Housing & Redevelopment Authority
Regular Meeting

February 02, 2023
7:00 PM
Fridley City Hall, 7071 University Avenue N.E.

Agenda

Call to Order

Roll Call

Action Items

1. Approval of HRA Expenditures from January 2023
2. Approval of the Minutes from the HRA Meeting of January 5, 2023
3. Approval of HRA Resolution No. 2023-03, Increasing Interest Rate on Non-Deferred Home Improvement Loans
4. Approval of HRA Resolution No. 2023-04, Approving Purchase of 1340 Mississippi Street N.E.
5. Approval of TIF Assistance – Roers Companies' Redevelopment of Moon Plaza
6. Approval of HRA Resolution No. 2023-06, Authorizing Execution and Delivery of a Contract for Private Redevelopment

Informational Items

7. Update on Housing Programs

Adjournment

Upon request, accommodation will be provided to allow individuals with disabilities to participate in any City of Fridley services, programs, or activities. Hearing impaired persons who need an interpreter or other persons who require auxiliary aids should contact the City at (763) 572-3450.

AGENDA REPORT

Meeting Date: February 2, 2023 **Meeting Type:** Housing & Redevelopment Authority

Submitted By: Paul Bolin, Assistant Executive Director

Title

Approval of Expenditures

Background

Attached are the check reports for the month of January 2023.

Recommendation

Staff recommend the HRA approve the expenditures for the period January 1 through 31, 2023.

Attachments and Other Resources

- Check Reports

City of Fridley, MN

Check Report

By Check Number

Date Range: 12/30/2022 - 01/25/2023

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK-HRA-APBNK-HRA						
hra-311	CENTER FOR ENERGY & ENVIRONMENT (CEE)	01/04/2023	Regular	0.00	144,620.28	30911
HRA-518	JOHNSON, LAURA	01/04/2023	Regular	0.00	500.00	30912
HRA-2646	KIMLEY-HORN & ASSOCIATES INC	01/04/2023	Regular	0.00	7,578.26	30913
HRA-517	MORGAN, JEFF	01/04/2023	Regular	0.00	500.00	30914
HRA-520	BECK, BRYAN	01/13/2023	Regular	0.00	500.00	30915
hra-217	BOB'S PRODUCE RANCH	01/13/2023	Regular	0.00	101.40	30916
HRA-521	KUETHER, DAVID	01/13/2023	Regular	0.00	500.00	30917
HRA-522	MARSHALL, BRENT	01/13/2023	Regular	0.00	5,000.00	30918
HRA-2653	NORTH STATE ADVISERS & ASSOCIATES	01/13/2023	Regular	0.00	2,000.00	30919
HRA-519	TUDER, JENNIFER	01/13/2023	Regular	0.00	500.00	30920
hra-917	ALLEN, JOHN N.	01/23/2023	Regular	0.00	63,568.57	30921
hra-311	CENTER FOR ENERGY & ENVIRONMENT (CEE)	01/23/2023	Regular	0.00	435.00	30922
hra-1333	MEDTRONIC	01/23/2023	Regular	0.00	263,640.44	30923
HRA-438	NORTHLAND SECURITIES INC	01/23/2023	Regular	0.00	16,077.50	30924
hra-1404	XCEL ENERGY	01/23/2023	Regular	0.00	7.05	30925

Bank Code APBNK-HRA Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	17	15	0.00	505,528.50
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	17	**15**	**0.00**	**505,528.50**

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	17	15	0.00	505,528.50
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	17	**15**	**0.00**	**505,528.50**

Fund Summary

Fund	Name	Period	Amount
099	Pooled Cash - HRA	1/2023	505,528.50
			505,528.50

AGENDA REPORT

Meeting Date: February 2, 2023 **Meeting Type:** Housing & Redevelopment Authority

Submitted By: Paul Bolin, Assistant Executive Director

Title

Approval of the Minutes from the HRA Meeting of January 5, 2023

Background

Recommendation

Staff recommends the HRA approve the minutes from the meeting of January 5, 2023.

Attachments and Other Resources

- HRA Minutes – January 5, 2023

Vision Statement
We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

Housing and Redevelopment Authority

January 5, 2023
7:00 PM
Fridley City Hall, 7071 University Avenue NE

Minutes

Call to Order
Chairperson Showalter called the Housing and Redevelopment Authority meeting to order at 7:00 p.m.

Present
Elizabeth Showalter
Gordon Backlund
Troy Brueggemeier
Rachel Schwankl
Kyle Mulrooney
Paul Bolin, HRA Assistant Executive Director
Stacy Stromberg, Planning Manager
Vickie Johnson, Development Consultant

Action Items

1. Approval of Expenditures from November and December 2022.

Motion by Commissioner Mulrooney to approve the expenditures. Seconded by Commissioner Backlund.

Upon a voice vote, all voting aye, Chair Showalter declared the motion carried unanimously.

2. Approval of the Minutes of from the November 3, 2022, HRA Meeting.

Motion by Commissioner Schwankl to approve the meeting minutes of November 3, 2022, as presented. Seconded by Commissioner Brueggemeier.

Upon a voice vote, all voting aye, Chair Showalter declared the motion carried unanimously.

3. Resolution No. 2023-01 Designating Official Depositories for the Year 2023.

Paul Bolin, HRA Assistant Executive Director, commented that the HRA is required to designate an official depository each year. He commented that Wells Fargo has the been the official bank of the City and HRA for many years and it is recommended to continue as such.

Motion by Commissioner Backlund to approve HRA Resolution No. 2023-01 Designating Wells Fargo as the Official Depository for the Year 2023. Seconded by Commissioner Mulrooney.

Upon a voice vote, all voting aye, Chair Showalter declared the motion carried unanimously.

4. Designation of an Official Newspaper for 2023

Mr. Bolin stated that annually the City and HRA designate an official newspaper, used to make notice of public hearings and other legal publications. The *Minneapolis Star Tribune* has been the official newspaper for the past five years and it is recommended to continue as such.

Motion by Commissioner Backlund to approve HRA Resolution No. 2023-02 designating the Minneapolis Star Tribune as the official legal newspaper of the Fridley Housing and Redevelopment Authority for the year 2023. Seconded by Commissioner Mulrooney.

Upon a voice vote, all voting aye, Chair Showalter declared the motion carried unanimously.

5. Recommend Approval of S-2 Zoning, Master Plan – Moon Plaza Redevelopment.

Stacy Stromberg, Planning Manager, presented a rezoning request from Roers Companies. She stated that the applicant is requesting three land use items to allow for the redevelopment of the Moon Plaza; a Comprehensive Plan Amendment, Rezoning, and Plat. She stated that when a property is requested to be rezoned to S-2, Redevelopment District, the HRA must review the request. She provided background information on the Moon Plaza and the requested rezoning noting that the multi-family housing project will revitalize the property. She reviewed details of the proposed residential project that will provide 169 units of affordable housing with one-, two- and three-bedroom units. She also provided details on a housing study and traffic study completed by the applicant. She stated that the Planning Commission held a public hearing the previous night and unanimously recommended approval with the stipulations noted in the packet. This item will move forward to the City Council on January 9, 2023.

The HRA has if there would be an impact to sewage flow from the change in use. There was also a question as to what would happen to the current commercial tenants. Ms. Stromberg commented that Engineering was comfortable with the proposal and proposed utilities. She replied that the property owner would manage the tenants.

Andy Bollig, Roers Companies, commented that they are working with the landlord to follow the stipulations of the leases. He noted that the landlord has alerted the tenants of his plans to sell over the past few years and they are either working to relocate tenants or terminate leases in accordance with the proper terms. Mr. Bolin commented that staff is also working to ensure that relocation assistance can be provided if desired.

The HRA asked and received confirmation that the entire project would be affordable housing. It was also noted that if the applicant is going to request TIF in the future, they should consider a portion of the units at a lower affordability. The HRA hoped that the businesses would attempt to stay in Fridley and asked for details on the fire lane requested. Mr. Bollig provided details on the process that would be followed to verify income and noted that five percent of the units would be at 30 percent AMI. Ms. Stromberg provided details on the requested fire lane and the attempt of staff to make that more aesthetically pleasing and add more greenspace. She also provided details on the low occupancy rate at similar apartment buildings that were recently constructed.

Motion by Commissioner Brueggemeier, to recommend approval of the Rezoning for the Moon Plaza at 6257 University Avenue from C-3, General Shopping to S-2, Redevelopment District. Seconded by Commissioner Schwankl.

Upon a voice vote, all voting aye, Chair Showalter declared the motion carried unanimously.

Informational Items

6. Housing Program Update.

Mr. Bolin provided a summary of the HRA loans and other program activity during 2022.

Adjournment

Motion by Commissioner Brueggemeier to adjourn the meeting. Seconded by Commissioner Schwankl.

Upon a voice vote, all voting aye, Chairperson Showalter declared the motion carried unanimously and the meeting adjourned at 7:28 p.m.

Respectfully submitted,

Melissa Moore
City Clerk

AGENDA REPORT

Meeting Date: February 2, 2023 **Meeting Type:** Housing & Redevelopment Authority

Submitted By: Paul Bolin, Assistant Executive Director

Title

Increase Interest Rate for Home Improvement Loan Programs

Background

In 2018, the HRA lowered the interest rates, on its non-deferred Home Improvement Loans down to 2% to be more competitive and encourage reinvestment in the City's housing stock. In recent months, the interest rates for all consumer loans have risen dramatically. In fact, the Minnesota Housing Finance Agency is now charging a range of 5.75% up to 6.875% depending on the term of the loan. Neighboring communities are all raising their interest rates as well.

Several years ago, the Authority used a formula (tied to the prime interest rate) that set interest rates for the loan programs. The daily changes made it difficult to market the loan program and it was determined to set a reasonable interest rate for the current market conditions and adjust it when the market makes large swings. An interest rate of 4% would still provide incentive for residents to reinvest in their homes, while providing a little extra return that the Authority can reloan.

Recommendation

Staff recommend the approval of HRA Resolution No. 2023-03, increasing the interest rate on non-deferred Home Improvement Loans from 2% to 4% effective March 1, 2023.

Attachments and Other Resources

- HRA Resolution No. 2023-03

Resolution No. 2023 - 03

Increasing Interest Rate on Non-Deferred Home Improvement Loans

Whereas, the Fridley Housing and Redevelopment Authority (Authority), has provided Home Improvement Loans with interest since 1994, and;

Whereas, the Authority has monitored and adjusted the interest rate charged to reflect current market conditions, and;

Whereas, the current rate is well below the rates being charged by both the Minnesota Housing Finance Agency and commercial lenders.

Now, therefore be it resolved, that, effective March 1, 2023, the interest rate charged on the Authority's non-deferred Home Improvement Loans shall be 4%.

Passed and adopted by the Housing and Redevelopment Authority in and for the City of Fridley this 2nd day of February, 2023.

____
Elizabeth Showalter – Chairperson

Attest:

____
Walter T. Wysopal – Executive Director

AGENDA REPORT

Meeting Date: February 2, 2023 **Meeting Type:** Housing & Redevelopment Authority

Submitted By: Paul Bolin, Assistant Finance Director

Title

Approval of Purchase – 1340 Mississippi Street

Background

Since May 2021, the Authority has purchased three properties at the SE intersection of Mississippi Street and Old Central Avenue NE. After nearly two years of following the property at 1340 Mississippi through a forfeiture, probate and finally being offered for sale by Fannie Mae, the Authority has a signed purchase agreement on the property for $175,000.

This acquisition now closes the gap on Mississippi Street and provides an area of approximately 3 acres for future development.

Recommendation

Staff recommend the approval of HRA Resolution No. 2023-04, approving the purchase agreement and authorizing the Assistant Executive Director to sign documents needed to close on the property located at 1340 Mississippi Street.

Attachments and Other Resources

- HRA Resolution No. 2023-04

Resolution No. 2023 - 04

Approving Purchase of 1340 Mississippi Street NE

Whereas, the City of Fridley and it's Housing and Redevelopment Authority (Authority), has identified the area near the intersection of Mississippi Street and Old Central Avenue as a priority redevelopment area, and;

Whereas, the Authority had initiated conversations to purchase properties in the area in 2019, resulting in purchasing three adjoining parcels, and;

Whereas, the Fannie Mae Corporation has agreed to sell the home at 1340 Mississippi to the Authority for $175,000.

Now, therefore be it resolved, that, the Authority approves the purchase and authorizes the Assistant Executive Director to sign documents necessary to close on 1340 Mississippi Street NE.

Passed and adopted by the Housing and Redevelopment Authority in and for the City of Fridley this 2nd day of February, 2023.

____
Elizabeth Showalter – Chairperson

Attest:

____
Walter T. Wysopal – Executive Director

City of Fridley

AGENDA REPORT

Meeting Date: February 2, 2023 **Meeting Type:** Housing & Redevelopment Authority

Submitted By: Paul Bolin, Assistant Executive Director

Title

Approval of TIF Assistance – Roers Companies' Redevelopment of Moon Plaza

Background

Please see attached Staff report, memorandum from Financial Advisor Tammy Omdal and TIF Plan.

Recommendation

Staff recommend the approval of HRA Resolution No. 2023-05, approving TIF assistance.

This item will receive a public hearing and consideration for approval at the February 13, 2023, City Council meeting.

Attachments and Other Resources

- Staff Report
- Memorandum from Northland Public Finance (Tammy Omdal)
- TIF Plan for Proposed District #26
- HRA Resolution No. 2023-05

Resolution No. 2023 - 05

Authorizing Modification of The Redevelopment Plan for Redevelopment Project No. 1 and the Tax Increment Financing Plans for Tax Increment Financing Districts Nos. 6,11-13 and 17-25 to Reflect Increased Project Costs and Increased Bonding Authority within Redevelopment Project No. 1, Creating Tax Increment Financing District No. 26, and Adopting a Tax Increment Financing Plan Relating Thereto

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

Whereas, It has been further proposed that the Authority approve and adopt the proposed modifications to the Tax Increment Financing Plans (the "Existing Plans") for Tax Increment Financing Districts Nos. 6, 11-13 and 17-25 (the "Existing Districts") reflecting increased project costs and increased bonding authority within the Project Area, pursuant to Minnesota Statutes, Section 469.174 through 469.1799, inclusive, as amended and supplemented from time to time; and,

Whereas, It has been further proposed that the Authority approve the creation of proposed Tax Increment Financing District No. 26 (the “Proposed District”) within the Project Area and approve and adopt the proposed Tax Increment Financing Plan (the “Proposed Plan”) relating thereto, pursuant to and in accordance with Minnesota Statutes, Sections 469.174 to 469.1799, inclusive, as amended and supplemented from time to time; and,

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

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

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

Now, therefore be it resolved that, the Authority hereby finds, determines and declares as follows:

1. That the assistance to be provided through the adoption and implementation of the modified Redevelopment Plan, modified Existing Plans and Proposed Plan (collectively, the “Plans”) is necessary to assure the development and redevelopment of the Project Area.

