authority's satisfaction with the provisions of this Agreement relating thereto.

The Redeveloper hereby waives any and all claims and causes of action whatsoever resulting from the review of the Construction Plans by the Authority and/or any changes in the Construction Plans requested by the Authority, except for any failure by Authority to perform its obligations under

this Section. Neither the Authority, the City, nor any employee or official of the Authority or City shall be responsible in any manner whatsoever for any defect in the Construction Plans or in any work done pursuant to the Construction Plans, including changes requested by the Authority.

(c) *Construction Plan Changes.* If the Redeveloper desires to make any material change in the Construction Plans or any component thereof after their approval by the Authority, the Redeveloper shall submit the proposed change to the Authority for its approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section 4.2 of this Agreement with respect to such previously approved Construction Plans, the Authority shall approve the proposed change and notify the Redeveloper in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the Authority unless rejected, in whole or in part, by written notice by the Authority to the Redeveloper, setting forth in detail the reasons therefor. Such rejection shall be made as soon as reasonably practicable but in any event within 30 days after receipt of the notice of such change. The Authority's approval of any such change in the Construction Plans will not be unreasonably withheld.

Section 4.3. Completion of Construction. (a) Subject to Unavoidable Delays and the provisions of paragraphs (b) and (c) below, the Minimum Improvements must be constructed in accordance with the following schedule:

- Phase I: Approximately 20,000 sq. ft. of retail and restaurant space and 32 condominium units on Phase I Property commenced not later than 120 days after land assembly, if condemnation is required, or June 30, 2006, whichever is later, and completed within 18 months thereafter.
- Phase II: **Approximately 45 condominiums on Phase II** Property commenced not later than 120 days after land assembly, if condemnation is required, or June 30, 2006, whichever is later, and completed within 18 months thereafter.
- Phase III: Approximately 100 condominium units on Phase III Property commenced not later than 120 days after land assembly, if condemnation of Leasehold Interests is required, or not later than one year after completion of Phase II, whichever is later, and completed within 18 months if Phase III Minimum Improvements consist of one building and within 24 months if Phase III Minimum Improvements consist of two buildings. Notwithstanding anything to the contrary herein, the Redeveloper must complete the demolition of all buildings and structures currently standing on Phase III Property on or prior to April 30, 2008, and if the construction of Phase III Minimum Improvements are not scheduled to begin within 60 days following the demolition, interim landscaping must also be completed on or prior to April 30, 2008.

(b) All work with respect to the Minimum Improvements to be constructed or provided by the Redeveloper on the Redevelopment Property shall be in substantial conformity with the Construction Plans as submitted by the Redeveloper and approved by the Authority. If the

Redeveloper is making substantial progress with respect to the redevelopment project, and is unable to meet one or more of the above-referenced deadlines, the Authority and the Redeveloper shall negotiate in good faith for a reasonable period to extend the time in which necessary action(s) must be taken or occur, the lapse of which time would otherwise constitute a default under this Agreement.

The Redeveloper agrees for itself, its successors and assigns, and every successor in interest to the Redevelopment Property, or any part thereof, that the Redeveloper, and such successors and assigns, shall promptly begin and diligently prosecute to completion the redevelopment of the Redevelopment Property through the construction of the Minimum Improvements thereon, and that such construction shall in any event be commenced and completed within the period specified in this Section 4.3 of this Agreement. Upon an approved assignment to a Subdeveloper pursuant to Section 8.2, it is understood that the obligation of the Redeveloper as regards any portion of the Redevelopment Project so assigned shall be limited or terminated in accordance with the approved assignment. Subsequent to conveyance of the Redevelopment Property, or any part thereof, to the Redeveloper, and until construction of the Minimum Improvements has been completed, the Redeveloper shall make reports, in such detail and at such times as may reasonably be requested by the Authority, as to the actual progress of the Redeveloper with respect to such construction.

Section 4.4. Certificate of Completion. (a) Promptly after substantial completion of the Minimum Improvements (and each Phase thereof) in accordance with those provisions of the Agreement relating solely to the obligations of the Redeveloper to construct the Minimum Improvements (including the dates for completion thereof), the Authority will furnish the Redeveloper with a Certificate of Completion in substantially the form attached as Schedule E. Such certification by the Authority shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement and in any deed with respect to the obligations of the Redeveloper, and its successors and assigns, to construct the relevant Phase of the Minimum Improvements and the dates for the completion thereof. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Redeveloper to any Holder of a Mortgage, or any insurer of a Mortgage, securing money loaned to finance the Minimum Improvements, or any part thereof.

(b) Upon the Redeveloper's request, the Authority shall furnish to the Redeveloper a Certificate of Completion for each housing unit upon substantial completion of such unit, as evidenced by issuance of a certificate of occupancy therefor by the responsible inspecting authority.

(c) Each Certificate of Completion provided for in this Section 4.4 of this Agreement shall be in such form as will enable it to be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Redevelopment Property. If the Authority shall refuse or fail to provide any certification in accordance with the provisions of this Section 4.4 of this Agreement, the Authority shall, within thirty (30) days after written request by the Redeveloper, provide the Redeveloper with a written statement, indicating in adequate detail in what respects the Redeveloper has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Authority, for the Redeveloper to take or perform in order to obtain such certification.

(d) The construction of the Minimum Improvements or any Phase thereof shall be deemed to be substantially complete for the purposes of this Agreement when the Redeveloper has received a certificate of occupancy from the City for the required number of housing units specified in Section 4.3(a) for that Phase, and the specified site improvements for that Phase have been substantially completed as reasonably determined by the Authority Representative. In the case of Phase I, the certificate of occupancy for commercial improvements may exclude tenant build-outs.

Section 4.5. Mid-Range Housing Covenant. In order to ensure a portion of the condominium housing units on the Redevelopment Property are moderately priced, the Redeveloper covenants to initially sell at least 17 condominium housing units (including one garage space for each unit) constructed in Phase I (exclusive of the 11 affordable condominium housing units described in Section 4.6(a) hereof) to an owner of such housing unit for a mid-range purchase price. Eight of such units will be sold to an owner of such housing unit for a purchase price of \$285,000 or less, exclusive of upgrades selected by the purchaser. Five of such units will be sold to an owner of such housing unit for a purchase price of \$325,000 or less, exclusive of upgrades selected by the purchaser. Four of such units will be sold to an owner of such housing unit for a purchase price of \$375,000 or less, exclusive of upgrades selected by the purchaser. The Redeveloper shall report to the Authority the number of condominium housing units sold pursuant to the requirements of this Section 4.5 and the price at which each condominium housing unit was sold fifteen days prior to each February 1 and August 1, commencing fifteen days prior to February 1, 2008.

Section 4.6 Affordable Housing Covenants. The Redeveloper covenants to make at least 31 of the condominium housing units constructed on the Redevelopment Property “affordable,” and those condominium housing units will comply with the following affordability covenants:

(a) 11 condominium units in Phase I must be initially sold to owner-occupants with household income not to exceed 115% of the Minneapolis-St. Paul metropolitan statistical area (the “Metro Area”) median income for calendar year 2006, for a purchase price no more than the maximum “livable communities” sale price for owner-occupied dwellings established by the Metropolitan Council for calendar year 2006 (the “Met Council Price”). The parties currently estimate that the Met Council Price will be approximately \$193,700. Further, the purchase price of such units upon any resale, for a period of 30 years after the date of such initial sale, may not exceed the Met Council Price adjusted by 50 percent of the average annual increase in purchase price of owner-occupied residences in the Metro Area from the date of each prior sale, plus an additional 6 percent of such adjusted amount applied at the time of each sale but not compounded as part of the adjustment in sale price for any subsequent sale. The 11 affordable condominium housing units in Phase I will have at least one bedroom and will be at least 800 to 850 square feet in size.

(b) 20 condominium units in Phase III must be initially sold to owner-occupants with household income not to exceed 115% of the Minneapolis-St. Paul metropolitan statistical area (the “Metro Area”) median income for calendar year 2008, for a purchase price no more than the maximum “livable communities” sale price for owner-occupied dwellings established by the Metropolitan Council for calendar year 2008 (the “Met Council Price”). The parties currently estimate that the Met Council Price will be approximately \$200,000. Further, the purchase price of such units upon any resale, for a period of 30 years after the date of such initial sale, may not exceed

the Met Council Price adjusted by 50 percent of the average annual increase in purchase price of owner-occupied residences in the Metro Area from the date of each prior sale, plus an additional 6 percent of such adjusted amount applied at the time of each sale but not compounded as part of the adjustment in sale price for any subsequent sale. The 20 affordable condominium housing units in Phase III will consist of (i) 14 housing units with at least one bedroom and at least 800 to 850 square feet in size; (ii) 3 housing units with at least one bedroom and one den and at least 900 to 950 square feet in size; (iii) 3 housing units with at least two bedrooms and at least 1,100 to 1,150 square feet in size.

(c) [Intentionally omitted.]

(d) Upon or before closing on the initial sale of each affordable condominium housing unit to any person, the Redeveloper shall deliver or cause to be delivered written evidence satisfactory to the Authority of compliance with the covenants in this Section. Such evidence shall include, at a minimum, a fully executed purchase agreement and certificate of real estate value, certification by the buyer that he or she intends to occupy the unit, and evidence of the buyer's household income determined in accordance with Minnesota Housing Finance Agency first time home buyer procedures; provided that income shall be determined as of the date of application for acquisition financing unless otherwise required under the applicable first time home buyer program in the case of buyers participating in such a program.

(e) The Authority and its representatives shall have the right at all reasonable times while the covenants in this Section are in effect, after reasonable notice to inspect, examine and copy all books and records of the Redeveloper and its successors and assigns relating to the covenants described in this Section.