2. That the Plans conform to the general plan for the development and redevelopment of the City as a whole in that they are consistent with the City's comprehensive plan.

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

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

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

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

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

Passed and adopted by the Housing and Redevelopment Authority in and for the City of Fridley this 2nd day of February, 2023.

____
Elizabeth Showalter – Chairperson

Attest:

____
Walter T. Wysopal – Executive Director

CERTIFICATION

I, Wally Wysopal, Executive Director of the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota, hereby certify that the foregoing is a true and correct copy of Resolution No. 2023-05 adopted by the Authority on the 2nd day of February, 2023.

____
Walter T. Wysopal - Executive Direc

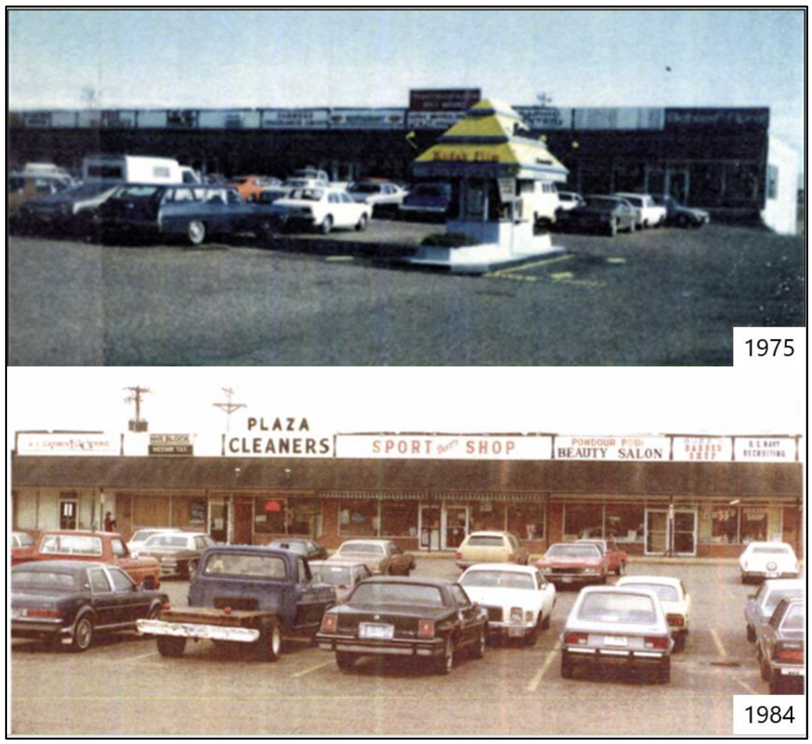
HRA Project Summary

The Request

Roers Companies is requesting Tax Increment Financing (TIF) assistance for the redevelopment of the Moon Plaza property, located at 6257 University Avenue N.E. The redevelopment will allow for the construction of a 169-unit affordable multi-family rental housing development. There are a number of extraordinary costs associated with the redevelopment that would prevent the project from moving forward without the assistance.

Site Description and History

The Moon Plaza Shopping Center was constructed between 1963-1965. Over the years it has been home to wide variety of retail and office users including a dry cleaner, a beauty salon and barber shop, small grocery stores, military recruiting offices, a café, and many others. A photo from 1975 shows there once was a small a small photo mat building in the parking lot.



1975
1984

The property sits on the University Avenue Service Drive, north of 61st Avenue. It is bordered by St. Williams Church to the south, small commercial users to the north, and Norwood Square, an affordable senior independent living community to the east.

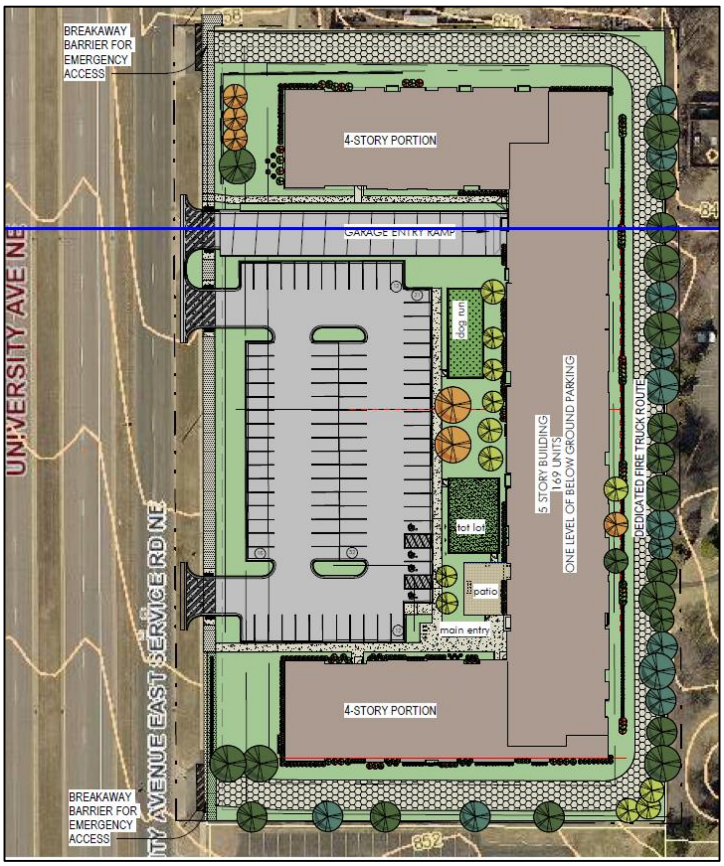
The property has been a source of criticism for many years, even dating back to 1985. At that time, the City Manager asked the Planning Coordinator to evaluate the vitality of the outdated, run-down strip center. The memo notes that the building's lack of architectural character, sufficient tenant floor space, landscaping, attractive lighting, and other contemporary amenities commercial tenants are looking for hindered its ability to attract quality tenants. Over the last two Comprehensive Planning processes, staff has heard from many people in the community, who want to see something done with the outdated Center. Concerns raised were like that of the Holly Center: the poor condition of the structure and its façade, an overabundance of parking, and lack of landscaping. As a result of community concerns and the overall condition of the property, it has been placed in a redevelopment district in the City's Comprehensive Plan for over 20 years.

The property has been under the same ownership since the early 1990s. The owner has generally been responsive and willing to work with the City as issues have come up; however, with no major reinvestment in the building and property over the last 40 years, it has become very tired, and is in desperate need of redevelopment.

Roers Companies started discussions with the property owner in early 2022 to potentially purchase the property. Roers has a letter of intent to purchase the property contingent upon these land use items being approved.

Proposed Project

The petitioner is proposing to redevelop the Moon Plaza property by constructing a new 169-unit affordable multi-family housing development. There will be a mix of 1 bedroom, 2 bedroom and 3-bedroom units, with rents affordable to households earning 60 percent of area median income (AMI). Eight of the units will be set aside for households making 30% or less of the AMI. There will be 265 parking stalls on site, with 167 of those underground. The building will be 5-stories along the east side, and the north and south sides of the building will step down to 4-stories. Common area amenities will include a community room, outdoor patio, resident storage areas, a dog wash station, a game room, a playground, a dog run, and a seating and gazebo area.



As described by the petitioner, “the Moon Plaza Multifamily Redevelopment is a transformation of an existing aged retail strip center into a new affordable housing development. The project will create a high-quality development that enables lower than market rents making housing more accessible. It will target an underserved population of renters without sacrificing finish levels and amenities. The rent levels will be set to serve families and individuals who earn 60% of the area median income (AMI), which is an annual income of $56,320 for a family of 2, and $70,380 for a family of 4. Sixty percent AMI translates to monthly rents for this project being approximately $1,242 for a one-bedroom, $1,489 for a two-bedroom, and $1,717 for a 3-bedroom. Applicants will need to submit income eligibility that is verified by a 3rd party before they can qualify to live in this development.” Eight of the units will be set aside for households making 30% of the area median income.

The chart below shows the 2022 income limits for the Minneapolis-St. Paul Metropolitan Area, at 60% to 100% of AMI, based on household (HH) size, put together by the US Department of Housing and Urban Development (HUD). The text in red, "65%" is Fridley's median income for 2022.

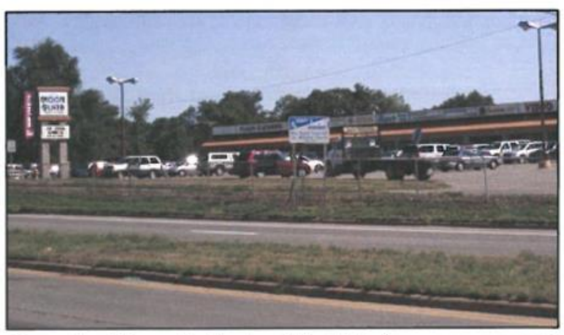
Income Limit	1 Person HH	2 Person HH	3 Person HH	4 Person HH
100%	$82,740	$94,560	$106,390	$118,200
80%	$62,600	$71,550	$80,500	$89,400
65%	$53,536	$61,184	$68,832	$76,480
60%	$49,280	$56,320	$63,360	$70,380
30%	$24,650	$28,200	$31,700	$35,200

Comprehensive Plan Analysis

The 2040 Comprehensive Plan's Future Land Use Map designates the site as "Commercial." Commercial Land Use is defined as, "Lots or parcels containing retail services, offices, restaurants, and uses that are generally privately owned and operated for profit." The petitioner requests the site be designated "Multi-Family Residential," which applies to "Lots or parcels containing multiple dwelling units, such as…apartment complexes, from 9-40 units/acre…" The site is located within an identified Redevelopment Area, and the Comprehensive Plan notes, "Some specific redevelopment areas have higher density…". With 169 proposed housing units across a 3.66-acre site, the proposed density is 46 units per acre.

Moon Plaza 2030 Comp Plan

This strip mall, facing University Avenue suffers from poor access issues. Since the structure was built in 1964 towards the back of the lot, the building is not clearly visible from the highway. Access from either the south or north off of University is awkward for this 3.6 acre site. The building itself has suffered from many building and fire code challenges in the past. Wall signage is not uniform and unappealing. This shopping area is also over-parked for the level of business it receives, leaving an opportunity for truck drivers to use the site as a truck stop or storage yard. The site lacks landscaping, and what little green space it has is not adequately maintained. The site lacks curb and gutter, and it appears the site is also in violation of required side yard parking setbacks. A public right of way access runs along the property's north edge. Vacation of this right of way should be considered in any future redevelopment of this site.



The site is near the proposed "F Line" Bus Rapid Transit (BRT) stops at 61st Avenue, and Mississippi Street, where higher density development may be warranted. Density at other recently constructed Multi-Family project locations are approximately: 35 units per acre at The Cielo Apartments, 32 units per acre at Fridley Station Village (Altair, Aura, & Ursa Apartments), and 36 units per acre at Axle Apartments.

During the 2030 and 2040 Comprehensive Planning process, City staff continued to hear from Fridley citizens that they'd like to see something done with the Moon Plaza property. The concerns raised were related to the condition of the structure, the façade, the abundance of parking, and lack of landscaping. The 2030 Comprehensive Plan (adopted in 2009) and the 2040 Comprehensive Plan (adopted in 2021) put the subject property in one of the City's identified redevelopment districts.

13. Moon Plaza and Commercial Lots to the North 2040 Comp Plan

The Moon Plaza strip mall was constructed in the 1960s and was guided for commercial redevelopment in the last Comprehensive Plan update. The strip mall building is outdated and could use a face lift. The property is over-parked for the type of retail businesses that occupy the building. It also struggles with poor access issues, making it difficult for retail businesses to survive. Also included in this redevelopment area are three parcels to the north. One is occupied by the Alano Society, and the other is a small single story office building. The lot to the east is primarily vacant with a ¼ of the lot used for utility purposes. Office/commercial uses should be considered in the redevelopment of this area.

Additionally, the Metropolitan Council has allocated needed affordable housing units to Fridley. This allocation is addressed in the Housing Chapter. By 2030, the Met Council anticipates Fridley will need at least 122 housing units which are affordable to residents earning 51 to 80 percent of AMI. The petitioner proposes to build 169 units at this affordability level. In their housing study, the petitioner establishes significant demand for housing affordable to households earning 60 percent of AMI or less, more than the 122 units anticipated in the forecast.

Moreover, the petitioner's housing study addresses providing housing to existing area residents, while the Met Council's allocation of need is calculated based on anticipated regional population growth. Therefore, proposing to create 161 units of housing affordable at 60 percent AMI and 8 units at 30 percent AMI is consistent with the Comprehensive Plan.

Site Plan Analysis

The proposed project is a 169-unit affordable housing building that will have a mix of 1 bedroom, 2 bedrooms, and 3 bedrooms. Each unit will include a washer and dryer, stainless steel applies, quartz counter tops, and 9 ft. ceilings. Common area amenities include a community room, a game room, resident storages areas, an outdoor patio with a dog run, and tot lot, and sidewalk and connections to existing sidewalk and train systems.

Parking – The R-3, Multi-Family

zoning code requires 339 parking stalls for this project, based on the breakdown of types of units, which is 1.57 stalls per unit. The petitioner is proposing 265 stalls, 167 of those will be underground and 98 will be surface stalls, which is deficient to the code requirements by 74 stalls. Though the parking doesn't meet the R-3, Multi-Family code regulations, it is consistent with the parking per unit ratios the City has approved for other recently constructed multi-family housing projects. The Axle Apartments and the Train Station Village Apartments have a parking ratio at 1.57 stalls per unit and have been operating without any on-street parking complaints.

Housing Study Analysis

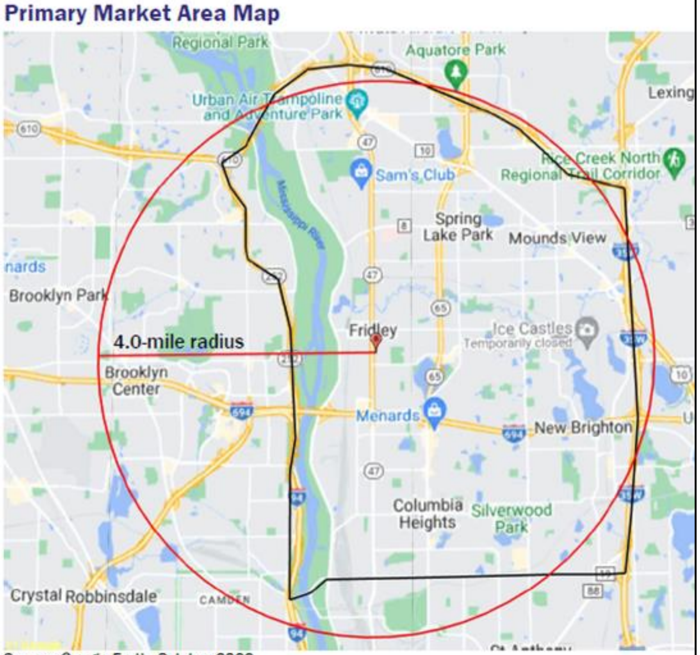
The applicant provided a housing market study prepared by Novogradac, a real estate consulting firm from Dallas, Texas. The report's effective date is from October 2022.

The report defined a Market Area for analysis and utilized socio-economic and demographic characteristics to estimate demand for this new multi-family housing development. Overall, the report established a market need for at least 175 apartments affordable to households earning 60 percent of AMI. (Due to changes to the project from the time the report was commissioned, this is more than the number of units currently being proposed.) Due to the number of cost-burdened households within the Primary Market Area who pay more than 35 percent of their income for housing, the report predicts demand for and rapid uptake of the new apartments.

The report notes as weaknesses the relatively smaller size of the units, compared to competitor properties. The proposed units are found to be 9.5 to 14 percent smaller than other average units; however, the report finds they are within the range of acceptable sizes. Additionally, the report finds that higher quality construction and building components will be an asset to offset any size-related drawbacks.

Comparable properties have vacancy rates from zero to 6 percent, and on average this figure is quite low and indicates housing demand in the market. Additionally, several comparable properties—including the recently-completed Low Income Housing Tax Credit (LIHTC) property "Ursa" in Fridley—maintain waiting lists for their units. Employment characteristics in the Primary Market Area—including concentrations in healthcare and manufacturing—should allow residents' income to remain relatively stable in the face of an economic downturn.

Primary Market Area Map



Source: Google Earth, October 2022

Beyond local demand, at least 15 percent of residents are estimated to come from outside the Primary Market Area. The report notes that Fridley experiences a significant in-migration of workers who travel to Fridley to work but live outside the community.

Staff Recommendation

Staff recommends the Authority approve TIF request.

Staff recommends the Authority approve Development Agreement with Roers.

NORTHLAND PUBLIC FINANCE

MEMORANDUM

To: Paul Bolin, Fridley HRA Assistant Executive Director

From: Tammy Omdal, Managing Director
Jessica Green, Managing Director

Date: January 18, 2023

Re: Tax Increment Financing (TIF) Assistance for Housing Project in Fridley (Moon Plaza)

The Fridley Housing Redevelopment Authority (the "HRA") requested that Northland review the revised Application from Roers Acquisitions LLC (the "Developer") for tax increment financing assistance. In preparing this review, Northland relied on information included in the Application and subsequent follow-up information from the Developer.

The Developer is requesting $6,126,000 from the HRA, in the form of tax increment financing, for the purpose of providing gap financing outside of Tax-Exempt Bonds and Federal Tax Credits the developer is seeking from other governmental entities.

The financial assistance is proposed to be on a "pay-go" basis and payable over a term not to exceed 26 years. The project consists of the demolishing of the existing Moon Plaza retail strip center and constructing an approximate 168-unit residential apartment building plus underground and surface parking and associated amenity areas, both indoor and outdoor (the "Project"). The Project is located on University Avenue between 61st Ave NE and 63rd Ave NE in Fridley (the "Property").

All apartment units will be affordable with income and rent restrictions at or below 60% of the area median income (AMI). The 2022 AMI for Anoka County as calculated by the U.S. Department of Housing and Urban Development is $118,200.

The request is for the HRA to establish a redevelopment TIF district to capture the increase in property taxes from the Project to assist with the financing of the redevelopment of the site and development of the affordable housing project.

Northland reviewed the information submitted by the Developer related to land acquisition and construction costs, developer fees, operating expenses, and rental rates, among other items. We find the information provided to be within general industry standards. Exhibit A provides a preliminary source and use of funds for the approximate $49.5 million Project. The Developer anticipates the cost of the Project will likely increase as other project costs, including relocation costs, are taken into full account.

Observations

It is Northland's observation that the Project, as proposed, is feasible only through assistance, in part from TIF combined with other public assistance. This observation may change if information about the Project changes. Financing redevelopment and construction of affordable housing takes multiple sources to achieve rents at affordable levels.

Based on the Application, the Developer proposes to maximize public finance tools to include 4% Low-income Housing Tax Credits (LIHTC), Tax-Exempt Bonding, and TIF to assist with financing the Project. Tax-exempt bonding (first mortgage) is anticipated to finance approximately 49.8% of the costs of the Project.

The Developer will defer a portion of the developer fee and rely on a letter of credit for the balance of funds. The deferred developer fee is not guaranteed. It will be paid from future net cash flow from the Project. Subject to the estimated terms of assistance, we find that the Project, as proposed, would not be reasonably expected to occur solely through private investment within the reasonably near future.

Based on the pro forma developed by Northland, using information from the Developer and information independently prepared by Northland, we find the requested amount and duration for the assistance, subject to final terms of the first mortgage, to be reasonable and necessary.

We estimate the Project is feasible with TIF assistance to the Developer in an amount no greater than $6,126,000, with a maximum term of 26 years and 5.0% rate. This is based on the HRA providing 90% of the TIF collected to payment on a note issued to the Developer, with assistance provided on a "pay-go" basis payable solely from TIF. The HRA would retain tax increments not payable to the Developer to pay administrative costs of the district (up to 10% of TIF).

Exhibit B provides estimated tax increment (TIF) cash flow, increased property taxes from the Project, that will be captured to assist the Project. For purposes of the TIF Plan, the property classification for estimating property taxes is assumed at the "4a" classification (Rental Housing 4 or more units). Due to the LIHTC and limitations on rents, the Project may qualify for Class 4d (Qualifying Low Income Rental Property). If the Project is in fact classified as 4d for tax purposes, the estimated real estate taxes payable and therefore the tax increment will be less than is estimated in Exhibit B and in the TIF Plan. The 4a class is used for purposes of the TIF Plan because the future property classification for purpose of property taxes is uncertain and depending on final facts the Project may or may not qualify.

Without assistance the Project will not achieve a return on cost, net operating income divided by total development cost, greater than 6.0% until after year 18 of the TIF District (see Exhibit C). TIF is estimated to be necessary to achieve debt service coverage (greater than 1.2X). Developer compensation on these types of projects is typically the developer fee. It is common for a developer to defer a large portion of the developer fee to make the project work, as is proposed for the Project. The developer fee is paid out of cash flow, so the dollars are "at-risk" for the developer. For an affordable housing project, that does not involve extraordinary costs related to redevelopment of property, such as for this Project, we might typically expect the developer fee to be repaid over a 15-year term. For this Project, we estimate repayment will take longer due to the extraordinary costs of redevelopment, combined with the limitation on rents for affordable units.

Use of Tax Increment Financing (TIF)

A decision to deny the use of TIF does not necessarily mean that there will be no future improvements on the Property. A decision to approve may be made based on a finding that the Project, as proposed, would not be reasonably expected to occur solely through private investment within the reasonably near future. It does not mean that "no" development, housing or commercial, will occur on the site ever.

The analysis shows that an induced development will yield a net increase in taxable market value of approximately $25 million (future value) for the site compared to the likely taxable market value of $2.5 million (future value) without TIF.

Summary

This memorandum was prepared to assist with evaluation of the request for assistance submitted by the Developer. The assumptions and estimated amounts provided in this memorandum and exhibits are subject to change. The key items to note from the memorandum are as follows:

- All 168 apartment units to be affordable with income restrictions at 60% of AMI. Income qualifications and rent requirements for the proposed public financing will be met.
- The public finance tools proposed include tax exempt bonding, 4% LIHTC, and TIF. The Developer has or will be submitting application to the state for the bonding allocation and LIHTC. This assistance is in addition to the request of the HRA to establish a TIF district.
- The Developer will defer a portion of the developer fee and provide equity in the estimated amount of $9,666,909 or 19.5% of the estimated costs for the Project. The

developer fee and contribution of equity will be repaid from future cash flow from the project with interest. Repayment will be based on net cash flow after debt service payments. The actual term of repayment will depend on the actual net cash flow. Reduction in rental income from either market conditions or an increase in the requirements for level of affordability will extend the term of repayment, among other factors.

- The Developer may request the HRA to consider approval of assignment of the proposed TIF revenue note to be issued by the HRA to the Developer to a third party. The assignment by the HRA is needed for the Developer to mortgage or leverage the TIF revenue note to provide cash for the Project.
- Northland's review suggests the Project, as proposed, is feasible only through assistance, in part from TIF. The TIF assistance is to not exceed $6,126,000 payable over a term not to exceed 26 years. Unpaid principal amount will bear interest from the date of the TIF revenue note at the simple non-compounded rate of 5.0% per annum. The first payment date is to be August 1, 2025, and on each February 1 and August 1 thereafter to and including February 1, 2050.

EXHIBIT A
Fridley, MN
Fridley - Moon Plaza
Developer Sources and Uses for Project

	Total	% of Total	Per Unit
Sources			
Debt	$24,670,000	49.8%	$146,845
Low Income Tax Credit Equity	$15,206,526	30.7%	$90,515
Developer Equity / Deferred Fee	$9,666,909	19.5%	$57,541
Total Sources of Funds	$49,543,435	100.0%	$294,901
Uses			
Land Acquisition	$3,500,000	7.1%	$20,833
Construction	$33,556,632	67.7%	$199,742
Interim Escrowed Funds	$3,931,609	7.9%	$23,402
Lender/Invester Cash Reserves	$911,064	1.8%	$5,423
Professional Services	$1,550,000	3.1%	$9,226
Construction Financing Costs	$564,579	1.1%	$3,361
Permanent Financing Costs	$603,601	1.2%	$3,593
Closing Costs and Tax Credit Fees	$387,906	0.8%	$2,309
Developer Fee	$4,538,044	9.2%	$27,012
Total Uses of Funds	$49,543,435	100.0%	$294,901
Number of Units			168

EXHIBIT B
Fridley, MN
Tax Increment Financing District No. 26 (Redevelopment)
Moon Plaza
Projected Tax Increment Financing (TIF) Cash Flow

TIF District Year	Taxes Payable Year	Taxable Market Value (TMV)	Captured Tax Capacity for TIF	Original Tax Rate	Available TIF from District	TIF Retained by HRA	Net Available TIF	Present Value Net Available TIF
1	2025	23,670,036	266,307	123.78%	328,455	32,846	295,610	275,656
2	2026	33,892,821	394,092	123.78%	486,062	48,606	437,456	663,927
3	2027	33,971,486	395,075	123.78%	487,274	48,727	438,547	1,034,411
4	2028	34,050,334	396,060	123.78%	488,490	48,849	439,641	1,387,923
5	2029	34,129,364	397,048	123.78%	489,709	48,971	440,738	1,725,240
6	2030	34,208,579	398,038	123.78%	490,930	49,093	441,837	2,047,104
7	2031	34,287,977	399,031	123.78%	492,154	49,215	442,938	2,354,222
8	2032	34,367,559	400,026	123.78%	493,381	49,338	444,043	2,647,271
9	2033	34,447,326	401,023	123.78%	494,611	49,461	445,150	2,926,895
10	2034	34,527,279	402,022	123.78%	495,844	49,584	446,259	3,193,707
11	2035	34,607,416	403,024	123.78%	497,079	49,708	447,371	3,448,296
12	2036	34,687,740	404,028	123.78%	498,318	49,832	448,486	3,691,221
13	2037	34,768,250	405,034	123.78%	499,559	49,956	449,603	3,923,017
14	2038	34,848,948	406,043	123.78%	500,803	50,080	450,722	4,144,193
15	2039	34,929,832	407,054	123.78%	502,050	50,205	451,845	4,355,235
16	2040	35,010,904	408,068	123.78%	503,300	50,330	452,970	4,556,609
17	2041	35,092,164	409,083	123.78%	504,553	50,455	454,098	4,748,756
18	2042	35,173,613	410,101	123.78%	505,809	50,581	455,228	4,932,100
19	2043	35,255,251	411,122	123.78%	507,067	50,707	456,360	5,107,043
20	2044	35,337,079	412,145	123.78%	508,328	50,833	457,496	5,273,971
21	2045	35,419,096	413,170	123.78%	509,593	50,959	458,634	5,433,250
22	2046	35,501,304	414,198	123.78%	510,860	51,086	459,774	5,585,232
23	2047	35,583,702	415,228	123.78%	512,131	51,213	460,918	5,730,250
24	2048	35,666,292	416,260	123.78%	513,404	51,340	462,064	5,868,624
25	2049	35,749,074	417,295	123.78%	514,680	51,468	463,212	6,000,657
26	2050	35,832,047	418,332	123.78%	515,960	51,596	464,364	6,126,640
				TOTAL =	12,850,403	1,285,040	11,565,363	6,126,640

Key Assumptions for TIF Plan and Estimated Available TIF from District:

1 Taxable market value (TMV) annual growth assumption equal to approximately 0.25%.
2 Original Tax Capacity Rate for purpose of the Plan is estimated based on Taxes Payable Year 2022.Certified tax rate will not be known until time of certificatio of the TIF District by the County.
3 Election for captured tax capacity is 100.00%. Assumes Property Class = 4a
4 Base Tax Capacity is calculated based on a TMV = $2,365,500.
5 Present Value (PV) calculated based on semi-annual payments and rate of 4.0%, estimated dated date
6 Fiscal Disparities to be paid from outside of the TIF District. Housing is not subject to fiscal disparities.
7 Estimates for Taxable Market Value (TMV) are preliminary for planning purposes only, actual amount will vary.
8 Available TIF from District is after deducting State Auditor Fee (0.36%
9 Analysis is based on the property being classified as 4a. A different property classification, such as 4d will impact the estimated Captured Tax Capacity for TIF and the estimated Available TIF from District.