(f) The Redeveloper shall execute with the Authority an agreement in recordable form and satisfactory to the Authority, that substantially reflects the covenants set forth in this Section (the "Affordable Housing Agreement"). The Affordable Housing Agreement shall include reasonable reporting and monitoring requirements as necessary to ensure compliance with the covenants therein, and shall be recorded by the Redeveloper, at its cost, against the appropriate portion of the Redevelopment Property on which the subject affordable condominium housing units are to be constructed. Failure to enter into or record any Affordable Housing Agreement in accordance with this Section shall be an Event of Default. If the Redeveloper fails to comply with this Article IV or with the covenants of the Affordable Housing Agreement, the Redeveloper will reimburse the City or the Authority for any reasonable attorney fees incurred by the City or the Authority in an effort to gain the Redeveloper's compliance with this Article IV or with the covenants of the Affordable Housing Agreement. Notwithstanding anything to the contrary contained herein or in the Affordable Housing Agreement, after execution of the Affordable Housing Agreement and the initial sale of an affordable condominium housing unit, the Redeveloper shall have no responsibility to enforce the affordability covenants of this Section or the Affordable Housing Agreement with respect to such unit, and a failure by an owner of an affordable condominium housing unit to comply with the affordability covenants shall not constitute an Event of Default under this Agreement.

Notwithstanding anything to the contrary herein, the Affordable Housing Agreement shall provide that, in the event that the owner of an affordable condominium housing unit secures a

mortgage from a commercial lender that is sold to a secondary market investor such as the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation or secures a mortgage insured by the United States Department of Housing and Urban Development, the restrictions under the Affordable Housing Agreement as to the affordable condominium housing unit shall terminate with respect to the mortgagee and any subsequent purchaser of such property if title to the affordable condominium housing unit is transferred by foreclosure, or deed in lieu of foreclosure, or to the mortgagee if the mortgage is assigned to the Secretary of the United States Department of Housing and Urban Development, all in accordance with federal regulations, 24 CFR Section 203.41(c)(2).

Section 4.7. Association Covenants. (a) Upon approval of the plat for each Phase or portion thereof, the Authority shall be entitled to review and approve the initial articles, bylaws and declaration of restrictive covenants for the condominium association (the "Association") to be created (collectively, the "Housing Association Documents").

(b) The Housing Association Documents shall include at least the following provisions, unless and to the extent any provisions are prohibited by rules of federal agencies, quasi-federal agencies or similar nationally recognized entities providing financing or guarantees for construction or purchase of the Minimum Improvements:

- (i) a requirement that each unit owner be a member of the Association;
- (ii) a requirement that the Association have the authority to assess unit owners;
- (iii) a requirement that the Association establish a maintenance fund for exteriors, common areas and utilities including an annual assessment per unit reasonably acceptable to the Authority; and
- (iv) a long-term plan providing for maintenance and replacement reasonably acceptable to the Authority, describing the timing, cost and monthly assessment needed to pay such costs.

Section 4.8. Records. The Authority, the Legislative Auditor, and the State Auditor's office, through any authorized representatives, shall have the right after reasonable notice to inspect, examine and copy all books and records of the Redeveloper relating to the Public Redevelopment Costs and the Minimum Improvements. The Redeveloper shall also use reasonable efforts to cause the contractor or contractors, all sub-contractors and their agents and lenders to make their books and records relating to the Public Redevelopment Costs available to the Authority, upon reasonable notice, for inspection, examination and audit. The Redeveloper shall maintain such records and provide such rights of inspection for a period of six years after issuance of the Certificate of Completion for the Minimum Improvements.

Section 4.9. Reports. The Redeveloper must submit to the Authority a written report at least quarterly, commencing March 1, 2006 and continuing until issuance of the Certificate of Completion for the final Phase of the Minimum Improvements. The report must describe progress on construction of the Minimum Improvements. The Authority will provide information to the Redeveloper regarding the required forms.

Section 4.10. Construction of Public Improvements. (a) *City Responsibilities.* The City will construct the Public Improvements listed on Schedule F within the Redevelopment Project.

The City will consult with the Redeveloper regarding final plans for the Public Improvements and reasonably respond to the Redeveloper's comments on such plans. City will construct the Public Improvements in a time frame consistent with the construction schedule for the Minimum Improvements. One of the Public Improvements the City has agreed to construct is a traffic signal at Excelsior Boulevard and Woodhill Road, but the City will only construct the traffic signal if Hennepin County provides approval for such traffic signal.

(b) *Redeveloper Responsibilities.* The Redeveloper will construct, at its cost, the Public Trail, sidewalks, and streetscaping, as described in Schedule F in accordance with the City's specifications as delineated in the Contract for Residential Development, to be executed by the City and the Redeveloper. The Redeveloper will provide an easement to the City for public use of the Public Trail. A portion of the costs incurred by the Redeveloper under this paragraph may be Public Redevelopment Costs reimbursable in accordance with Section 3.6.

(c) *Financing of Public Improvements.* Costs of the Public Improvements will be allocated between the City and the Redeveloper substantially in accordance with the Public Improvements Budget attached as Schedule F. Such budget is subject to modification by mutual agreement of the City and the Redeveloper as final plans are developed. If the City or Authority receive grant funds from Hennepin County for the Public Improvements, the grant funds obtained will be used to reimburse the City and the Redeveloper for the costs incurred for Public Improvements on a pro rata basis, based on the grant conditions. The City currently expects to finance its portion of Public Improvement costs and the costs of the traffic signal at Excelsior Boulevard and Woodhill Road not reimbursed through grant funds from Available Tax Increment or other funds received by the City. In the event the City determines to use Available Tax Increment to reimburse itself, the Authority and the City will approve an interfund loan in accordance with Section 469.178, Subdivision 7 of the TIF Act. The pledge of Available Tax Increment to any interfund loan shall be subordinate to the Initial Notes and the Refinancing Notes and shall be subject to the priority of subordinate debt as described in Section 4.11 hereof. The Redeveloper's portion of the costs of the Public Improvement that are not reimbursed with grant funds are Public Redevelopment Costs eligible for reimbursement from Available Tax Increments and are also subject to the priority of subordinate debt as described in Section 4.11 hereof. Before the City awards bids for any portion the Public Improvements, the Redeveloper must execute and deliver to the City a petition and waiver agreement in a form acceptable to the City, under which the Redeveloper accepts special assessments in the amount shown in the Public Improvement Budget (as it may be modified), and waives all rights to challenge such assessments.

Section 4.11. Priority of Subordinate Debt. Pursuant to this Agreement, Available Tax Increment is pledged to the Initial Notes and the Refinancing Notes. A portion of Available Tax Increment may also be used to reimburse the City, Authority, and Redeveloper for additional Public Improvement costs and Public Redevelopment Costs. Such obligations will be paid from Available Tax Increment after payment or provision for payment on each payment date for any Initial Notes or Refinancing notes, in the following priority:

(a) Reimbursement of up to \$500,000 to the City for traffic signal at Excelsior Boulevard and Woodhill Road for the costs of such improvement that are not paid with grant funds. The \$500,000 of Available Tax Increment to be utilized to reimburse the City for the traffic signal at Excelsior Boulevard and Woodhill Road will be accumulated and set aside, along with any interest

that accrues on such funds, in escrow by the Authority and if the signal is not under construction within five years after the issuance of the first building permit issued to the Redeveloper for the Minimum Improvements, such funds will be expended for the reimbursement of costs delineated in Section 4.11(b) and (c) below. Once construction of the traffic signal commences, funds in the escrow account will be used to reimburse the City for the costs it incurs in constructing the traffic signal and any interest which may accrue on interfund loans used to finance the construction.

(b) In proportion to the relative amount due to each party at this level of priority, reimbursement of (i) up to \$250,000 to the City for costs of Public Improvements (less the amount reimbursed to the City with grant funds described in Section 4.10(c) hereof), including any costs of constructing the traffic signal at Excelsior Boulevard and Woodhill Road in excess of \$500,000 that are not reimbursed pursuant to Section 4.11(a) above; and (ii) reimbursement to the Redeveloper for the outstanding principal amount of its Subordinate Redeveloper Note and any additional costs of Public Improvements constructed by the Redeveloper expected to be financed with grant funds but not reimbursed with grant funds and not included in the amount of the Subordinate Redeveloper Note in an amount of up to \$250,000 (for example, if the City is entitled to reimbursement in the amount of \$250,000 and the Redeveloper is entitled to reimbursement in the amount of \$500,000, reimbursement shall be \$2.00 to the Redeveloper for every \$1 to the City).

(c) Reimbursement of City's costs related to relocation of the land owner of Parcel F (the "Alano Parcel") to the extent such costs are reimbursable from Tax Increment pursuant to the TIF Act and reimbursement of any additional costs of the City that are not reimbursed pursuant to Section 4.11(a) and (b) above.

Any amounts payable to the City under this Section will include interest at the maximum rate permitted under Section 469.178, Subdivision 7 of the TIF Act.

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ARTICLE V

Insurance

Section 5.1. Insurance. (a) The Redeveloper will provide and maintain at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the Authority, furnish the Authority with proof of payment of premiums on policies covering the following:

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

(ii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with an Owner's Contractor's Policy with limits against bodily injury and property damage of not less than \$2,000,000 for each occurrence, and shall be endorsed to show the City and Authority as additional insured (to accomplish the above-required limits, an umbrella excess liability policy may be used); and

(iii) Workers' compensation insurance, with statutory coverage.

(b) Upon completion of construction of the Minimum Improvements and prior to the Termination Date, the Redeveloper shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the Authority shall furnish proof of the payment of premiums on, insurance as follows:

(i) Insurance against loss and/or damage to the Minimum Improvements under a policy or policies covering such risks as are ordinarily insured against by similar businesses.

(ii) Comprehensive general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$2,000,000 and shall be endorsed to show the City and Authority as additional insureds.

(iii) Such other insurance, including workers' compensation insurance respecting all employees of the Redeveloper, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Redeveloper may be self-insured with respect to all or any part of its liability for workers' compensation.

(c) All insurance required in Article V of this Agreement shall be taken out and maintained in responsible insurance companies selected by the Redeveloper that are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Redeveloper will deposit annually with the Authority a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article V of this Agreement each policy shall contain a provision that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Redeveloper and the Authority at least 30 days before the cancellation or modification becomes effective. In lieu of separate policies, the Redeveloper may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Redeveloper shall deposit with the Authority a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements. Any insurance required under this Article may be provided separately by Phase or building.

(d) The Redeveloper agrees to notify the Authority immediately in the case of damage exceeding \$100,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In such event the Redeveloper will forthwith repair, reconstruct, and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction, and restoration, the Redeveloper will apply the net proceeds of any insurance relating to such damage received by the Redeveloper to the payment or reimbursement of the costs thereof.

The Redeveloper shall complete the repair, reconstruction and restoration of the Minimum Improvements, regardless of whether the net proceeds of insurance received by the Redeveloper for such purposes are sufficient to pay for the same. Any net proceeds remaining after completion of such repairs, construction, and restoration shall be the property of the Redeveloper.

Section 5.2. Subordination. Notwithstanding anything to the contrary herein, the rights of the Authority with respect to the receipt and application of any insurance proceeds shall, in all respects, be subordinate and subject to the rights of any Holder under a Mortgage allowed pursuant to Article VII of this Agreement.

Section 5.3. Qualifications. Notwithstanding anything herein to the contrary, the parties acknowledge and agree that:

(a) The provisions of Section 5.1 hereof shall not apply to a housing unit from and after the date that such unit is substantially completed and sold to an owner of the housing unit.

(b) Upon transfer of the Redevelopment Property or portion thereof to another person or entity except for sales to owners of a housing unit, the Redeveloper will remain obligated under Section 5.1 hereof relating to such portion transferred, unless the Redeveloper is released from such obligations in accordance with the terms and conditions of Section 8.2(b) or 8.3 hereof.

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ARTICLE VI

Tax Increment; Taxes; Special Service District

Section 6.1. Right to Collect Delinquent Taxes. The Redeveloper acknowledges that the Authority is providing substantial aid and assistance in furtherance of the redevelopment described in this Agreement, in part through issuance of the Note. The Redeveloper understands that the Tax Increments pledged to payment of the Note are derived from real estate taxes on the Minimum Improvements, which taxes must be promptly and timely paid. To that end, the Redeveloper agrees for itself, its successors and assigns, in addition to the obligation pursuant to statute to pay real estate taxes, that it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes assessed against the Redevelopment Property and the Minimum Improvements. The Redeveloper acknowledges that this obligation creates a contractual right on behalf of the Authority through the Termination Date to sue the Redeveloper or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any such suit, the Authority shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 6.2. Review of Taxes. The Redeveloper agrees that prior to the Termination Date, it will not cause a reduction in the real property taxes paid in respect of the Redevelopment Property through: (A) willful destruction of the Redevelopment Property or any part thereof; or (B) willful refusal to reconstruct damaged or destroyed property pursuant to Section 5.1 of this Agreement. The Redeveloper also agrees that it will not, prior to the Termination Date, apply for a deferral of property tax on the Redevelopment Property pursuant to any law, or transfer or permit transfer of the Redevelopment Property to any entity whose ownership or operation of the property would result in the Redevelopment Property being exempt from real estate taxes under State law (other than any portion thereof dedicated or conveyed to the City or Authority in accordance with this Agreement).

Section 6.3. Qualifications. Notwithstanding anything herein to the contrary, the parties acknowledge and agree that:

(a) The provisions of Sections 6.1 and 6.2 hereof shall not apply to a housing unit from and after the date that such unit is substantially completed and sold to an owner of the housing unit.

(b) Upon transfer of the Redevelopment Property or portion thereof to another person or entity except for sales to owners of a housing unit, the Redeveloper will remain obligated under Sections 6.1 and 6.2 hereof relating to such portion transferred, unless the Redeveloper is released from such obligations in accordance with the terms and conditions of Section 8.2(b) or 8.3 hereof.

Section 6.4. Special Service District. Upon request of the City, the Redeveloper will file any petition required under Minnesota Statutes, Chapter 428A in order to establish a special service district encompassing the Redevelopment Property, and to levy a special service charge for ongoing maintenance of the streetscaping on the Redevelopment Property. The detailed special services and service charges to be assessed will be determined by mutual agreement of the parties upon

establishment of such a district, provided that the Redeveloper must negotiate in good faith regarding such matters. In accordance with Minnesota Statutes, Chapter 428A, special services will not include any service that is ordinarily provided throughout the City from general fund revenues except to the extent an increased level of service is provided in the special service district.

[Remainder of page intentionally left blank.]

ARTICLE VII

Financing

Section 7.1. Mortgage Financing. (a) Before commencement of construction of any Phase, the Redeveloper shall submit to the Authority evidence of one or more commitments for financing which, together with committed equity for such construction, is sufficient for payment of the Minimum Improvements. Such commitments may be submitted as short term financing, long term mortgage financing, a bridge loan with a long term take-out financing commitment, or any combination of the foregoing.

(b) If the Authority finds that the financing is sufficiently committed and adequate in amount to pay the costs specified in paragraph (a) then the Authority shall notify the Redeveloper in writing of its approval. Such approval shall not be unreasonably withheld and either approval or rejection shall be given within twenty (20) days from the date when the Authority is provided the evidence of financing. A failure by the Authority to respond to such evidence of financing shall be deemed to constitute an approval hereunder. If the Authority rejects the evidence of financing as inadequate, it shall do so in writing specifying the basis for the rejection. In any event the Redeveloper shall submit adequate evidence of financing within ten (10) days after such rejection.

(c) In the event that there occurs a default under any Mortgage authorized pursuant to Section 7.1 of this Agreement, the Redeveloper shall cause the Authority to receive copies of any notice of default received by the Redeveloper from the holder of such Mortgage. Thereafter, the Authority shall have the right, but not the obligation, to cure any such default on behalf of the Redeveloper within such cure periods as are available to the Redeveloper under the Mortgage documents. In the event there is an event of default under this Agreement, the Authority will transmit to the Holder of any Mortgage a copy of any notice of default given by the Authority pursuant to Article IX of this Agreement.

(d) In order to facilitate the securing of other financing, the Authority agrees to subordinate its rights under this Agreement provided that such subordination shall be subject to such reasonable terms and conditions as the Authority and Holder mutually agree in writing. Notwithstanding anything to the contrary herein, the Authority shall not subordinate its option to purchase the Phase III Property pursuant to Section 9.5 but shall waive its option to purchase the Phase III Property if the Redeveloper obtains construction financing which is acceptable to the Authority for Phase III of the Minimum Improvements. Any subordination agreement shall include the provision described in Section 7.1(c).

[Remainder of page intentionally left blank.]

ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Redevelopment. The Redeveloper represents and agrees that its purchase of the Redevelopment Property, and its other undertakings pursuant to the Agreement, are, and will be used, for the purpose of redevelopment of the Redevelopment Property and not for speculation in land holding.

Section 8.2. Prohibition Against Redeveloper's Transfer of Property and Assignment of Agreement. The Redeveloper represents and agrees that until the Termination Date:

(a) Except as specifically described in this Agreement, the Redeveloper has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Redevelopment Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity (collectively, a "Transfer"), without the prior written approval of the Authority's Board of Commissioners. The term "Transfer" does not include (i) encumbrances made or granted by way of security for, and only for, the purpose of obtaining construction, interim or permanent financing necessary to enable the Redeveloper or any successor in interest to the Redevelopment Property or to construct the Minimum Improvements or component thereof; and (ii) any lease, license, easement or similar arrangement entered into in the ordinary course of business related to operation of the Minimum Improvements. The parties agree and understand that the Redeveloper intends to Transfer certain portions of the Redevelopment Property, along with certain rights and obligations of the Redeveloper under this Agreement, to one or more third party developers ("Subdevelopers") who will construct portions of the Minimum Improvements. Any such Transfer is subject to the provisions of this Section. Further, the Redeveloper may effect a Transfer to an Affiliate without approval by the Authority provided that the Redeveloper submit to the Authority an assignment and assumption executed by the Affiliate in accordance with Section 8.2(b)(2).

(b) If the Redeveloper seeks to effect a Transfer, the Authority shall be entitled to require as conditions to such Transfer that:

(1) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the Authority, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Redeveloper as to the portion of the Redevelopment Property to be transferred; and

(2) Any proposed transferee, by instrument in writing satisfactory to the Authority and in form recordable in the public land records of Hennepin County, Minnesota, shall, for itself and its successors and assigns, and expressly for the benefit of the Authority, have expressly assumed all of the obligations of the Redeveloper under this Agreement as to the portion of the Redevelopment Property to be transferred and agreed to be subject to all the conditions and restrictions to which the Redeveloper is subject as to such portion; provided, however, that the fact that any transferee of, or any other successor

in interest whatsoever to, the Redevelopment Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the Authority) deprive the Authority of any rights or remedies or controls with respect to the Redevelopment Property, the Minimum Improvements or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Redevelopment Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally, or practically, to deprive or limit the Authority of or with respect to any rights or remedies or controls provided in or resulting from this Agreement with respect to the Redevelopment Property that the Authority would have had, had there been no such transfer or change. In the absence of specific written agreement by the Authority to the contrary, no such transfer or approval by the Authority thereof shall be deemed to relieve the Redeveloper, or any other party bound in any way by this Agreement or otherwise with respect to the Redevelopment Property, from any of its obligations with respect thereto.

(3) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Redevelopment Property governed by this Article VIII, shall be in a form reasonably satisfactory to the Authority.

(c) If the conditions described in paragraph (b) are satisfied, then the Transfer will be approved and the Redeveloper shall be released from its obligation under this Agreement, as to the portion of the Redevelopment Property that is transferred, assigned, or otherwise conveyed, unless the parties mutually agree otherwise. The Authority will review and respond to a request for Transfer within 45 days after receipt of a written request. Notwithstanding anything to the contrary herein, any Transfer that releases the Redeveloper from its obligations under this Agreement (or any portion thereof) shall be approved by the Authority's Board of Commissioners. If the Redeveloper remains fully bound under this Agreement notwithstanding the Transfer, as documented in the transfer instrument, the Transfer may be approved by the Authority Representative. The Authority may also consider the waiver of the look back provisions of Section 3.7(c) upon the Transfer of the Redevelopment Property under this Section. Any such waiver must be approved by the Authority's Board of Commissioners. The provisions of this paragraph (c) apply to all subsequent transferors.

(d) Nothing in this Article VIII will be construed to require, as a condition for release of the Redeveloper hereunder or otherwise, that purchasers of any condominium housing unit assume any obligations of the Redeveloper. Upon sale of any condominium housing unit to an initial owner, the Authority will provide to Redeveloper or the buyer a certificate in recordable form releasing the unit from all encumbrances of this Agreement.