EXHIBIT C
Fridley, MN
Moon Plaza
Summary Pro Forma Based on Information Provided by Developer and Information Prepared by Northland
Preliminary Estimated Amounts

Calendar Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Year of TIF District	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Gross Income (before TIF)	2,785,211	3,159,296	3,230,119	3,294,721	3,360,616	3,427,828	3,496,385	3,566,312	3,637,639	3,710,391	3,784,599	3,860,291	3,937,497	4,016,247	4,096,572
Less Expenses	1,255,666	1,466,589	1,492,080	1,518,046	1,544,734	1,572,165	1,600,358	1,629,340	1,659,130	1,689,754	1,721,235	1,753,600	1,786,874	1,821,083	1,856,257
Net Operating Income (NOI)	1,529,545	1,692,707	1,738,039	1,776,675	1,815,881	1,855,663	1,896,026	1,936,973	1,978,509	2,020,638	2,063,364	2,106,691	2,150,623	2,195,164	2,240,315
Plus TIF Revenue	295,610	437,456	438,547	439,641	440,738	441,837	442,938	444,043	445,150	446,259	447,371	448,486	449,603	450,722	451,845
NOI with TIF	**1,825,154**	**2,130,163**	**2,176,586**	**2,216,316**	**2,256,619**	**2,297,501**	**2,338,965**	**2,381,016**	**2,423,659**	**2,466,897**	**2,510,735**	**2,555,177**	**2,600,226**	**2,645,886**	**2,692,160**
Debt Service	1,121,958	1,674,100	1,504,870	1,504,870	1,576,381	1,627,460	1,627,460	1,627,460	1,627,460	1,627,460	1,627,460	1,627,460	1,627,460	1,627,460	1,627,460
Net Cash Flow	**703,197**	**456,063**	**671,716**	**711,446**	**680,239**	**670,041**	**711,505**	**753,556**	**796,199**	**839,437**	**883,275**	**927,717**	**972,766**	**1,018,426**	**1,064,701**
Return on Cost with TIF	3.7%	4.3%	4.4%	4.5%	4.6%	4.6%	4.7%	4.8%	4.9%	5.0%	5.1%	5.2%	5.2%	5.3%	5.4%
Return on Cost without TIF	3.1%	3.4%	3.5%	3.6%	3.7%	3.7%	3.8%	3.9%	4.0%	4.1%	4.2%	4.3%	4.3%	4.4%	4.5%
Debt coverage with TIF	1.63	1.27	1.45	1.47	1.43	1.41	1.44	1.46	1.49	1.52	1.54	1.57	1.60	1.63	1.65
Debt coverage without TIF	1.10	0.75	0.86	0.89	0.87	0.87	0.89	0.92	0.94	0.97	0.99	1.02	1.05	1.07	1.10
Deferred Developer Fee Balance	9,666,909	9,666,909	9,666,909	9,666,909	9,666,909	9,666,909	9,666,909	9,666,909	9,666,909	9,666,909	9,666,909	9,666,909	9,666,909	9,129,742	8,526,847

Calendar Year	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Year of TIF District	16	17	18	19	20	21	22	23	24	25
Gross Income (before TIF)	4,178,503	4,262,073	4,347,315	4,434,261	4,522,946	4,613,405	4,705,673	4,799,787	4,895,783	4,993,698
Less Expenses	1,860,144	1,864,084	1,868,077	1,872,125	1,876,228	1,880,388	1,884,605	1,888,881	1,893,217	1,897,615
Net Operating Income (NOI)	2,318,360	2,397,989	2,479,238	2,562,136	2,646,719	2,733,018	2,821,068	2,910,906	3,002,565	3,096,084
Plus TIF Revenue	452,970	454,098	455,228	456,360	457,496	458,634	459,774	460,918	462,064	463,212
NOI with TIF	**2,771,329**	**2,852,087**	**2,934,465**	**3,018,497**	**3,104,214**	**3,191,651**	**3,280,843**	**3,371,823**	**3,464,629**	**3,559,296**
Debt Service	1,627,461	1,627,462	1,627,463	1,627,464	1,627,465	1,627,466	1,627,467	1,627,468	1,627,469	1,627,470
Net Cash Flow	**1,143,869**	**1,224,625**	**1,307,003**	**1,391,033**	**1,476,749**	**1,564,186**	**1,653,376**	**1,744,356**	**1,837,160**	**1,931,826**
Return on Cost with TIF	5.6%	5.8%	5.9%	6.1%	6.3%	6.4%	6.6%	6.8%	7.0%	7.2%
Return on Cost without TIF	4.7%	4.8%	5.0%	5.2%	5.3%	5.5%	5.7%	5.9%	6.1%	6.2%
Debt coverage with TIF	1.70	1.75	1.80	1.85	1.91	1.96	2.02	2.07	2.13	2.19
Debt coverage without TIF	1.15	1.19	1.24	1.29	1.35	1.40	1.45	1.51	1.56	1.62
Deferred Developer Fee Balance	7,820,670	7,005,491	6,075,327	5,023,928	3,844,758	2,530,985	1,075,473	-	-	-

Notes:
1/ Total Development Cost (TDC): 49,543,435
2/ Total Deferred Developer Fee / Equity: 9,666,909

DRAFT

MODIFIED AND RESTATED REDEVELOPMENT PLAN FOR REDEVELOPMENT PROJECT NO. 1

AND

TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 26 (MOON PLAZA) WITHIN REDEVELOPMENT PROJECT NO. 1

CITY OF FRIDLEY, MINNESOTA
AND
FRIDLEY HOUSING AND REDEVELOPMENT AUTHORITY

PUBLIC HEARING DATE: _______________, 2023
PLAN APPROVED BY HRA DATE: _________________, 2023
PLAN APPROVED BY CITY COUNCIL DATE: _________________,2023
PLAN CERTIFICATION REQUEST DATE: ______________, 2023
PLAN CERTIFIED DATE: _______________, 2023

Northland Securities, Inc.
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ARTICLE I
INTRODUCTION AND DEFINITIONS

SECTION 1.01 INTRODUCTION

This Redevelopment Plan for Redevelopment Project No. 1 of the Fridley Housing and Redevelopment Authority of the City of Fridley is intended to supersede and restate the activities described in the Redevelopment Plan for Redevelopment Project No. 1 as originally adopted on May 15, 1979 and most recently modified on September 14, 2020 at time of establishment of Tax Increment Financing District No. 25 (Holly Center) and the adoption of a Tax Increment Financing Plan.

Tax Increment Financing District Nos. 6, 12, 13, 17, 18, 19, 20, 21, 22, 23, 24, 25, and the Housing Replacement TIF District, and the Tax Increment Financing Plans related thereto, within Development District No. 1, remain in full force and effect and are not modified.

The City of Fridley and the Fridley Housing and Redevelopment Authority (HRA) propose to provide tax increment financing assistance through the establishment of Tax Increment Financing (Redevelopment) District No. 26 within the Redevelopment Project No. 1 to assist with the financing of certain redevelopment project costs for the construction of an approximate 168 unit residential apartment building and related improvements by a private developer.

Redevelopment Project No. 1 serves as the "Project Area" for tax increment financing districts established within its boundaries. The Redevelopment Plan describes the City's objectives for the development of the area within the Project Area and the use of tax increment financing.

This document contains the Modified Redevelopment Plan for achieving the objectives of Redevelopment Project No. 1 through the establishment of a Tax Increment Financing Plan and use of Tax Increment Financing (Redevelopment) District No. 26.

Below is a summary of the municipal action that has been taken in connection with Redevelopment Project No. 1 to date and as proposed:

Redevelopment Project No. 1:

- May 15,1979: A Redevelopment Plan for Center City was adopted. Prior to the enactment of the Tax Increment Financing Act of 1979, effective August 1, 1979, a separate tax increment financing plan was not required by law, but was included as a part of the originally adopted Redevelopment Plan.
- April 6, 1981: A Redevelopment Plan and a Tax Increment Financing Plan were adopted and a Redevelopment Project and Tax Increment Financing District were created for the Moore Lake Redevelopment Area.
- November 23, 1981: A Redevelopment Plan and a Tax Increment Financing Plan were adopted and a Redevelopment Project and Tax Increment Financing District were created for the North Area Redevelopment Area.
- August 22, 1983: The Redevelopment Plan for Center City was modified to include the project areas included in the Redevelopment Plans for Moore Lake and North Area and was redesignated as Redevelopment Project No. 1. The Center City Redevelopment Area was redesignated as Tax Increment Financing District No. 1; the Moore Lake Redevelopment Area was redesignated as Tax Increment Financing District No. 2 and the North Area Redevelopment Area was redesignated as Tax Increment Financing District No. 3. The modifications were by Resolution only; no hearing was required.
- December 19, 1983: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect the creation of Tax Increment Financing District No. 4 (Skywood Mall) and the adoption of a Tax Increment Financing Plan.

- February 27, 1984: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect the creation of Tax Increment Financing District No. 5 (Paschke) and the adoption of a Tax Increment Financing Plan.
- February 25, 1985: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to facilitate the issuance of a tax increment refunding bond and the Tax Increment Financing Plans for Tax Increment Financing Districts Nos. 4 (Skywood Mall) and 5 (Paschke) were incorporated into the Redevelopment Plan.
- November 18, 1985: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased project costs, the creation of Tax Increment Financing District No. 6 (Lake Pointe) and the adoption of a Tax Increment Financing Plan.
- September 22, 1986: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased project costs, the creation of Tax Increment Financing Districts Nos. 7 (Rice Creek Business Center) and 8 (Shorewood Inn) and the adoption of Tax Increment Financing Plans.
- December 22, 1986: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased project costs.
- April 20, 1987: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased geographic area.
- June 26, 1989: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased geographic area and increased project costs, the creation of Tax Increment Financing District No. 9 (Old Central/Onan) and the adoption of a Tax Increment Financing Plan.
- February 26, 1990: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased geographic area and increased project costs, the creation of Tax Increment Financing District No. 10 (Northco Phase 111) and the adoption of a Tax Increment Financing Plan.
- July 1, 1991: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased geographic area and increased project costs, the creation of Tax Increment Financing District No. 11 (University/Osborne) and the adoption of a Tax Increment Financing Plan.
- January 6, 1992: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased geographic area and increased project costs, the creation of Tax Increment Financing District No. 12 (McGlynn Bakeries) and the adoption of a Tax Increment Financing Plan.
- July 6, 1992: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased geographic area and increased project costs.
- September 13, 1993: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased geographic area and increased project costs.
- December 31, 1994: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect the decertification of Tax Increment Financing District No. 4 (Skywood Mall).
- February 13, 1995: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased geographic area and increased project costs, the creation of Tax Increment Financing District No. 13 (Satellite Lane Apartments) and the adoption of a Tax Increment Financing Plan.

- December 11, 1995: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased project costs, the creation of Tax Increment Financing District No. 14 (Industrial Equities Project) and the adoption of a Tax Increment Financing Plan.
- December 31, 1995: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect the decertification of Tax Increment Financing District No. 5 (Paschke).
- December 31, 1996: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect the decertification of Tax Increment Financing District No. 8 (Shorewood Inn).
- April 28, 1997: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased geographic area and increased project costs, the creation of Tax Increment Financing Districts Nos. 15 (Commercial Rail Properties, Inc.) and 16 (Linn Property Holdings, LLC) and the adoption of Tax Increment Financing Plans.
- December 13, 1999: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased geographic area and increased project costs.
- December 11, 2000: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased project costs, the creation of Tax Increment Financing District No. 17 (Gateway East) and the adoption of a Tax Increment Financing Plan.
- December 31, 2000: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect the decertification of Tax Increment Financing District No. 10 (Northco Phase III).
- April 9, 2001: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect reduced geographic area.
- June 24, 2002: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect the decertification of Tax Increment Financing District No. 15 (Commercial Rail Properties, Inc.).
- December 8, 2003: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased project costs and Increased bonding authority.
- August 8, 2005: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased project costs and increased bonding authority, the creation of Tax Increment Financing District No. 18 (Gateway West) and the adoption of a Tax Increment Financing Plan.
- February 26, 2007: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased project costs and increased bonding authority, the creation of Tax Increment Financing District No. 19 (5110 Main Street) and the adoption of a Tax Increment Financing Plan.
- April 9, 2012: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased project costs and increased bonding authority, the creation of Tax Increment Financing District No. 20 (RER/BAE) and the adoption of a Tax Increment Financing Plan; and the creation of Hazardous Substance Subdistrict District No. 20A (RER/BAE HSS Subdistrict) and the adoption of a Tax Increment Financing Plan.

- October 8, 2012: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased project costs and increased bonding authority, the creation of Tax Increment Financing District No. 21 (Gateway Northeast TIF District) and the adoption of a Tax Increment Financing Plan.
- May 6. 2013: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased project costs and increased bonding authority, the creation of Tax Increment Financing District No. 22 (Northstar Transit Station District) and the adoption of a Tax Increment Financing Plan.
- September 12, 2016: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased project costs and increased bonding authority, the creation of Tax Increment Financing District No. 23 (Redevelopment Project 2016) and the adoption of a Tax Increment Financing Plan.
- June 11, 2018: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased project costs and increased bonding authority, the creation of Tax Increment Financing District No. 24 (Stacks VIII) and the adoption of a Tax Increment Financing Plan.
- September 14, 2020: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified to reflect increased project costs and increased bonding authority, the creation of Tax Increment Financing District No. 25 (Holly Center) and the adoption of a Tax Increment Financing Plan.
- Proposed for February 13, 2023: The Redevelopment Plan, including its existing Tax Increment Financing Plans, was modified and restated to reflect increased project costs and increased bonding authority, the creation of Tax Increment Financing District No. 26 (Moon Plaza) and the adoption of a Tax Increment Financing Plan.

SECTION 1.02 DEFINITIONS

For the purposes of this document, the terms below have the meanings given in this section, unless the context in which they are used indicates a different meaning:

1. "Authority" means the Fridley Housing and Redevelopment Authority of the City.
2. "City" means the City of Fridley, Minnesota.
3. "City Council" means the City Council of the City.
4. "County" means Anoka County, Minnesota.
5. "Developer" means a private party undertaking construction within the TIF District.
6. "Development" means the construction of an approximate 168 unit residential apartment building plus underground and surface parking and associated amenity areas, both indoor and outdoor within the boundaries of the TIF District by the Developer.
7. "Enabling Act" means Minnesota Statutes, Sections 469.001 through 469.047, as amended and supplemented from time to time.
8. "HRA" means the Authority.
9. "Land Use Regulations" means all federal, state and local laws, rules, regulations, ordinances, and plans relating to or governing the use of development of land in the City, including but not limited to environmental, zoning and building code laws and regulations.
10. "Project Area" means the boundaries of the Redevelopment Project.
11. "Project Costs" means Public Development Costs.