(d) Notwithstanding anything to the contrary in this Agreement: if a Phase is transferred under this Section in part but not in whole, and the Redeveloper will be, upon such transfer, released from its obligations as to the portion transferred, as a condition to approval of the Transfer the Authority may designate the portion of Minimum Improvements for that Phase that are

allocated to the transferred Parcel, such that the transferee is bound by all the terms of this Agreement as to the allocated number of housing units (or the amount of commercial improvements in the case of Phase I).

Section 8.3. Release and Indemnification Covenants. (a) The Redeveloper releases from and covenants and agrees that the Authority and the City and the governing body members, officers, agents, servants and employees thereof shall not be liable for and agrees to indemnify and hold harmless the Authority and the City and the governing body members, officers, agents, servants and employees thereof against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements.

(b) Except for willful or negligent misrepresentation, misconduct or negligence of the Indemnified Parties (as hereafter defined), and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Redeveloper agrees to protect and defend the Authority and the City and the governing body members, officers, agents, servants and employees thereof (the “Indemnified Parties”), now or forever, and further agrees to hold the Indemnified Parties harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Minimum Improvements.

(c) Except for any negligence of the Indemnified Parties (as defined in clause (b) above), and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Redeveloper or its officers, agents, servants or employees or any other person who may be about the Minimum Improvements due to any act of negligence of any person.

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

[Remainder of page intentionally left blank.]

ARTICLE IX

Events of Default

Section 9.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement, any one or more of the following events, after the non-defaulting party provides 30 days written notice to the defaulting party of the event, but only if the event has not been cured within said 30 days or, if the event is by its nature incurable within 30 days, the defaulting party does not, within such 30-day period, provide assurances reasonably satisfactory to the party providing notice of default that the event will be cured and will be cured as soon as reasonably possible:

(a) Failure by the Redeveloper or the Authority to observe or perform any covenant, condition, obligation, or agreement on its part to be observed or performed under this Agreement;

(b) The Redeveloper:

(i) files any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law;

(ii) makes an assignment for benefit of its creditors;

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

(iv) is adjudicated a bankrupt or insolvent.

Section 9.2. Remedies on Default. (a) Whenever any Event of Default referred to in Section 9.1 of this Agreement occurs, the non-defaulting party may exercise its rights under this Section 9.2 after providing thirty days written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said thirty days or, if the Event of Default is by its nature incurable within thirty days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible.

(b) Upon an Event of Default by the Redeveloper, the Authority may withhold payments under any Initial Note in accordance with its terms, which withheld amount is payable, without interest thereon, on the first payment date after the default is cured. Upon default under this Agreement with respect to any Phase (or any Parcel of a Phase transferred to a Subdeveloper), the Authority may withhold Available Tax Increment attributable only to the defaulting Phase or Subdeveloper’s Parcel, but may not withhold Available Tax Increment attributable to any Phase or Parcel thereof for which there is no uncured default as of the relevant payment date.

(c) Upon an Event of Default of the Redeveloper related to a failure to demolish all existing buildings on the Phase III Property and perform interim landscaping on or prior to April 30, 2008, as required by Section 4.3 hereof, the Authority may withhold Available Tax Increment attributable to all Phases or Parcels.

(d) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or the Redeveloper is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.

Section 9.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 9.5. Phase III Default. (a) If the Redeveloper fails to commence the Minimum Improvements on the Phase III Property (which shall mean pouring cement for the building foundation or placing footings in the ground) on or prior to December 31, 2008, in addition to any remedies available to the Authority pursuant to this Article IX, the Authority has the option to purchase from the Redeveloper all the Phase III Property at the price determined pursuant to Section 3.1(d). The Authority may exercise its option or assign its option to another entity. The Authority's Option to Purchase the Phase III Property shall expire on December 31, 2011. The Redeveloper will (i) cooperate with the Authority in any subdivision necessary to convey the specified property, (ii) allow the Authority access to the property to conduct any analysis of soils or environmental conditions, (iii) convey marketable title to the specified property by limited warranty deed, and (iv) pay all costs of the Authority in connection exercise of its option, including without limitation all appraisal, title examination, environmental and soil examination, attorney and recording fees, state deed tax, and costs to cure any title objections raised by the City. If the Authority raises environmental or soil objections, the Redeveloper must pay all costs to cure such objections and proceed to closing on such parcel. The closing on conveyance shall occur within 60 days after Redeveloper's receipt of the Authority's notice of intent to exercise the option, or such other date as the parties agree.

(b) If the Redeveloper requests a waiver of a Phase III Default, in determining whether to grant such a waiver, the Authority will take into consideration whether substantial increases in interest rates on home mortgages have occurred that materially impedes the Redeveloper's ability to market the condominium units in Phase III.

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; Authority Representatives Not Individually Liable. The Authority and the Redeveloper, to the best of their respective knowledge, represent and agree that no member, official, or employee of the Authority shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of the Authority shall be personally liable to the Redeveloper, or any successor in interest, in the event of any default or breach by the Authority or County or for any amount which may become due to the Redeveloper or successor or on any obligations under the terms of the Agreement.

Section 10.2. Equal Employment Opportunity. The Redeveloper, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in the Agreement it will comply with all applicable federal, state and local equal employment and non-discrimination laws and regulations.

Section 10.3. Restrictions on Use. The Redeveloper agrees that until the Termination Date, the Redeveloper, and such successors and assigns, shall devote the Redevelopment Property to, the operation of the Minimum Improvements for uses described in the definition of such term in this Agreement, and shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Redevelopment Property or any improvements erected or to be erected thereon, or any part thereof.

Section 10.4. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Redevelopment Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 10.5. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 10.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, overnight mail, or delivered personally; and

(a) in the case of the Redeveloper, is addressed to or delivered personally to the Redeveloper at Glen Lake Redevelopment LLC, 28120 Boulder Bridge Drive, Excelsior, Minnesota, 55331, Attention: Tom Wartman; and

(b) in the case of the Authority or City, is addressed to or delivered personally at 14600 Minnetonka Blvd, Minnetonka, Minnesota 55345-1502, Attn: Executive Director/City Manager;

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

Section 10.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 10.8. Recording. The Authority may record this Agreement and any amendments thereto with the Hennepin County recorder. The Redeveloper shall pay all costs for recording.

Section 10.9. Amendment. This Agreement may be amended only by written agreement approved by the Authority and the Redeveloper.

Section 10.10. Authority or City Approvals. Unless otherwise specified, any approval required by the Authority under this Agreement may be given by the Authority Representative.

Section 10.11. Termination. This Agreement terminates on the Termination Date, except that termination of the Agreement does not terminate, limit or affect the rights of any party that arise before the Termination Date.

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SCHEDULE A

DESCRIPTION OF REDEVELOPMENT PROPERTY

Phase I Property

<u>Parcel</u>	<u>Property ID</u>	<u>Street Address</u>
Parcel A	34-117-22-22-0021	14324 Stewart Lane
Parcel B	34-117-22-22-0020	unassigned
Parcel C	34-117-22-11-0025	unassigned
Parcel D	34-117-22-11-0028	14401 Excelsior Boulevard
Parcel E	34-117-22-22-0022	unassigned
Parcel F	34-117-22-11-0026	14407 Excelsior Boulevard
Parcel G	34-117-22-11-0027	14413 Excelsior Boulevard
Parcel H	34-117-22-11-0029	unassigned
Parcel I	34-117-22-11-0020	14517 Excelsior Boulevard

Legally described as:

All that part of the abandoned right-of-way of the Minneapolis & St. Paul Suburban Railway located in the Northeast Quarter of the Northeast Quarter of Section 33, Township 117, Range 22, described as follows:

Commencing at a point in the Northwesterly line of Lot 10, Glen Lake Park, Hennepin County, which point is 286.8 feet Southwesterly from the intersection of said Northwesterly line of Lot 10 with the East line of said Section 33; thence at right angles with said Northwesterly line of Lot 10 to the Northwesterly line of the abandoned right-of-way of the Minneapolis & St. Paul Suburban Railway, which shall be the point of beginning of the tract herein conveyed; thence to the Southeasterly line of the said abandoned right-of-way by the continuation of the last described line running from the Northwesterly line of Lot 10 to the said point of beginning; thence Southwesterly along the Southeasterly line of said abandoned right-of-way to a point which is 230.95 feet Southwesterly from the intersection of the Southeasterly line of said abandoned right-of-way with the East line of Section 33; thence Northwesterly at right angles from the Southeasterly line of the abandoned right-of-way to the Northwesterly line of the said abandoned right-of-way; thence Northeasterly along the Northwesterly line of said right-of-way to the point of beginning.

Together with:

That part of the following two tracts of land lying Southwesterly of a line drawn Southeasterly and Northwesterly at right angles from the Northwesterly line of Lot 10, "Glen Lake Park", from a point in said Northwesterly line distant 270.8 feet Southwesterly from the intersection of said line with the East line of Section 33, Township 117, Range 22;

All that part of Lot 10, Glen Lake Park, Hennepin County and of the abandoned right-of-way of the Minneapolis & St. Paul Suburban Railway located in the Northeast Quarter of the Northeast Quarter of Section 33, Township 117, Range 22, described as follows:

Commencing at a point on the Northwestern line of Lot 10, which is 124 feet Southwesterly from the intersection of said line with the East line of Section 33, Township 117, Range 22; thence Southwesterly along said Northwestern line of Lot 10 a distance of 162.8 feet; thence Southeasterly at right angles with the Northwestern line of said Lot 10 to the Southeasterly line of said abandoned right-of-way; thence Northeasterly along said Southeasterly line of said abandoned right-of-way to its intersection with the East line of Section 33; thence North along the East line of Section 33 to its intersection with the Southeasterly line of Lot 10; thence Southwesterly along the Southeasterly line of Lot 10 to a point therein which is Southeasterly measured at right angles from the Northwestern line of Lot 10 at the point of beginning; thence Northwesternly to the point of beginning.

Subject to an easement in favor of Hennepin County for road purposes.

Together with:

All that part of Lot 10, "Glen Lake Park", Hennepin County, Minnesota, Described as follows:

Commencing at a point in the Northwestern line of Lot 10, Glen Lake Park, which point is 286.8 feet Southwesterly from the intersection of the said Northwestern line of said Lot 10 with the East line of Section 33, Township 117, Range 22; thence Southwesterly along said Northwestern line of said Lot 10 a distance of 67.65 feet; thence Southeasterly deflecting left 91 degrees 10 minutes from the last described course to the Southeasterly line of said Lot 10; thence Northeasterly along the Southeasterly line of said Lot 10 to an intersection with a line drawn Southeasterly from the point of beginning and at a right angle to the Northwestern line of said Lot 10; thence Northwesternly along said right angle line to the point of beginning.

Also that part of the Northeast Quarter of the Northeast Quarter of Section 33, Township 117, Range 22, lying Northwesternly of said Lot 10 and Southeasterly of the County Road No. 3 as it is now laid out and used and between the Northwesternly extension of the Southwesterly and Northeasterly lines of that part of said Lot 10 described in the last described parcel.

Together with:

Tract K, Registered Land Survey No. 630, Hennepin County, Minnesota; Together with:

Tracts B, E, G, and I, Registered Land Survey No. 630, Hennepin County, Minnesota, Subject to an easement in favor of Hennepin County for road and highway purposes over and across land formerly described as lying in that part of the Northeast Quarter of the Northeast Quarter of Section 33 and that part of the Northwest Quarter of the Northwest Quarter of Section 34, Township 117, Range 22, lying Northwesternly of Lot 10, GLEN LAKE PARK, Hennepin County and Southeasterly of County Road No. 3, as now laid out and used; (as to Tract B)

Together with:

Tract C and D, Registered Land Survey No. 630, Hennepin County, Minnesota;

Subject to an easement in favor of Hennepin County for road and highway purposes; (as to Tract C)

Together with:

All that part of Lot 10, "Glen Lake Park", Hennepin County, described as follows:

Commencing at the intersection of the Southeasterly line of Lot 10 with the East line of Section 33; thence Northeasterly along said Southeasterly line a distance of 116.3 feet; thence Northwesterly at an angle to the left of 85 degrees and 47 minutes to the Northwesterly line of said Lot 10; thence Southwesterly along the Northwesterly line of Lot 10 to a point therein which is 45.65 feet Southwesterly from the intersection of the said Northwesterly line of Lot 10 with the East line of Section 33; thence Southeasterly to the point of beginning;

Subject to an easement in favor of Hennepin County for Road and highway purposes over and across the land lying in that part of the Northwest Quarter of the Northwest Quarter of Section 34, Township 117, Range 22 lying Northwesterly of said Lot 10 and Southeasterly of County Road No. 3, as now laid out and used;

Subject to an easement in favor of Hennepin County for road and highway purposes over and across the land lying in that part of the Northeast Quarter of the Northeast Quarter of Section 33 lying Northwesterly of said Lot 10 and Southeasterly of County Road No. 3, as now laid out and used;

All that part of the Northeast Quarter of the Northeast Quarter of Section 33 and the Northwest Quarter of the Northwest Quarter of Section 34, Township 117, Range 22, lying Northwesterly of Lot 10 and Southeasterly of the County Road No. 3 as now laid out and used, and between the extension Northwesterly of the Southwesterly and Northeasterly lines of that part of Lot 10 above described.

Tracts A, F, H and J, Registered Land Survey No. 630, Hennepin County, Minnesota.

Subject to an easement in favor of Hennepin County for road and highway purposes over and across the land lying in that part of the Northeast Quarter of the Northeast Quarter of Section 33 and that part of the Northwest Quarter of the Northwest Quarter of Section 34, Township 117, Range 22 lying Northwesterly of Lot 10, Glen Lake Park, Hennepin County and Southeasterly of the County Road No. 3, as now laid out, and used; (Affecting Tract A, Registered Land Survey No. 630)

Phase II Property

<u>Parcel</u>	<u>Property ID</u>	<u>Street Address</u>
Parcel J	34-117-22-22-0002	14217 Stewart Lane
Parcel K	34-117-22-22-0003	14301 Stewart Lane

Legally described as:

Lot 1, "Glen Lake Park", except the East 570 feet of Lot 1, according to the recorded plat thereof, Hennepin County, Minnesota.

Phase III Property

<u>Parcel</u>	<u>Property ID</u>	<u>Street Address</u>
Parcel L	28-117-22-44-0027	14400 Excelsior Boulevard

That part of the Northeast Quarter of the Northeast Quarter of Section 33, Township 117, Range 22 described as follows: Beginning at a point on the North line of said section which point is 180 feet East of the Northwest corner of the Northeast Quarter of the Northeast Quarter of the Northeast Quarter of said section; thence running South on a line parallel with the East line of said section a distance of 52 feet to a point which is the point of beginning of the land to be described; thence Southwesterly on a line parallel with Excelsior Avenue, also known as Hennepin County Road No. 3, which road runs through this quarter section, a distance of 8 feet; thence Southeasterly to a point on the above mentioned line described as running parallel to the East line of said section extended to a point distant 12 feet Southerly from the starting point herein; thence Northerly to the point of beginning.

Also

Beginning at a point on the North line of said Section 33, Township 117, Range 22, which point is 180 feet East of the Northwest corner of the Northeast Quarter of the Northeast Quarter of the Northeast Quarter of said section; thence South parallel with the West line of said Northeast Quarter of the Northeast Quarter of the Northeast Quarter of said section to Excelsior Avenue, also known as Hennepin County Road No. 3; thence Northeasterly along the Northerly line of said road a distance of 458.63 feet, more or less, to the North line of said section; thence West along the North line of said section to the point of beginning, according to the United States Government Survey thereof and situate in Hennepin County, Minnesota.

Abstract Property.

And

The Southeast Quarter of the Southeast Quarter of the Southeast Quarter except that part of the West 165 feet lying South of the North 264 feet, and also except the North 264 feet of the West 190 feet thereof, and except the East 133 feet of the North 200 feet of the Southeast Quarter of the Southeast Quarter of the Southeast Quarter, and except the Easterly 82.5 feet of the Westerly 247.5 feet of the South 264 feet thereof and also except that part thereof lying South of the North 200 feet

thereof and East of the Westerly 247.5 feet thereof Section 28, Township 117, Range 22, according to the United States Government Survey thereof and situate in Hennepin County, Minnesota.

And

The East 133 feet of the North 200 feet of the Southeast Quarter of the Southeast Quarter of the Southeast Quarter, of Section 28, Township 117, Range 22, except the East 33 feet for roadway, according to the United States Government Survey thereof and situate in Hennepin County, Minnesota.

And

All that part of the Southeast Quarter of the Southeast Quarter of the Southeast Quarter of Section 28, Township 117, Range 22, lying South of the North 200 feet thereof and East of the Westerly 247.5 feet thereof, according to the United States Government Survey thereof and situate in Hennepin County, Minnesota.

SCHEDULE B

DESCRIPTION OF LEASEHOLD INTERESTS TO BE ACQUIRED

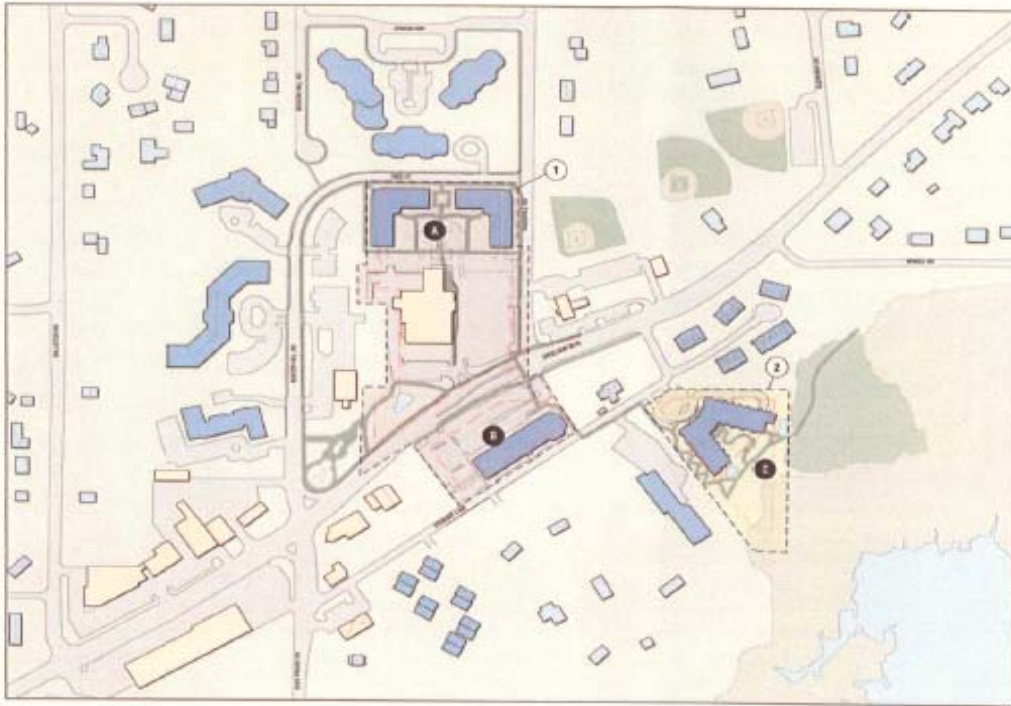
Leasehold Interest located on Phase I Property:

Gold Nugget
O'Hearn Company
Glen Lake Barber Shop
Denmar Auto Body
Midwest Window

Leasehold Interests located on Phase III Property

Annie's Nails
Banzai Sushi
Curves for Women
Dance Factory/Dance Studio
Dragon Jade Restaurant
Glen Lake Dental
Gunstop Shop
Hair Proz Salon
Stonehaven Massage

SCHEDULE C
MASTER SITE PLAN



KEY

- Property Line
- Setback Line
- Commercial/Retail
- Single Family Housing
- Multifamily Housing
- Proposed Buildings
- Park
- Trail System
- Site
- ① Site A & Site B
(Rezoned to Planned Unit
Development)
- ② Site C
(Rezoned to P-S/High Density)



Glen Lake
Minnetonka, MN 11.17.2005

Site Plan
Scale: 1" = 300'
1

SCHEDULE D

AUTHORIZING RESOLUTION

Authorizing Resolution

**ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF
MINNETONKA, MINNESOTA**

RESOLUTION NO. _____

**RESOLUTION AWARDING THE SALE OF, AND PROVIDING THE FORM, TERMS,
COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS \$ _____ TAXABLE
TAX INCREMENT REVENUE NOTES, SERIES _____**

BE IT RESOLVED BY the Board of Commissioners (“Board”) of the Economic Development Authority in and for the City of Minnetonka, Minnesota (the “Authority”) as follows:

Section 1. Authorization; Award of Sale.