12. “Public Development Costs” means the public development cost of the development activities that will or are expected to occur within the Project Area or within the TIF District.
13. “Redevelopment Plan” means the Redevelopment Plan for the Redevelopment Project, as the same may, from time to time, be amended or supplemented (included within this document in Article III).
14. “Redevelopment Project” means Redevelopment Project No. 1 of the HRA, as the same may, from time to time, be amended or supplemented.
15. “School District” means Independent School District No. 14 (Fridley School District).
16. “State” means the State of Minnesota.
17. “Tax Increment Financing Bonds” means any bonds or other obligations issued pursuant to Minnesota Statutes Section 469.174, Subd. 3, which may include general obligation tax increment financing bonds; tax increment financing revenue notes, pay-as-you-go contracts, and interfund loans or advances, among other types.
18. “Tax Increment Financing District” means any tax increment financing district to be established in the future within the Project Area.
19. “Tax Increment Financing Plan” or “Plan” means the plans adopted by the City and HRA for any Tax Increment Financing District.
20. “TIF Act” means Minnesota Statutes, Sections 469.174 through 469.1794, as amended, both inclusive.
21. “TIF District” means Tax Increment Financing (Redevelopment) District No. 26 (Moon Plaza).
22. “TIF Plan” means the tax increment financing plan for the TIF District (included within this document in Article IV).

SECTION 1.03 PLAN PREPARATION

The document was prepared for the City and HRA by Northland Securities, Inc.

ARTICLE II
STATEMENT OF PUBLIC PURPOSE AND AUTHORITY

SECTION 2.01 ENABLING ACT; STATUTORY AUTHORITY

The Enabling Act authorizes the Authority, upon certain public purpose findings by the Authority and the City, to establish and designate redevelopment projects within the City and to establish, develop and the administer redevelopment plans therefor to meet the needs and accomplish the public purposes specified in Statement and Finding of Public Purpose.

In accordance with the purposes set forth in the Enabling Act, the Authority and the City have established the Redevelopment Project comprised of the parcels listed in Exhibit VI and have adopted the Modified Redevelopment Plan therefor.

The Enabling Act and the approval of the Redevelopment Plan by the City authorizes the Authority to undertake redevelopment activities within the Project Area and, at a date subsequent to the adoption of the Modified Redevelopment Plan and with the City Council approval, to establish and designate Tax Increment Financing Districts within the Project Area and to adopt and implement Tax Increment Financing Plans to accomplish the objective of the Redevelopment Plan.

SECTION 2.02 STATEMENT AND FINDING OF PUBLIC PURPOSE

The Authority has determined that there is a need to take certain actions designed to encourage, ensure and facilitate development and redevelopment of under-utilized and unused land located within the corporate limits of the City. These actions will provide additional employment opportunities for residents of the City and the surrounding area, and improve the tax base, thereby enabling better utilization of existing public facilities and provide needed public services, and improve the general economy of the City, the County, and the State.

The Authority has determined that the property within the Project Area is either under-utilized or unused due to a variety of factors, including inadequate public parking to serve the property, small parcels, non-conforming uses, vacant or under-utilized property, possible environmental conditions, obsolete building design and site layout, poor access and parking, and lack of streetscaping and visual appeal that is needed to make this a viable business district. These factors have resulted in a lack of private investment. As a result, the property within the Project Area is not providing adequate employment opportunities, and is not contributing, to its full potential. Therefore, it is necessary for the Authority to exercise its authority under the Enabling Act to develop and implement a program designed to encourage, ensure and facilitate the commercial and mixed use development and redevelopment of the property located in the Project Area, to further and accomplish the desired public purposes for the Project Area as specified within the Redevelopment Plan for the Project Area.

The land in the Project Area would not be developed or redeveloped solely through private investment in the foreseeable future. The welfare of the City, County, and the State of Minnesota requires active promotion, attraction, encouragement and development of economically sound commerce by the Authority.

SECTION 2.03 BOUNDARIES OF PROJECT AREA

The area within the Project Area is described in Exhibit V.

The Project Area is inclusive of all immediate adjacent roadways, rights-of-way and other areas wherein will be installed or upgraded the various public improvements necessary for and part of the overall project.

The Authority and the City finds that the Project Area, together with the objectives which the Authority and the City seek to accomplish or encourage with respect to such property, constitutes a "redevelopment project" and a "redevelopment plan" within the meaning of Section 469.002, Subd. 14 and 16 of the Enabling Act.

ARTICLE III
REDEVELOPMENT PLAN FOR REDEVELOPMENT PROJECT NO. 1

SECTION 3.01 STATEMENT OF OBJECTIVES

The modification of the established Project Area in the City pursuant to the Enabling Act is necessary and in the best interests of the City and its residents and is necessary to give the Authority and the City the ability to meet certain public purpose objectives that would not be obtainable in the foreseeable future without intervention by the Authority in the normal development process.

The Authority intends, to the extent permitted by law, to accomplish the following objectives through the implementation of the Redevelopment Plan:

1. Promote and secure the development and redevelopment of property in the Project Area in a manner consistent with the City's planning, and with a minimal adverse impact on the environment, which property is less productive because of the lack of proper utilization and lack of investment, and thereby promoting and securing the development of other land in the City;
2. Promote and secure additional employment opportunities within the Project Area and the City for residents of the City and the surrounding area, thereby improving living standards and preventing unemployment and the loss of skilled and unskilled labor and other human resources in the City;
3. Secure the increase in value of property subject to taxation by the City, School District, County, and any other taxing jurisdictions in order to better enable such entities to pay for public improvements and governmental services and programs required to be provided by them;
4. Secure the construction and providing moneys for the payment of the cost of public improvements in the Project Area, which are necessary for the completion of the Redevelopment Project and the orderly and beneficial development of the Project Area.
5. Promote a compatible mix of commercial and industrial, institutional, and residential land uses.
6. Encourage the expansion and improvement of local business, and enhancing the economic vitality of existing and new businesses.
7. Eliminate blighting influences that impede development in the area.
8. Provide for adequate streets, utilities, and other public improvements and facilities to enhance the area for both new and existing development.
9. Create a desirable and unique character within the Project Area through quality land use alternatives and design quality in new buildings that create a safe environment for pedestrians, that can be maintained for the long run.
10. Support the physical connection to local trails, open space, and other community institutions.
11. Enhance the integrity of residential neighborhoods adjacent to the Project Area.
12. Provide and secure the development of increased opportunities for families to reside in quality owner-occupied housing, for citizens to choose from housing options which offer a wide array of services without regard to income, and for residents looking for a wide range of multi-family units.
13. Enhance the long term viability of the Project Area by facilitating:
    - Land uses that complement and support existing businesses;
    - New businesses that enhance the commercial market;
    - Visual quality of the streetscape, landscape, site plan and building types of new developments;
    - Mixed use housing development where appropriate; and
    - Safe access and convenient parking.

SECTION 3.02 DEVELOPMENT ACTIVITIES

The Authority will perform or cause to be performed, to the extent permitted by law, all project activities pursuant to the Enabling Act, the TIF Act and other applicable state laws, and in doing so anticipates that the following may, but are not required, to be undertaken by the Authority:

(a) The making of studies, planning, and other formal and informal activities relating to the Redevelopment Plan.

(b) The implementation and administration of the Redevelopment Plan.

(c) The rezoning of land within the Project Area.

(d) The acquisition of property, or interests in property, by purchase or condemnation, which acquisition is consistent with the objectives of the Redevelopment Plan,

(e) The preparation of property for use and development in accordance with applicable Land Use Regulations and any development agreements, including demolition of structures, clearance of sites, placement of fill and grading.

(f) The resale of property to private parties.

(g) The construction or reconstruction of improvements as described in the Tax Increment Financing Plans for the Tax Increment Financing Districts within the Project Area.

(h) The issuance of Tax Increment Financing Bonds to finance the Public Development Costs of the Redevelopment Plan, and the use of tax increments or other funds available to the City and the Authority to pay or finance the Pubic Development Costs of the Redevelopment Plan incurred or to be incurred by it.

(i) The use of tax increments to pay debt service on the Tax Increment Financing Bonds or otherwise pay or reimburse with interest the Public Development Costs of the Redevelopment Plan.

SECTION 3.03 PAYMENT OF PUBLIC DEVELOPMENT COSTS

It is anticipated that the Public Development Costs of the Redevelopment Plan will be paid primarily from proceeds of Tax Increment Financing Bonds or from tax increments from the Tax Increment Financing Districts with the Project Area, among other sources of revenue the Authority may provide for payment of Public Development Costs.

SECTION 3.04 ENVIRONMENTAL CONTROLS; LAND USE REGULATIONS

All municipal actions, public improvements and private development shall be carried out in a manner consistent with existing environmental controls and all applicable Land Use Regulations.

SECTION 3.05 PARK AND OPEN SPACE TO BE CREATED

Park and open space within the Project Area, if created, will be created in accordance with the zoning and platting ordinances of the City.

SECTION 3.06 PROPOSED REUSE OF PROPERTY

The Redevelopment Plan contemplates that the Authority may acquire property and reconvey the same to another entity. Prior to formal consideration of the acquisition of any property, the Authority will require the execution of a binding development agreement with respect thereto and evidence that tax increments or other funds will be available to pay the Public Development Costs associated with land acquisition. It is the intent of the Authority to negotiate the acquisition of property whenever possible. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any development agreement to which the Authority is a party.

SECTION 3.07 ADMINISTRATION AND MAINTENANCE OF PROJECT AREA

Maintenance and operation of the Project Area will be the responsibility of the Director of the Authority, who shall serve as administrator of the Project Area. Each year the administrator of the Project Area will submit to the Authority the maintenance and operation budget for the following year.

The administrator will administer the Project Area pursuant to the Enabling Act; provided, however, that such powers may only be exercised at the direction of the Authority. No action taken by the administrator pursuant to the above-mentioned powers shall be effective without authorization by the Authority.

SECTION 3.08 AMENDMENTS

The Authority reserves the right to alter and amend the Redevelopment Plan, subject to the provisions of state law regulating such action. The Authority specifically reserves the right to enlarge or reduce the size of the Project Area.

SECTION 3.09 FINDINGS AND DECLARATION

The Authority makes the following findings:

(a) The land in the Project Area would not be made available for redevelopment without the financial aid sought.

(b) The Redevelopment Plan for the Project Area in the City will afford maximum opportunity consistent with the needs of the locality as a whole, for the redevelopment of the area by private enterprise.

(c) The Redevelopment Plan conforms to the general plan for development of the City as a whole.

ARTICLE IV
TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 26

SECTION 4.01 STATUTORY AUTHORITY

The TIF District and the TIF Plan are established under the authority of the TIF Act.

SECTION 4.02 PLANNED DEVELOPMENT

4.02.1 Project Description

The Developer proposes the construction of an approximate 168 unit residential apartment building plus underground and surface parking and associated amenity areas, both indoor and outdoor within the boundaries of the TIF District.

4.02.2 City Plans and Development Program

In addition to achieving the objectives of the Redevelopment Plan, the development is consistent with and works to achieve the development objectives of the Authority and the City. The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole.

The proposed development plan for the Development in the TIF District has been reviewed by the Planning Commission and the City Council.

4.02.3 Land Acquisition

The Authority or the City do not intend to acquire property within the TIF District.

4.02.4 Development Activities

As of the date of approval of the TIF Plan, there are no development activities proposed in the TIF Plan that are subject to contracts.

4.02.5 Need for Tax Increment Financing

In the opinion of the City, the Development would not reasonably be expected to occur solely through private investment within the foreseeable future and the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the Development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan.

The reasons and facts supporting this finding include the following:

- The Development requires public financial assistance to offset land and building acquisition and site improvement and preparation costs to allow for the Developer to proceed with construction of the Development.
- A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above and is shown in Exhibit I. This analysis indicates that the increase in estimated market value of the Development (less the present value of the projected tax increments for the maximum duration permitted by the TIF Plan) exceeds the estimated market value of the site prior to the establishment of the TIF District.

SECTION 4.03 TAX INCREMENT FINANCING DISTRICT

4.03.1 Designation

This TIF District is designated Tax Increment Financing (Redevelopment) District No. 26 (Moon Plaza).

4.03.2 Boundaries of TIF District

The boundaries of the TIF District are depicted in Exhibit V. The TIF District is located adjacent to University Avenue, on the west side, between 61st Ave NE and 63rd Ave NE in Fridley).

The boundaries of the TIF District include the following two parcels listed below and the immediate adjacent roads and right of way.

1. 14-30-24-34-0004
2. 14-30-24-34-0005

The description of the two parcels within the TIF District is provided in Exhibit VI.

4.03.3 Type of District

The TIF District is established as a "redevelopment" district pursuant to Section 469.174, Subd. 10 of the TIF Act. The property within the TIF District meets the statutory criteria for establishing a redevelopment tax increment financing district.

The Authority contracted with LHB, Inc. to inspect and evaluate property within the TIF District. As summarized in the table below, the TIF District has a coverage calculation of 100%, which is above the 70% requirement as defined in Section 469.174, Subd. 10 of the TIF Act. More than 50% of the buildings, not including outbuildings, are structurally substandard, pursuant to the definition of structurally substandard in Section 469.174, Subd. 10(b) of the TIF Act. The substandard buildings are reasonably distributed.

Exhibit VII includes the "Report of Inspection Procedures and Results for Determining Qualification of a Tax Increment Financing District" prepared by LHB, Inc. The findings in this report are summarized as follows:

Number of Parcels	1
Site Area Included (square feet)	158,994
Area of Improved Parcels (square feet)	158,994
Percent of Area Improved	100%
Number of Parcels with Buildings	1
Number of Buildings found Substandard	1
Percent of Buildings found Substandard	100%

SECTION 4.04 PLAN FOR USE OF TAX INCREMENT

4.04.1 Estimated Tax Increment

The original net tax capacity of value of the TIF District will be set by the County upon request for certification. For purposes of the TIF Plan, the estimated original net tax capacity is $29,569. This amount is estimated based on the most recent published estimated market value of $2,365,500 for the parcels within the TIF District.

The estimated net tax capacity of the property after completion of the Development (for tax collection year 2026, or year two of the TIF District) is $423,660. This amount is based on a total estimated market value of $33,892,821 for the Development. The difference between the net tax capacity and the original net tax capacity is $394,092 (for tax collection year 2026), which is the captured tax capacity for the creation of tax increment.