1.01. Authorization. The Authority and the City of Minnetonka have heretofore approved the establishment of the Glenhaven Tax Increment Financing District (the “TIF District”) within the Glen Lake Station Housing Development and Redevelopment Project (the “Project”), and have adopted a tax increment financing plan for the purpose of financing certain improvements within the Project. In connection with the TIF District, the Authority and City have approved a Contract for Private Redevelopment between the Authority, the City, and Glen Lake Redevelopment LLC (the “Agreement”).

Pursuant to Minnesota Statutes, Section 469.178, the Authority is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Project. Such bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The Authority hereby finds and determines that it is in the best interests of the Authority that it issue and sell its Taxable Tax Increment Revenue Note in the maximum principal amount of \$_____ (the “Note”) for the purpose of financing certain public redevelopment costs of the Project.

1.03. Issuance, Sale, and Terms of the Note. The Authority hereby delegates to the Executive Director the determination of the date on which the Note is to be delivered, in accordance with the Agreement. The Note shall be issued to Glen Lake Redevelopment LLC (“Owner”). The Note shall be dated as of the date of delivery, shall mature no later than February 1, 2024 and shall bear interest at the rate of 6.75 percent per annum from the respective dates of entry of each Principal Advance on the Principal Advance Ledger (as described in Section 3.6(f) of the Agreement) to the earlier of maturity or prepayment. The Note is issued in accordance with Section 3.6 of the Agreement.

Section 2. Form of Note. The Note shall be in substantially the following form, with the blanks to be properly filled in and the principal amount and payment schedule adjusted as of the date of issue:

UNITED STATE OF AMERICA
STATE OF MINNESOTA
COUNTY OF HENNEPIN
ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA

No. R-1 \$_____

TAXABLE TAX INCREMENT REVENUE NOTE
SERIES 20__

<u>Rate</u>	<u>Date of Original Issue</u>
6.75%	_____, 20__

The Economic Development Authority in and for the City of Minnetonka (“Authority”) for value received, certifies that it is indebted and hereby promises to pay to Glen Lake Redevelopment LLC or registered assigns (the “Owner”), solely from the sources and in the manner hereinafter provided, the principal sum of \$_____ or so much thereof as has been from time to time advanced (the "Principal Amount"), as provided in the Agreement defined hereafter, together with interest on the unpaid balance thereof accrued from the date of original issue hereof at the rate of 6.75 percent per annum (the "Stated Rate"). This Note is given in accordance with that certain Contract for Private Redevelopment between the Issuer, the City of Minnetonka and Glen Lake Redevelopment LLC, dated as of _____, 2006 (the “Agreement”) and the authorizing resolution (the “Resolution”) duly adopted by the Authority on _____, 20___. Capitalized terms used and not otherwise defined herein have the meaning provided for such terms in the Agreement unless the context clearly requires otherwise.

1. Payments. Principal and interest (“Payments”) shall be paid on August 1, 20__ and each February 1 and August 1 thereafter to and including February 1, 2024 (“Payment Dates”) in the amounts set forth on the attached payment schedule, payable solely from the sources set forth in Section 3 herein. Payments shall be applied first to accrued interest, and then to unpaid principal.

Payments are payable by mail to the address of the Owner or such other address as the Owner may designate upon 30 days written notice to the Authority. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. Interest accruing from the respective dates of entry of each Principal Advance on the Principal Advance Ledger through and including February 1, 20__ will be

compounded semiannually on February 1 and August 1 of each year and added to principal. Interest shall be computed on the basis of a year of 360 days and twelve 30-day months.

3. Available Tax Increment. All payments on this Note are payable on each Payment Date solely from and in the amount of the “Available Tax Increment,” which means, on each Payment Date, 95 percent of the Tax Increment attributable to the [relevant property] as defined in the Agreement that is paid to the Authority by Hennepin County in the six months preceding the Payment Date. The Authority shall have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Available Tax Increment if on any Payment Date there is available to the Authority insufficient Available Tax Increment to pay the scheduled Payment due on such date, the amount of such deficiency shall be deferred and paid, without interest thereon, on the next Payment Date on which the Authority has available to it Available Tax Increment in excess of the amount necessary to pay the scheduled amount due on such subsequent Payment Date.

4. Default. Upon an Event of Default by the Redeveloper under the Agreement, the Authority may exercise the remedies with respect to this Note described in Article IX of the Agreement, the terms of which are incorporated herein by reference.

5. Optional Prepayment. (a) The principal sum and all accrued interest payable under this Note is prepayable in whole or in part at any time by the Authority without premium or penalty. If the Authority prepays the Note in part, the prepayment will be applied first to accrued interest and then to the outstanding principal amount of the Note in inverse order of principal installments due. Ten days’ prior notice of any such prepayment shall be given by first-call mail by the Registrar to the registered owner of the Note. No partial prepayment shall affect the amount or timing of any other regular Payment otherwise required to be made under this Note.

(b) The Note may be deemed prepaid in whole or in part in accordance with Section 3.7 of the Agreement. Upon any such prepayment, the Authority will deliver to the Owner a statement of the amount applied to prepayment under Section 3.7 and the outstanding principal balance of the Note after application of the deemed prepayment. Any deemed prepayment under this paragraph will be applied under the same procedures described in paragraph (a) above.

6. Nature of Obligation. This Note is one of an issue in the total principal amount of \$_____ issued to aid in financing certain public redevelopment costs and administrative costs of a Redevelopment Project undertaken by the Authority pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended and is issued pursuant to the Resolution, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.1799, as amended. This Note is a limited obligation of the Authority which is payable solely from the revenues pledged to the payment hereof under the Resolution. This Note and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Note or other costs incident hereto except from and to the extent of the revenues pledged hereto, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

7. Registration and Transfer. This Note is issuable only as a fully registered note without coupons. As provided in the Resolution, and subject to certain limitations set forth therein, this Note is transferable upon the books of the Authority kept for that purpose at the principal office of the City Finance Director, by the Owner hereof in person or by such Owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the Authority, duly executed by the Owner. Upon such transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the Authority with respect to such transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

This Note shall not be transferred to any person unless the Authority has been provided with an opinion of counsel or a certificate of the transferor, in a form satisfactory to the Authority, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the Authority according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka have caused this Note to be executed with the manual signatures of its President and Executive Director, all as of the Date of Original Issue specified above.

ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA

Executive Director

President

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the City Finance Director, in the name of the person last listed below.

Date of
Registration

Registered Owner _____
Glen Lake Redevelopment LLC
Federal Tax I.D. No. _____

Signature of
City Finance Director

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The Note shall be issued as a single typewritten note numbered R-1.

The Note shall be issuable only in fully registered form. Principal of and interest on the Note shall be payable by check or draft issued by the Registrar described herein.

3.02. Dates; Interest Payment Dates. Principal of and interest on the Note shall be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date, whether or not such day is a business day.

3.03. Registration. The Authority hereby appoints the City Finance Director to perform the functions of registrar, transfer agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the Authority and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its office a bond register in which the Registrar shall provide for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

(b) Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the Note shall not be transferred to any person unless the Authority has been provided with an opinion of counsel or a certificate of the transferor, in a form satisfactory to the Authority, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

(c) Cancellation. The Note surrendered upon any transfer shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the Authority.

(d) Improper or Unauthorized Transfer. When the Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Note or separate instrument of transfer is legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(e) Persons Deemed Owners. The Authority and the Registrar may treat the person in whose name the Note is at any time registered in the bond register as the absolute owner of the Note, whether the Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Note and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and

effectual to satisfy and discharge the liability of the Authority upon such Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of the Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to such transfer or exchange.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case any Note shall become mutilated or be lost, stolen, or destroyed, the Registrar shall deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of such mutilated Note or in lieu of and in substitution for such Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the Authority and the Registrar shall be named as obligees. The Note so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the Authority. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Note prior to payment.

3.04. Preparation and Delivery. The Note shall be prepared under the direction of the Executive Director and shall be executed on behalf of the Authority by the signatures of its President and Executive Director. In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. When the Note has been so executed, it shall be delivered by the Executive Director to the Owner thereof in accordance with the Agreement.

Section 4. Security Provisions.

4.01. Pledge. The Authority hereby pledges to the payment of the principal of and interest on the Note Available Tax Increment under the terms and as defined in the Note. Available Tax Increment shall be applied to payment of the principal of and interest on the Note in accordance with the terms of the form of Note set forth in Section 2 of this resolution.

4.02. Bond Fund. Until the date the Note is no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the Authority shall maintain a separate and special "Bond Fund" to be used for no purpose other than the payment of the principal of and interest on the Note. The Authority irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment in the amount necessary to pay principal and interest when due on the Note. Any Available Tax Increment remaining in the Bond Fund shall be transferred to the Authority's account for the TIF District upon termination of the Note in accordance with its terms.

4.03. Additional Bonds. If the Authority issues any bonds or notes secured by Available Tax Increment, such additional bonds or notes are subordinate to the Note in all respects.

Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The officers of the Authority are hereby authorized and directed to prepare and furnish to the Owner of the Note certified copies of all proceedings and records of the Authority, and such other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall be deemed representations of the Authority as to the facts recited therein.

Section 6. Effective Date. This resolution shall be effective upon approval.

Adopted this ____ day of _____, 20__.

President

Executive Director

**TAXABLE TAX INCREMENT REVENUE NOTE, SERIES ____
PAYMENT SCHEDULE**

Payment Date	Principal	Interest	Total Payment
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SCHEDULE E

CERTIFICATE OF COMPLETION

The undersigned hereby certifies that Glen Lake Redevelopment LLC (the “Redeveloper”) has fully complied with its obligations under Articles III and IV of that document titled “Contract for Private Development” dated January __, 2006 by and between the Economic Development Authority of and for the City of Minnetonka, the City of Minnetonka, and the Redeveloper, with respect to construction of the [Phase I and Phase II or Phase III] Minimum Improvements in accordance with the Construction Plans, and that the Redeveloper is released and forever discharged from its obligations to construct the [Phase I and Phase II or Phase III] Minimum Improvements under Articles III and IV.

Dated: _____, 20__.

ECONOMIC DEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
MINNETONKA

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

On this ___ day of _____, 20__, before me, a Notary Public within and for said County, personally appeared _____, to me personally known, who, being by me duly sworn, did say that (s)he is the President of the Authority named in the foregoing instrument; that the seal affixed to said instrument is the seal of said Authority; that said instrument was signed and sealed in behalf of said Authority by authority of its governing body; and said _____ acknowledged said instrument to be the free act and deed of said Authority.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

On this ___ day of _____, 20__, before me, a Notary Public within and for said County, personally appeared _____, to me personally known, who, being by me duly sworn, did say that (s)he is the Executive Director of the Authority named in the foregoing instrument; that the seal affixed to said instrument is the seal of said Authority; that said instrument was signed and sealed in behalf of said Authority by authority of its governing body; and said _____ acknowledged said instrument to be the free act and deed of said Authority.

Notary Public

SCHEDULE F

PUBLIC IMPROVEMENTS BUDGET

<u>City Public Improvements</u>		<u>Redeveloper Public Improvements</u>	
Traffic signal at Excelsior Boulevard and Woodhill Road	\$500,000	Public Trail (Redeveloper obtained credit against City Park Dedication Fees for cost to build Public Trail)	\$0
Streetlights	\$253,125	Streetlights	\$118,125
Sidewalks	\$34,375	Sidewalks	\$44,295
<ul style="list-style-type: none"> • South side of Excelsior Blvd. from Stewart Lane to Kinsel Road • East side of Woodhill Road within project area • North side of Excelsior Boulevard from Woodhill Road to east end of project area • South side of Stewart Lane in front of Glen Lake Shores condominium building 		<ul style="list-style-type: none"> • North and south sides of Excelsior Boulevard within TIF district • West side Woodhill Road within TIF district • South side of Tree Street along north property line of shopping center property 	
Transit Shelter	\$10,000	Landscaping	\$95,000
		<ul style="list-style-type: none"> • Right-of-way areas on Excelsior Blvd., Stewart Lane, Woodhill Road and Tree Street 	

SCHEDULE G

PUBLIC REDEVELOPMENT COSTS

Relocation Costs which are approved by the relocation consultant (including relocation consultant)

Demolition

Environmental Costs (not funded by grants)

Grading and site preparation

Onsite roads and utilities

Authority Costs paid under Section 3.9

Land Acquisition

Interest costs on above items to the extent such cost represents interest on any valid evidence of indebtedness under federal income tax principles.

SCHEDULE H
DEVELOPMENT BUDGET

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**City of Minnetonka
Glen Lake Redevelopment
Land Development Budget - 12/15/05**

	Developer Reimbursement	City Reimbursement	Totals
Land Acquisition Costs			
Total	\$7,230,000	\$500,000	\$7,730,000
Less Sale Revenue			
Phase I	(\$1,350,000)		(\$1,350,000)
Phase II	(\$2,037,500)		(\$2,037,500)
Phase III	(\$2,900,000)		(\$2,900,000)
Net Land Acquisition Costs	\$942,500	\$500,000	\$1,442,500
Demolition			
Phase I	\$120,000		\$120,000
Phase III	\$140,000		\$140,000
Total	\$260,000	\$0	\$260,000
Developer Overhead/Profit			
Overhead	\$250,000		\$250,000
Profit	\$500,000		\$500,000
Total	\$750,000	\$0	\$750,000
Relocation Expenses			
Phase I	\$170,000		\$170,000
Phase III	\$1,000,000		\$1,000,000
Total	\$1,170,000	\$0	\$1,170,000
Utility Line Relocation (Xcel)	\$200,000	\$0	\$200,000
Public Improvements			
Signal Light (Woodhill & Excelsior)	\$0	\$500,000	\$500,000
Project Pedestrian/Streetscaping	\$250,000	\$0	\$250,000
City Pedestrian/Streetscaping	\$0	\$250,000	\$250,000
Hennepin County Grant	(\$250,000)	(\$250,000)	(\$500,000)
Total	\$0	\$500,000	\$500,000
Finance, Legal & Admin.	\$240,000	\$0	\$240,000
Contingency	\$400,000	\$0	\$400,000
TOTALS	\$3,962,500	\$1,000,000	\$4,962,500
Anticipated Tax-Exempt Revenue Bonds	\$3,750,000	\$0	\$3,750,000
Subordinate Debt			
Paid out of coverage from Phases I&II		\$500,000	\$500,000
Paid out of coverage from all Phases	\$212,500		\$212,500
Paid after all other subordinate debt		\$500,000	\$500,000
	\$212,500	\$1,000,000	\$1,212,500
Total Bonds and Subordinate Debt			\$4,962,500
Projected TIF without Inflation			\$4,500,000
Difference			(\$462,500)

SCHEDULE I
FORM OF REDEVELOPER PRO FORMA

[Remainder of page intentionally left blank]

Schedule I



EHLERS
& ASSOCIATES INC

Phase I - Site B For Sale Housing Developer Pro Forma

Phase I - Glen Lake Mixed Use Project - For Sale Housing - 32 Units				
Cost Summary	Amount	Percent	Per Unit	
Land Acquisition	\$ 850,000	10.69%	\$	26,562.50
Site Development Costs	\$ 20,000	0.25%	\$	625.00
Total Acquisition	\$ 870,000	10.94%	\$	27,187.50
Base Building Construction	\$ 4,527,660	56.92%	\$	141,489.38
Common Area Construction	\$ 50,000	0.63%	\$	1,562.50
Contingency	\$ 129,000	1.62%	\$	4,031.25
Site Work & Other General Conditions	\$ 210,000	2.64%	\$	6,562.50
Permits	\$ 25,000	0.31%	\$	781.25
Testing & Special Inspections	\$ 12,500	0.16%	\$	390.63
SAC/WAC	\$ 78,200	0.98%	\$	2,443.75
Construction Mgmt	\$ 86,000	1.08%	\$	2,687.50
Admin/Overhead	\$ 118,500	1.49%	\$	3,703.13
Project Supervision	\$ -	0.00%	\$	-
Builders Risk	\$ 20,000	0.25%	\$	625.00
Construction Fee	\$ 310,000	3.90%	\$	9,687.50
Total Construction costs	\$ 5,566,860	69.98%	\$	173,964.38
Architectural & Engineering	\$ 196,200	2.47%	\$	6,131.25
Engineering	\$ -	0.00%	\$	-
Soil Studies	\$ 5,000	0.06%	\$	156.25
Surveys	\$ 5,000	0.06%	\$	156.25
Total Architectural/Engineering	\$ 206,200	2.59%	\$	6,443.75
Sales Commission	\$ 471,240	5.92%	\$	14,726.25
Advertising/Promotional Events	\$ 196,360	2.47%	\$	6,136.25
Customer Satisfaction	\$ 20,500	0.26%	\$	640.63
Sales Model	\$ 24,250	0.30%	\$	757.81
Total marketing/Settlements	\$ 712,350	8.95%	\$	22,260.94
Legal Operations	\$ 85,000	1.07%	\$	2,656.25
Final Deeds & Closing Costs	\$ 73,000	0.92%	\$	2,281.25
Real Estate Taxes	\$ 10,000	0.13%	\$	312.50
Soft Cost Contingency	\$ 50,000	0.63%	\$	1,562.50
Construction Interest and Fees	\$ 350,000	4.40%	\$	10,937.50
Total Carrying Costs	\$ 568,000	7.14%	\$	17,750.00
Market Study	\$ 5,000	0.06%	\$	156.25
Traffic Study	\$ -	0.00%	\$	-
Total Special Consultants	\$ 5,000	0.06%	\$	156.25
Title Insurance	\$ 8,000	0.10%	\$	250.00
Mortgage Registration	\$ 14,400	0.18%	\$	450.00
Loan Disbursement Fees	\$ 4,000	0.05%	\$	125.00
Total Title and Recording	\$ 26,400	0.33%	\$	825.00
Total Project Cost	\$ 7,954,810	100.00%	\$	248,587.81
Building Description	S.F.	Cost	Units	
Gross Building Area	57,675			
Net Building Area	32,050			
Residential			32	
Average Unit	1,002			
Cost per Square Foot	\$ 248			
Income Statement	Total	Per Sq/Ft	Per Unit	
Total Sales	\$ 8,568,000	\$ 267	\$	267.750
Total Proceeds	\$ 8,568,000	\$ 267	\$	267.750