The total local tax rate for taxes payable in 2022 is approximately 123.78%. The TIF Plan assumes this rate as the original local tax rate for purposes of estimating future tax increment for the TIF District. At the time of the certification of the original net tax capacity for the TIF District, the County will certify the original local tax rate that will apply to the TIF District. The original local tax rate is the sum of all the local tax rates, excluding that portion of the school rate attributable to the general education levy under Minnesota Statutes section 126C.13, that apply to a property in the TIF District. The local tax rate to be certified is the rate in effect for the same taxes payable year applicable to the tax capacity values certified as the TIF District's original tax capacity. The resulting tax capacity rate is the original local tax rate for the life of the TIF District.

Under these assumptions, the estimated annual tax increment is $486,062 (for tax collection year 2026) assuming the Development is completed in 2024. The actual tax increment will vary according to the certified original net tax capacity and original tax rate, the actual property value produced by the Development and the changes in property value and state tax policy over the duration of the TIF District.

The City and the Authority elect to retain 100% of the captured tax capacity value for the duration of the TIF district. Exhibit II contains the projected tax increment over the life of the TIF District, including present value of the future tax increments.

4.04.2 Fiscal Disparities Election

The Authority hereby elects the method of tax increment computation set forth in Minnesota Statutes, Section 469.177,Subdivision 3, clause (a) if and when commercial/industrial development occurs within the TIF District, which is not anticipated.

4.04.3 Public Development Costs

The Authority will use tax increment to pay Public Development Costs. The Authority anticipates the use of tax increment to pay administrative expenses for the TIF District and to reimburse the Developer on a pay-go basis for certain Public Development Costs. A contract between the Authority and the Developer will define the means for verifying Developer costs eligible for reimbursement and the means of disbursing tax increments collected by the Authority to the Developer, including terms for payment.

The Authority may also use tax increments to pay financing costs. The interest rate payable on Tax Increment Financing Bonds, the definition of Bonds includes tax increment financing revenue notes, to be issued will be set pursuant to a contract with the Developer. The Authority reserves the right to use any other legally available revenues to finance or pay for Public Development Costs associated with the development in the TIF District.

4.04.4 Estimated Sources and Uses of Funds

The estimated sources of revenue, along with the estimated Project Costs of the TIF District, are itemized in Figure 4 on the next page.

The City and the Authority reserve the right to administratively adjust the amount of any of the Project Cost items listed in Figure 4, so long as the total Project Costs amount, not including financing costs, is not increased.

4.04.5 Administrative Expense

The Authority reserves the right to use up to ten percent (10%) of the tax increment revenues distributed from the County, net of any required fees paid to the State and County, to pay administrative costs of the Authority for the TIF District. The Authority may use these monies to pay for and reimburse the Authority for costs of administering the TIF district as allowed by the TIF Act.

The maximum amount of tax increment revenue planned to pay administrative expense is shown in Figure 4. Anticipated administrative expenses of the TIF District include annual audit of the fund for TIF District, preparation of annual reporting, legal publication of annual report, staff and other operating costs of the Authority for the administration of the TIF District, and consulting and legal costs for administration of the development agreement for the TIF District, among other administrative costs that may be incurred.

FIGURE 4
ESTIMATED SOURCES AND USES OF FUNDS
Fridley HRA
Tax Increment Financing District No. 26
Projected Tax Increment
Moon Plaza

	Total
Estimated Tax Increment Revenues (from tax increment generated by the district)	
Tax increment revenues distributed from the county	$12,850,000
Interest and investment earnings	$200,000
Sales/lease proceeds	$0
Market value homestead credit	$0
Total Estimated Tax Increment Revenues	$13,050,000
Estimated Project/Financing Costs (to be paid or financed with tax increment)	
Project costs	
Land/building acquisition	$3,500,000
Site improvements/preparation costs	$2,500,000
Utilities	$0
Other qualifying improvements	$0
Construction of affordable housing	$0
Administrative costs	$1,285,000
Estimated Tax Increment Project Costs	$7,285,000
Estimated financing costs	
Interest expense	$5,765,000
Total Estimated Project/Financing Costs to be Paid from Tax Increment	$13,050,000
Estimated Financing	
Total amount of bonds to be issued	$7,285,000

4.04.6 County Road Costs

The Development will not substantially increase the use of county roads and necessitate the need to use tax increments to pay for county road improvements.

4.04.7 Bonded Indebtedness

The total estimated amount of Tax Increment Financing Bonds to be issued is shown in Figure 4. The issuance of general obligation bonds is not planned. The Authority intends to use tax increment financing to reimburse the Developer on a pay-as-you-go basis through issuance of Tax Increment Financing Revenue Note, payable solely from tax increments from the TIF District, to reimburse certain Public Development Costs pursuant to a contract with the Developer.

The Authority may advance or loan money to finance expenditures, including administrative costs, under Section 469.176, Subd. 4 of the TIF Act, from the general fund of the Authority or any other fund under which there is legal authority to do so, subject to the following provisions:

(a) Not later than 60 days after money is transferred, advanced, or spent, whichever is earliest, the loan or advance must be authorized by resolution of the City or of the Authority, whichever has jurisdiction over the fund from which the advance or loan is authorized.

(b) The resolution may generally grant to the City or the Authority the power to make interfund loans under one or more tax increment financing plans or for one or more districts. The resolution may be adopted before or after the adoption of the tax increment financing plan or the creation of the tax increment financing district from which the advance or loan is to be repaid.

(c) The terms and conditions for repayment of the loan must be provided in writing. The written terms and conditions may be in any form, but must include, at a minimum, the principal amount, the interest rate, and maximum term. Written terms may be modified or amended in writing by the City or the Authority before the latest decertification of any tax increment financing district from which the interfund loan is to be repaid. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or 549.09 are from time to time adjusted. Loans or advances may be structured as draw-down or line-of-credit obligations of the lending fund.

(d) The Authority shall report in the annual report submitted under Section 469.175, Subd. 6 of the TIF Act:

(1) the amount of any interfund loan or advance made in a calendar year; and

(2) any amendment of an interfund loan or advance made in a calendar year.

4.04.8 Duration of TIF District

The duration to collect and spend tax increments on eligible purposes is set at the duration of 25 years after the date of receipt of the first tax increment for a total of 26 years of tax increment collection. Based on the estimated first month and year of tax increment collection of year July 2025, the estimated decertification date is 12/31/2050.

4.04.9 Estimated Impact on Other Taxing Jurisdictions

Exhibits III and IV show the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions.

The City and the Authority believe that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the Development will not occur without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The City and the Authority anticipate minimal impact of the Development on city-provided services. There will be no borrowing costs to the City or the Authority for the Project. A manageable increase in water and sewer usage is expected. It is anticipated that there may be a slight but manageable increase in police and fire protection duties due to the Development.

4.04.10 Prior Planned Improvements

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District. The Authority will include this statement with the request for certification to the County.

ARTICLE V
ADMINISTERING THE TIF DISTRICT

SECTION 5.01 FILING AND CERTIFICATION

The filing and certification of the TIF Plan consists of the following steps:

1. Upon adoption of the TIF Plan by the City and the Authority, the Authority, or its designee, shall submit a copy of the TIF Plan to the Minnesota Department of Revenue and the Office of the State Auditor.
2. The Authority, or its designee, shall request that the County certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the Authority, or its designee, shall submit copies of this document, inclusive of the TIF Plan, the resolutions of the City and Authority establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements.

SECTION 5.02 MODIFICATIONS OF THE TAX INCREMENT FINANCING PLAN

The City and the Authority reserve the right to modify the TIF District and the TIF Plan. Under the TIF Act, the following actions can only be approved after satisfying all the necessary requirements for approval of the original TIF Plan (including notifications and public hearing):

- Reduction or enlargement in the geographic area of the Development District or the TIF District.
- Increase in the amount of bonded indebtedness to be incurred.
- Increase in the amount of capitalized interest.
- Increase in that portion of the captured net tax capacity to be retained by the Authority.
- Increase in the total estimated Public Development Costs, not including cost of financing.
- Designation of additional property to be acquired by the City or the Authority.

Other modifications can be made by resolution of the Authority. In addition, the original approval process does not apply if (1) the only modification is elimination of parcels from the TIF District and (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District’s original net tax capacity, or the City and the Authority agree that the TIF District’s original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

Upon approval by the City, the Authority must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification of the TIF District.

SECTION 5.03 4-YEAR KNOCKDOWN RULE

The 4-Year Knockdown Rule requires that if after four years from certification of the TIF District no demolition, rehabilitation, renovation or site improvement, including a qualified improvement of an adjacent street, has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The Authority must submit to the County Auditor, by February 1st of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City, Authority, or owner of the parcel subsequently commences any of the above activities, the Authority shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

SECTION 5.04 POOLING/5-YEAR RULE

It is not anticipated that tax increments will be spent outside the TIF District (except allowable administrative expenses), but such expenditures are expressly authorized in the TIF Plan.

SECTION 5.05 FINANCIAL REPORTING AND DISCLOSURE REQUIREMENTS

The Authority will comply with the annual reporting requirements of state law pursuant to the guidelines of the Office of the State Auditor. Under current law, the Authority must prepare and submit a report on the TIF district on or before August 1 of each year. The Authority must also annually publish in a newspaper of general circulation in the City an annual statement for each tax increment financing district.

The reporting and disclosure requirements outlined in this section begin with the year the district was certified, and shall end in the year in which both the district has been decertified and all tax increments have been spent or returned to the county for redistribution. Failure to meet these requirements, as determined by the State Auditors Office, may result in suspension of distribution of tax increment.

SECTION 5.06 BUSINESS SUBSIDY COMPLIANCE

The Authority will comply with the business subsidy requirements specified in Minnesota Statutes, Sections 116J.993 to 116J.995, as amended. The Development is for a housing project and therefore the Authority anticipates that the business subsidy requirements will not apply.

Exhibit I
Fridley HRA
Tax Increment Financing District No. 26
Present Value Analysis As Required By Section 469.175(3)(2) of the TIF Act

1	Estimated Future Market Value w/ Tax Increment Financing	35,832,047	[1]
2	Payable 2022 Market Value	2,365,500	
3	Market Value Increase (1-2)	33,466,547	
4	Present Value of Future Tax Increments	7,640,455	
5	Market Value Increase Less PV of Tax Increments	25,826,093	
6	Estimated Future Market Value w/o Tax Increment Financing	2,506,650	[1]
7	Payable 2022 Market Value	2,365,500	
8	Market Value Increase (6-7)	141,150	
9	Increase in MV From TIF	25,684,943	[2]

[1] *Assume approximately 0.25% annual appreciation over 26 year life of district.*

[2] *Statutory compliance achieved if increase in market value from TIF (Line 9) is greater than or equal to zero.*

Exhibit II
Fridley, MN
Tax Increment Financing District No. 26 (Redevelopment)
Moon Plaza
Projected Tax Increment Financing (TIF) Cash Flow

TIF District Year	Taxes Payable Year	Taxable Market Value (TMV)	Tax Capacity	Original Base Tax Capacity	Captured Tax Capacity for TIF	Original Tax Rate	Available TIF from District	PV Available TIF
1	2025	23,670,036	295,875	29,569	266,307	123.78%	328,455	310,549
2	2026	33,892,821	423,660	29,569	394,092	123.78%	486,062	752,267
3	2027	33,971,486	424,644	29,569	395,075	123.78%	487,274	1,177,892
4	2028	34,050,334	425,629	29,569	396,060	123.78%	488,490	1,588,010
5	2029	34,129,364	426,617	29,569	397,048	123.78%	489,709	1,983,186
6	2030	34,208,579	427,607	29,569	398,038	123.78%	490,930	2,363,965
7	2031	34,287,977	428,600	29,569	399,031	123.78%	492,154	2,730,869
8	2032	34,367,559	429,594	29,569	400,026	123.78%	493,381	3,084,406
9	2033	34,447,326	430,592	29,569	401,023	123.78%	494,611	3,425,061
10	2034	34,527,279	431,591	29,569	402,022	123.78%	495,844	3,753,304
11	2035	34,607,416	432,593	29,569	403,024	123.78%	497,079	4,069,588
12	2036	34,687,740	433,597	29,569	404,028	123.78%	498,318	4,374,347
13	2037	34,768,250	434,603	29,569	405,034	123.78%	499,559	4,668,001
14	2038	34,848,948	435,612	29,569	406,043	123.78%	500,803	4,950,955
15	2039	34,929,832	436,623	29,569	407,054	123.78%	502,050	5,223,600
16	2040	35,010,904	437,636	29,569	408,068	123.78%	503,300	5,486,309
17	2041	35,092,164	438,652	29,569	409,083	123.78%	504,553	5,739,446
18	2042	35,173,613	439,670	29,569	410,101	123.78%	505,809	5,983,359
19	2043	35,255,251	440,691	29,569	411,122	123.78%	507,067	6,218,383
20	2044	35,337,079	441,713	29,569	412,145	123.78%	508,328	6,444,844
21	2045	35,419,096	442,739	29,569	413,170	123.78%	509,593	6,663,052
22	2046	35,501,304	443,766	29,569	414,198	123.78%	510,860	6,873,308
23	2047	35,583,702	444,796	29,569	415,228	123.78%	512,131	7,075,902
24	2048	35,666,292	445,829	29,569	416,260	123.78%	513,404	7,271,114
25	2049	35,749,074	446,863	29,569	417,295	123.78%	514,680	7,459,211
26	2050	35,832,047	447,901	29,569	418,332	123.78%	515,960	7,640,455
						TOTAL =	12,850,403	7,640,455

Key Assumptions for TIF Plan and Estimated Available TIF from District:

1 Taxable market value (TMV) annual growth assumption equal to approximately 0.25%.
2 Original Tax Capacity Rate for purpose of the Plan is estimated based on Taxes Payable Year 2022.Certified tax rate will not be known until time of certification of the TIF District by the County.
3 Election for captured tax capacity is 100.00%. Assumes Property Class = 4a
4 Base Tax Capacity is calculated based on a TMV = $2,365,500.
5 Present Value (PV) calculated based on semi-annual payments and rate of 4.0%, estimated dated date 6/1/2024.
6 Fiscal Disparities to be paid from outside of the TIF District. Housing is not subject to fiscal disparities.
7 Estimates for Taxable Market Value (TMV) are preliminary for planning purposes only, actual amount will vary.
8 Available TIF from District is after deducting State Auditor Fee (0.36% of tax increment from property).
9 Analysis is based on the property being classified as 4a. A different property classification, such as 4d will impact the estimated Captured Tax Capacity for TIF and the estimated Available TIF from District.