Schedule I



EHLERS
& ASSOCIATES INC

Phase II - Site C For Sale Housing Developer Pro Forma

Phase II - Glen Lake Condominiums - 50 Units			
Cost Summary	Amount	Percent	Per Unit
Land Acquisition	\$ 2,037,000	9.05%	\$ 40,740.00
Site Development Costs	\$ 30,000	0.13%	\$ 600.00
Total Acquisition	\$ 2,067,000	9.18%	\$ 41,340.00
Base Building Construction	\$ 13,741,450	61.02%	\$ 274,829.00
Common Area Construction	\$ 200,000	0.89%	\$ 4,000.00
Contingency	\$ 380,000	1.69%	\$ 7,600.00
Site Work & Other General Conditions	\$ 300,000	1.33%	\$ 6,000.00
Permits	\$ 75,000	0.33%	\$ 1,500.00
Testing & Special Inspections	\$ 37,500	0.17%	\$ 750.00
SAC/WAC	\$ 122,250	0.54%	\$ 2,445.00
Construction Mgmt	\$ 240,000	1.07%	\$ 4,800.00
Admin/Overhead	\$ 240,000	1.07%	\$ 4,800.00
Project Supervision	\$ -	0.00%	\$ -
Builders Risk	\$ 40,000	0.18%	\$ 800.00
Construction Fee	\$ 920,000	4.09%	\$ 18,400.00
Total Construction costs	\$ 16,296,200	72.37%	\$ 325,924.00
Architectural & Engineering	\$ 577,500	2.56%	\$ 11,550.00
Engineering	\$ -	0.00%	\$ -
Soil Studies	\$ 12,500	0.06%	\$ 250.00
Surveys	\$ 7,500	0.03%	\$ 150.00
Total Architectural/Engineering	\$ 597,500	2.65%	\$ 11,950.00
Sales Commission	\$ 1,334,300	5.93%	\$ 26,686.00
Advertising/Promotional Events	\$ 580,800	2.58%	\$ 11,616.00
Customer Satisfaction	\$ 55,000	0.24%	\$ 1,100.00
Sales Model	\$ 117,750	0.52%	\$ 2,355.00
Total marketing/Settlements	\$ 2,087,850	9.27%	\$ 41,757.00
Legal Operations	\$ 190,000	0.84%	\$ 3,800.00
Final Deeds & Closing Costs	\$ 100,000	0.44%	\$ 2,000.00
Real Estate Taxes	\$ 10,000	0.13%	\$ 200.00
Soft Cost Contingency	\$ 60,000	0.27%	\$ 1,200.00
Construction Interest and Fees	\$ 1,022,500	4.54%	\$ 20,450.00
Total Carrying Costs	\$ 1,382,500	6.14%	\$ 27,650.00
Market Study	\$ 15,000	0.07%	\$ 300.00
Traffic Study	\$ -	0.00%	\$ -
Total Special Consultants	\$ 15,000	0.07%	\$ 300.00
Title Insurance	\$ 18,000	0.08%	\$ 360.00
Mortgage Registration	\$ 42,000	0.19%	\$ 840.00
Loan Disbursement Fees	\$ 12,000	0.05%	\$ 240.00
Total Title and Recording	\$ 72,000	0.32%	\$ 1,440.00
Total Project Cost	\$ 22,518,050	100.00%	\$ 450,361
Building Description	S.F.	Units	
Gross Building Area	110,757		
Net Building Area	85,000		
Residential		50	
Average Unit	1,700		
Cost per Square Foot	\$ 265	0	
Income Statement	Total	Per Unit	
Total Sales	\$ 25,290,000	\$ 298	\$ 505,800
Total Proceeds	\$ 25,290,000	\$ 298	\$ 505,800

Schedule I



EHLERS
& ASSOCIATES INC

Phase I Retail Pro forma - Assuming Sale

Phase I Retail				
Cost Summary	Amount	Percent	Per S.F	
Land Acquisition	\$ 500,000	12.81%	\$	22.40
Site Improvement costs	\$ 110,000	2.82%	\$	4.93
Total Acquisition	\$ 610,000	15.62%	\$	27.33
Base Building Construction	\$ 2,678,400	68.60%	\$	120.00
Tenant Improvements	\$ 146,000	3.74%	\$	6.54
Contingency	\$ 80,000	2.05%	\$	3.58
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
Total Construction costs	\$ 2,904,400	74.39%	\$	130.13
Architectural & Engineering	\$ 130,000	3.33%	\$	5.82
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
Total Architectural/Engineering	\$ 130,000	3.33%	\$	5.82
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
Total marketing/Settlements	\$ -	0.00%	\$	-
Legal and Consulting	\$ 80,000	2.05%	\$	3.58
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
	\$ -	0.00%	\$	-
Soft and Financing Costs	\$ 180,000	4.61%	\$	8.06
Total Carrying Costs	\$ 260,000	6.66%	\$	11.65
0	\$ -	0.00%	\$	-
0	\$ -	0.00%	\$	-
Total Special Consultants	\$ -	0.00%	\$	-
0	\$ -	0.00%	\$	-
0	\$ -	0.00%	\$	-
0	\$ -	0.00%	\$	-
Total Title and Recording	\$ -	0.00%	\$	-
Total Project Cost	\$ 3,904,400	100.00%	\$	174.93
Building Description	S.F.	Cost		
Gross Building Area	22,320			
Net Building Area	18,250			
Cost per Square Foot	\$ 175		Avg. Rent.	
Rental Income 95% Occupancy	290,400			17
Capitalization Rate	7.0%			
Income Statement	Total	Per Sq/Ft		
Total Sales	\$ 4,148,571	\$ 186		
Total Proceeds	\$ 4,148,571	\$ 186		

Schedule I



EHLERS
& ASSOCIATES INC

Phase III - Site A For Sale Housing Developer Pro Forma

Phase III - Glenhaven Condominiums - 100 Units				
Cost Summary	Amount	Percent	Per Unit	
Land Acquisition	\$ 2,900,000	7.87%	\$	90,625.00
Site Development Costs	\$ 50,000	0.14%	\$	1,562.50
Total Acquisition	\$ 2,950,000	8.01%	\$	92,187.50
Base Building Construction	\$ 23,325,900	63.32%	\$	728,934.38
Common Area Construction	\$ 200,000	0.54%	\$	6,250.00
Contingency	\$ 658,000	1.79%	\$	20,562.50
Site Work & Other General Conditions	\$ 980,000	2.66%	\$	30,625.00
Permits	\$ 130,000	0.35%	\$	4,062.50
Testing & Special Inspections	\$ 40,000	0.11%	\$	1,250.00
SAC/WAC	\$ 244,500	0.66%	\$	7,640.63
Construction Mgmt	\$ 391,000	1.06%	\$	12,218.75
Admin/Overhead	\$ 390,000	1.06%	\$	12,187.50
Project Supervision	\$ -	0.00%	\$	-
Builders Risk	\$ 40,000	0.11%	\$	1,250.00
Construction Fee	\$ 1,580,000	4.29%	\$	49,375.00
Total Construction costs	\$ 27,979,400	75.96%	\$	874,356.25
Architectural & Engineering	\$ 999,400	2.71%	\$	31,231.25
Engineering	\$ -	0.00%	\$	-
Soil Studies	\$ 15,000	0.04%	\$	468.75
Surveys	\$ 7,500	0.02%	\$	234.38
Total Architectural/Engineering	\$ 1,021,900	2.77%	\$	31,934.38
Sales Commission	\$ 1,988,250	5.40%	\$	62,132.81
Advertising/Promotional Events	\$ 915,500	2.49%	\$	28,609.38
Customer Satisfaction	\$ 95,000	0.26%	\$	2,968.75
Sales Model	\$ 123,000	0.33%	\$	3,843.75
Total marketing/Settlements	\$ 3,121,750	8.47%	\$	97,554.69
Legal Operations	\$ 260,000	0.71%	\$	8,125.00
Final Deeds & Closing Costs	\$ 175,000	0.48%	\$	5,468.75
Real Estate Taxes	\$ 10,000	0.03%	\$	312.50
Soft Cost Contingency	\$ 60,000	0.16%	\$	1,875.00
Construction Interest and Fees	\$ 1,130,000	3.07%	\$	35,312.50
Total Carrying Costs	\$ 1,635,000	4.44%	\$	51,093.75
Market Study	\$ 15,000	0.04%	\$	468.75
Traffic Study	\$ -	0.00%	\$	-
Total Special Consultants	\$ 15,000	0.04%	\$	468.75
Title Insurance	\$ 24,000	0.07%	\$	750.00
Mortgage Registration	\$ 70,320	0.19%	\$	2,197.50
Loan Disbursement Fees	\$ 18,000	0.05%	\$	562.50
Total Title and Recording	\$ 112,320	0.30%	\$	3,510.00
Total Project Cost	\$ 36,835,370	100.00%	\$	1,151,105.31
Building Description	S.F.	Cost	Units	
Gross Building Area	253,100			
Net Building Area	140,000			
Residential			100	
Average Unit	1,400			
Cost per Square Foot	\$ 263			
Income Statement	Total	Per Sq/Ft	Per Unit	
Total Sales	\$ 40,775,000	\$ 291	\$	407,750
Total Proceeds	\$ 40,775,000	\$ 291	\$	407,750

MN140-141(JAE)
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RESOLUTION NO. 2006-004

ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA

RESOLUTION APPROVING AN AMENDED CONTRACT FOR PRIVATE REDEVELOPMENT BETWEEN THE CITY OF MINNETONKA, THE ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, AND GLEN LAKE REDEVELOPMENT LLC

WHEREAS, the Economic Development Authority in and for the City of Minnetonka (the “Authority”) has approved the creation of the Glenhaven Tax Increment Financing District (the “TIF District”) within the housing development and redevelopment project known as the Glen Lake Housing Development and Redevelopment Project (the “Project”), and has adopted a tax increment financing plan for the purpose of financing certain improvements within the Project; and

WHEREAS, on January 17, 2006, the Authority approved a Contract for Private Redevelopment (the “Contract”) between the Authority, the City of Minnetonka (the “City”), and Glen Lake Redevelopment LLC (“Redeveloper”), which sets forth the terms and conditions of the housing and commercial redevelopment project to be constructed by the Redeveloper; and

WHEREAS, the purpose of the Contract is to facilitate redevelopment of the property within the TIF District and provide affordable housing in the area, which will promote economic development, increase the City’s tax base, and encourage redevelopment of land with obsolete land use and substandard buildings within the City; and

WHEREAS, the City Council of the City of Minnetonka (the “City Council”) approved the Contract at its meeting on January 23, 2006, upon condition that certain provisions in the Contract be amended; and

WHEREAS, the Contract has been amended to include the provisions requested by the City Council; and

WHEREAS, the Authority has reviewed the amended Contract and finds that the execution thereof by the Authority and performance of the Authority's obligations thereunder are in the best interest of the City and its residents.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka as follows:

1. The amended Contract is approved. The President and Executive Director are authorized and directed to execute the amended Contract and any other documents or certificates necessary to carry out the transactions described in the amended Contract, including but not limited to the Affordable Housing Agreement, the Certificate of Completion and other documents or agreements described in the amended Contract.

2. The amended Contract is approved in substantially the form on file in City Hall, subject to modifications that do not alter the substance of the transaction and are approved by the President and Executive Director; provided that execution of the document will be conclusive evidence of their approval.

Approved by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka this 30th day of January, 2006.

President

ATTEST:

Secretary

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