Exhibit III
Fridley HRA
Tax Increment Financing District No. 26
Impact on Other Taxing Jurisdictions
(Taxes Payable 2022)

Annual Tax Increment

Estimated Annual Captured Tax Capacity (Full Development)	$418,332
Payable 2022 Local Tax Rate	123.783%
Estimated Annual Tax Increment	$517,824

Percent of Tax Base

	Net Tax Capacity (NTC)	Captured Tax Capacity	Percent of Total NTC
Fridley, MN	44,207,182	418,332	0.95%
Anoka County	464,194,710	418,332	0.09%
ISD 14	19,839,680	418,332	2.11%

Dollar Impact of Affected Taxing Jurisdictions

	Net Tax Capacity (NTC)	% of Total	Tax Increment Share	Added Local Tax Rate
Fridley, MN	45.242%	36.549%	189,262	0.428%
Anoka County	29.605%	23.917%	123,847	0.027%
ISD 14	43.699%	35.303%	182,807	0.921%
Other	5.237%	4.231%	21,908	
Totals	123.783%	100.000%	517,824	

NOTE NO. 1: Assuming that ALL of the captured tax capacity would be available to all taxing jurisdictions even if the City does not create the Tax Increment District, the creation of the District will reduce tax capacities and increase the local tax rate as illustrated in the above tables.

NOTE NO. 2: Assuming that NONE of the captured tax capacity would be available to the taxing jurisdiction if the City did not create the Tax Increment District, then the plan has virtually no initial effect on the tax capacities of the taxing jurisdictions. However, once the District is established, allowable costs paid from the increments, and the District is terminated, all taxing jurisdictions will experience an increase in their tax base.

Exhibit IV
Fridley, MN
Tax Increment Financing (Redevelopment) District No. 26
Estimated Tax Increments Over Maximum Life of District

						Based on Pay 2022 Tax Rate =	*123.783%*	*45.242%*	*29.605%*	*43.699%*	*5.237%*

TIF District Year	Taxes Payable Year	New Taxable Market Value	New Tax Capacity	Base Tax Capacity	Captured Tax Capacity	Estimated Total Tax Increments	City TIF Related Share	County TIF Related Share	School TIF Related Share	Other TIF Related Share
1	2025	23,670,036	295,875	29,569	266,307	329,642	120,482	78,840	116,373	13,947
2	2026	33,892,821	423,660	29,569	394,092	487,818	178,295	116,671	172,214	20,638
3	2027	33,971,486	424,644	29,569	395,075	489,035	178,740	116,962	172,644	20,689
4	2028	34,050,334	425,629	29,569	396,060	490,255	179,186	117,254	173,074	20,741
5	2029	34,129,364	426,617	29,569	397,048	491,478	179,633	117,546	173,506	20,793
6	2030	34,208,579	427,607	29,569	398,038	492,704	180,081	117,839	173,939	20,845
7	2031	34,287,977	428,600	29,569	399,031	493,932	180,530	118,133	174,373	20,896
8	2032	34,367,559	429,594	29,569	400,026	495,164	180,980	118,428	174,807	20,949
9	2033	34,447,326	430,592	29,569	401,023	496,398	181,431	118,723	175,243	21,001
10	2034	34,527,279	431,591	29,569	402,022	497,635	181,883	119,019	175,680	21,053
11	2035	34,607,416	432,593	29,569	403,024	498,875	182,336	119,315	176,117	21,107
12	2036	34,687,740	433,597	29,569	404,028	500,118	182,790	119,612	176,556	21,160
13	2037	34,768,250	434,603	29,569	405,034	501,364	183,246	119,910	176,996	21,212
14	2038	34,848,948	435,612	29,569	406,043	502,612	183,702	120,209	177,437	21,264
15	2039	34,929,832	436,623	29,569	407,054	503,864	184,159	120,508	177,879	21,318
16	2040	35,010,904	437,636	29,569	408,068	505,118	184,618	120,808	178,321	21,371
17	2041	35,092,164	438,652	29,569	409,083	506,376	185,077	121,109	178,765	21,425
18	2042	35,173,613	439,670	29,569	410,101	507,636	185,538	121,411	179,210	21,477
19	2043	35,255,251	440,691	29,569	411,122	508,899	186,000	121,713	179,656	21,530
20	2044	35,337,079	441,713	29,569	412,145	510,165	186,463	122,015	180,103	21,584
21	2045	35,419,096	442,739	29,569	413,170	511,434	186,926	122,319	180,551	21,638
22	2046	35,501,304	443,766	29,569	414,198	512,706	187,391	122,623	181,000	21,692
23	2047	35,583,702	444,796	29,569	415,228	513,981	187,857	122,928	181,450	21,746
24	2048	35,666,292	445,829	29,569	416,260	515,259	188,324	123,234	181,901	21,800
25	2049	35,749,074	446,863	29,569	417,295	516,540	188,792	123,540	182,354	21,854
26	2050	35,832,047	447,901	29,569	418,332	517,824	189,262	123,847	182,807	21,908
Total						12,896,832	4,713,722	3,084,516	4,552,956	545,638

Note: The Estimated Total Tax Increment shown above is before deducting the State Auditor's fee, which is payable at a rate of 0.36% of the Total Tax Increment collected. Exhibit II provides Estimated Total Tax Increment after deducting for the State Auditor's fee.

EXHIBIT V

Boundaries of Redevelopment Project No. 1 and Boundaries of TIF District No. 26

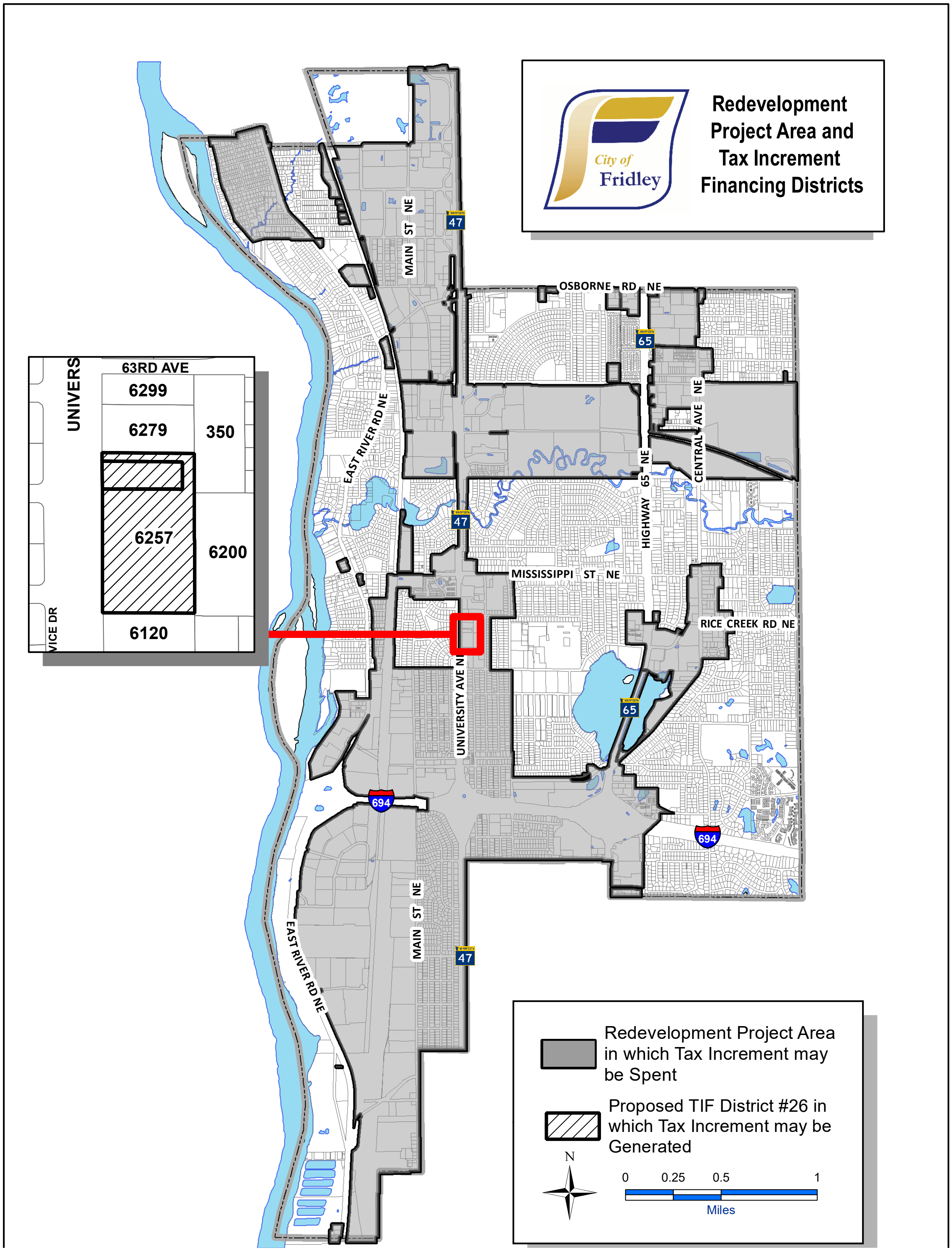

EXHIBIT V - continued
Boundaries of Redevelopment Project No. 1 and Existing TIF Districts within Boundaries

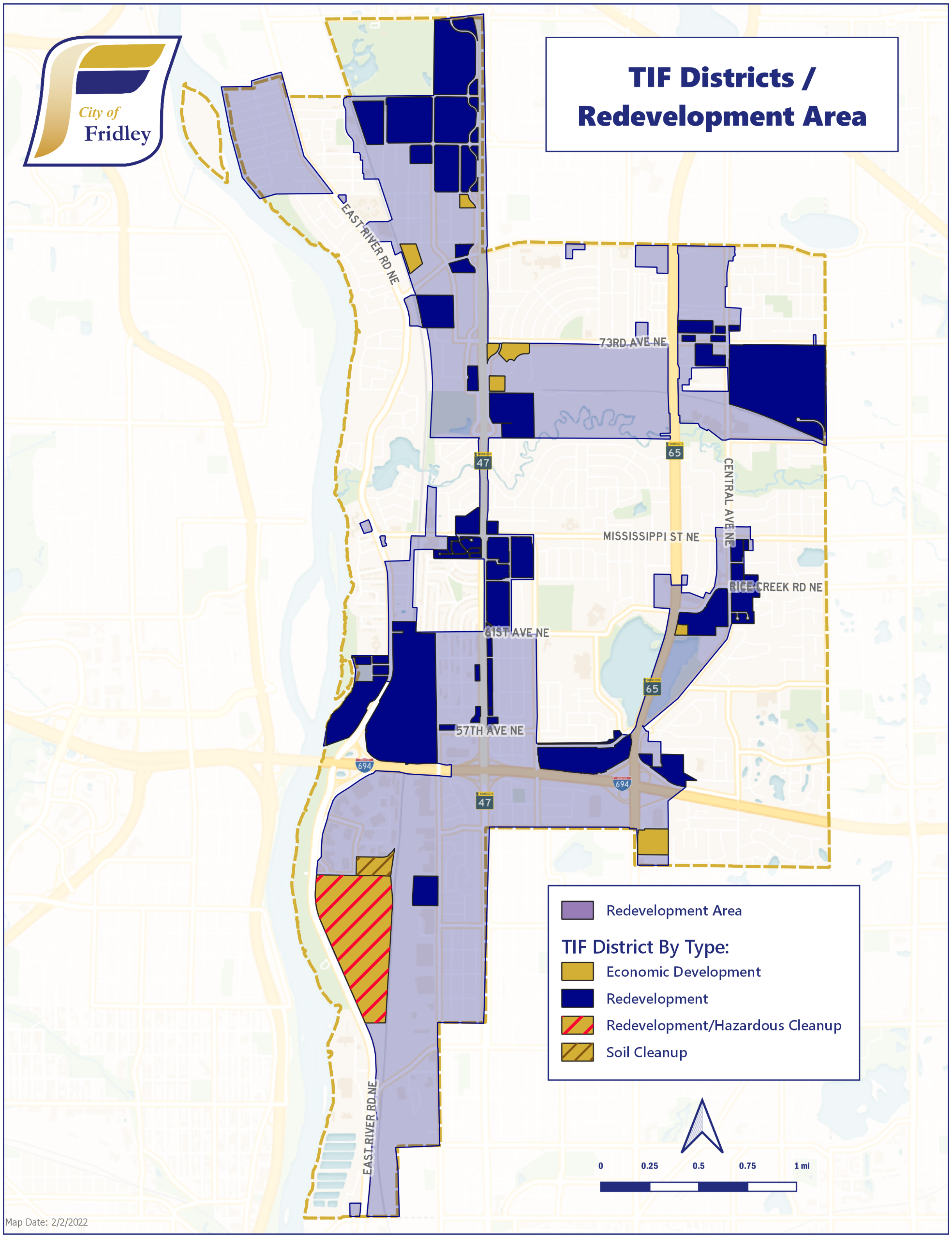

EXHIBIT VI

Description of Parcels within Tax Increment Financing District No. 26

Parcel 1
Lot 4, AUDITOR'S SUBDIVISION NUMBER 59, according to the recorded plat thereof, Anoka County, Minnesota excepting therefrom the following described parcel:

Commencing at the point of intersection of the East line of said Lot 4 and a line drawn from a point in the West line of said Lot 4 distant 119.99 feet South from the Northwest corner of said Lot 4 to a point in the East line of said Lot 4, distant 118.06 feet South from the Northeast corner of said Lot 4, said distance being measured along the East and West line of said Lot 4 hereinafter referred to as Line "A"; thence West along said Line "A" a distance of 38.68 feet to the actual Point of Beginning of the tract to be described; thence continuing West along said Line "A" a distance of 25.25 feet; thence North at a right angle to said Line "A" a distance of 0.33 feet; thence West, at a right angle, a distance of 1.58 feet; thence South at a right angle to said Line "A"; thence West along said Line "A" a distance of 23.74 feet; thence North at a right angle to said Line "A" a distance of 0.33 feet; thence West at a right angle a distance of 1.58 feet; thence South at a right angle to said Line "A"; thence West along said Line "A" to the West line of said Lot 4; thence North along the West line of said Lot 4, to a point distant 28.0 feet South from the North line of said Lot 4 measured at a right angle to the North line of said Lot 4; thence East along a line parallel with the North line of said Lot 4 to a point distant 38 feet West from the East line of said Lot 4 measured at a right angle to the East line of said Lot 4; thence South to the actual Point of Beginning.

(Abstract Property)

AND

Parcel 2
Lot 4, AUDITOR'S SUBDIVISION NUMBER 59, according to the recorded plat thereof, Anoka County, Minnesota, described as follows:

Commencing at the point of intersection of the East line of said Lot 4 and a line drawn from a point in the West line of said Lot 4 distant 119.99 feet South from the Northwest corner of said Lot 4 to a point in the East line of said Lot 4, distant 118.06 feet South from the Northeast corner of said Lot 4, said distance being measured along the East and West line of said Lot 4 hereinafter referred to as Line "A"; thence West along said Line "A" a distance of 38.68 feet to the actual Point of Beginning of the tract to be described; thence continuing West along said Line "A" a distance of 25.25 feet; thence North at a right angle to said Line "A" a distance of 0.33 feet; thence West, at a right angle, a distance of 1.58 feet; thence South at a right angle to said Line "A"; thence West along said Line "A" a distance of 23.74 feet; thence North at a right angle to said Line "A" a distance of 0.33 feet; thence West at a right angle a distance of 1.58 feet; thence South at a right angle to said Line "A"; thence West along said Line "A" to the West line of said Lot 4; thence North along the West line of said Lot 4, to a point distant 28.0 feet South from the North line of said Lot 4 measured at a right angle to the North line of said Lot 4; thence East along a line parallel with the North line of said Lot 4 to a point distant 38 feet West from the East line of said Lot 4 measured at a right angle to the East line of said Lot 4; thence South to the actual Point of Beginning.

EXHIBIT VII
Report of Inspection Procedures and Results for Determining Qualifications of a Tax Increment Financing District
Prepared by LHB, Inc.

REPORT OF INSPECTION PROCEDURES AND RESULTS

FOR

DETERMINING QUALIFICATIONS

OF A

TAX INCREMENT FINANCING DISTRICT

MOON PLAZA
REDEVELOPMENT TIF DISTRICT

Prepared for

CITY OF FRIDLEY, MINNESOTA

December 23, 2022

LHB

Report by LHB, Inc.

Table of Contents

Report by LHB, Inc.

Part 1: Executive Summary

Purpose of the Evaluation

LHB was hired by the City of Fridley to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District ("TIF District") proposed to be established by the City. The proposed TIF District is located at 6257 University Avenue NE in Fridley, MN (Diagram 1). The purpose of LHB's work is to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether one (1) building on two (2) parcels, located within the proposed TIF District, meets the qualifications required for a Redevelopment District.

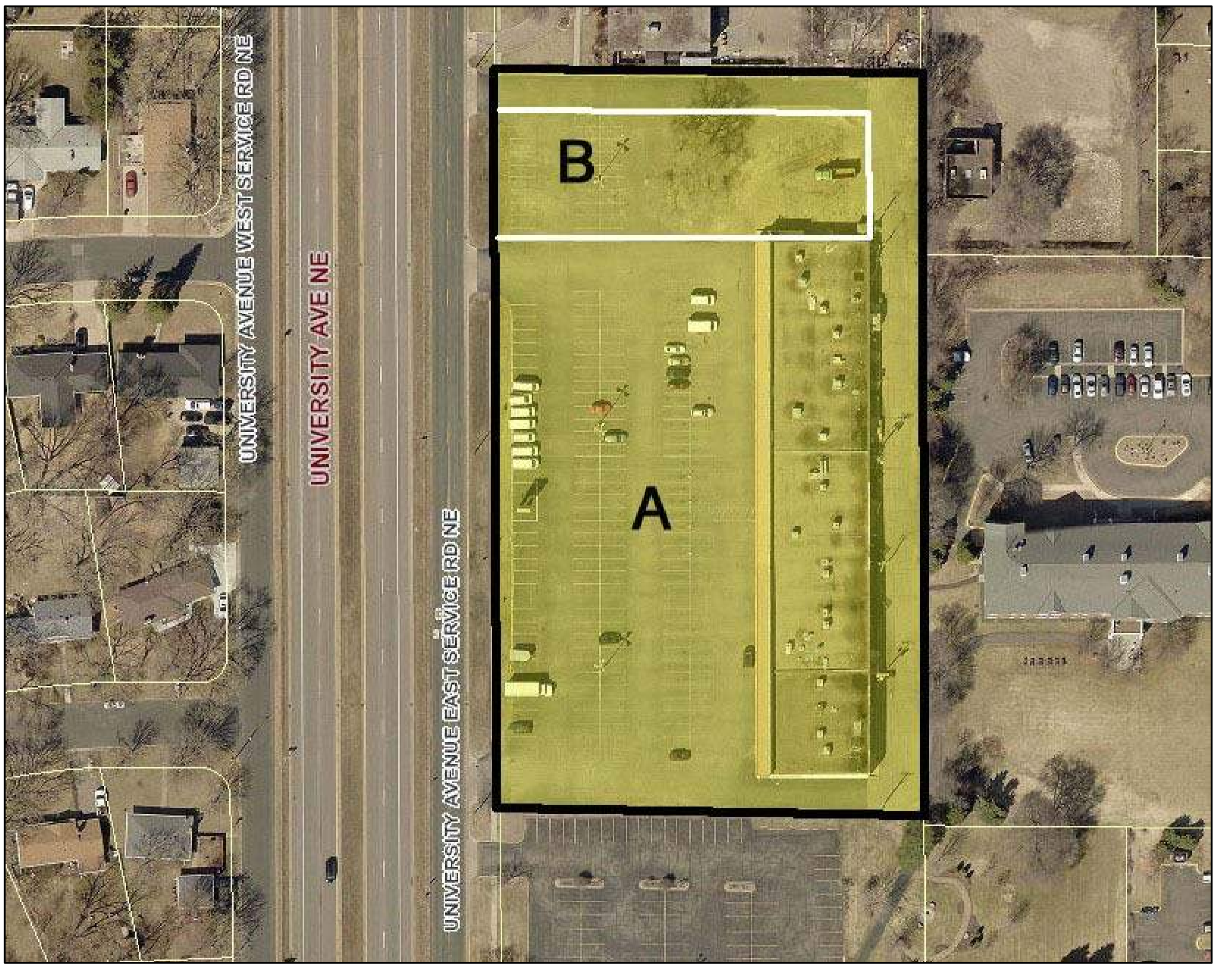

Diagram 1: Proposed TIF District

Scope of Work

The proposed TIF District consists of two (2) parcels with one (1) structure. The building was inspected on November 30, 2022. Building Code and Condition Deficiency reports are in Appendix B.

Report by LHB, Inc.

Conclusion

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the proposed TIF District qualifies as a Redevelopment District because:

- The proposed TIF District has a coverage calculation of 100 percent which is above the 70 percent requirement.
- 100 percent of the buildings are structurally substandard which is above the 50 percent requirement.
- The substandard buildings are reasonably distributed.

The remainder of this report describes our process and findings in detail.

Part 2: Minnesota Statute 469.174, Subdivision 10 Requirements

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

Interior Inspection

"The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property..."

Exterior Inspection and Other Means

"An interior inspection of the property is not required, if the municipality finds that

(1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and

(2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard."

Documentation

"Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1)."

Qualification Requirements

Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1) requires three tests for occupied parcels:

1. COVERAGE TEST

a. Minnesota Statutes, Section 469.174, Subdivision 10(a)(1) states:

"parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots…"The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states:

"For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures."

Report by LHB, Inc.

2. CONDITION OF BUILDINGS TEST

a. Minnesota Statutes, Section 469.174, Subdivision 10(a) states:

   "…and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;"

b. Structurally substandard is defined under Minnesota Statutes, Section 469.174, Subdivision 10(b), which states:

   "For purposes of this subdivision, 'structurally substandard' shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance."

   i. We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)* defined as "structurally substandard", due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

c. Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Subdivision 10(c) which states:

   "A building is not structurally substandard if it follows the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence based on reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence."

   "Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence."

   i. LHB counts energy code deficiencies toward the 15 percent code threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c)) for the following reasons:
      1) The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.
      2) Chapter 13 of the 2015 *Minnesota Building Code* states, "Buildings shall be designed and constructed in accordance with the *International Energy Conservation Code*." Furthermore, Minnesota Rules, Chapter 1305.0021 Subpart 9 states, "References to the *International Energy Conservation Code* in this code mean the *Minnesota Energy Code*…"
      3) Chapter 11 of the 2015 Minnesota Residential Code incorporates Minnesota Rules, Chapters, 1322 and 1323 *Minnesota Energy Code*.
      4) The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
      5) In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
      6) Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. For an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

3. DISTRIBUTION OF SUBSTANDARD BUILDINGS

a. Minnesota Statutes, Section 469.174, Subdivision 10, defines a Redevelopment District and requires one or more of the following conditions "reasonably distributed throughout the district.":

"(1) Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;

(2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way;

(3) tank facilities, or property whose immediately previous use was for tank facilities…"

b. Our interpretation of the distribution requirement is that the substandard buildings must be reasonably distributed throughout the district as compared to the location of all buildings in the district. For example, if all the buildings in a district are located on one half of the area of the district, with the other half occupied by parking lots (meeting the required 70 percent coverage for the district), we would evaluate the distribution of the substandard buildings compared with only the half of the district where the buildings are located. If all the buildings in a district are located evenly throughout the entire area of the district, the substandard buildings must be reasonably distributed throughout the entire area of the district. We believe this is consistent with the opinion expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

Part 3: Procedures Followed

LHB inspected one building on the interior and exterior during the day of November 30, 2022.

Part 4: Findings

1. Coverage Test

a. The total square foot area of the parcels in the proposed TIF District were obtained from City records, GIS mapping and site verification.
b. The total square foot area of buildings and site improvements on the parcels in the proposed TIF District were obtained from City records, GIS mapping and site verification.
c. The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

FINDING

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which resulted in parcels consisting of 100 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures (Diagram 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under Minnesota Statutes, Section 469.174, Subdivision (a) (1).

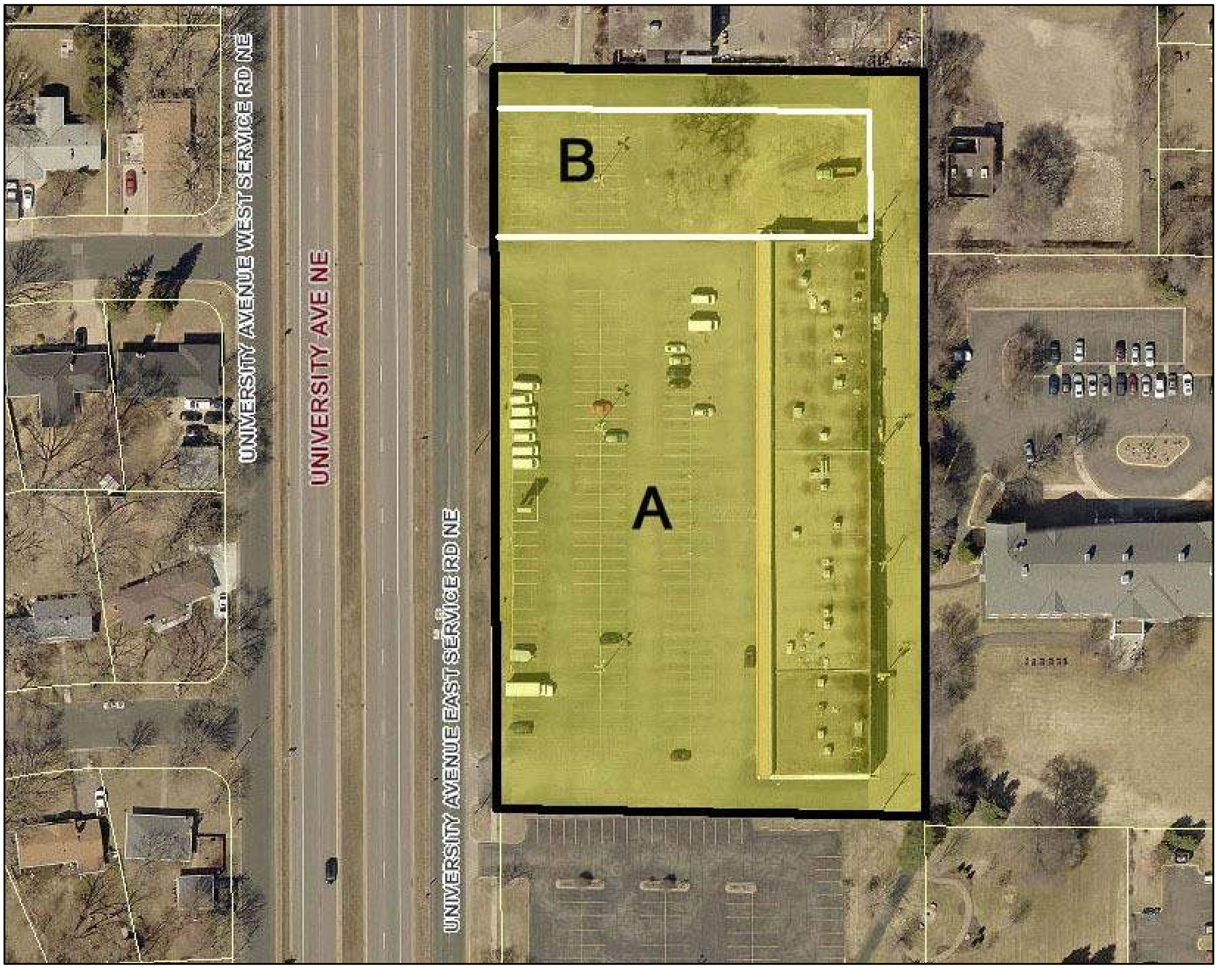

Diagram 2 – Coverage Diagram

Shaded area depicts a parcel more than 15 percent occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures

2. Condition of Building Test

a. BUILDING INSPECTION

i. The first step in the evaluation process is the building inspection. After an initial walk-thru, the inspector makes a judgment whether a building "appears" to have enough defects or deficiencies of sufficient total significance to justify substantial renovation or clearance. If it does, the inspector documents with notes and photographs code and non-code deficiencies in the building.

b. REPLACEMENT COST

i. The second step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost. This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using R.S. Means Cost Works square foot models for 2022.

Report by LHB, Inc.

ii. A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and building size to obtain the appropriate median replacement cost, which factors in the costs of construction in Fridley, Minnesota.

iii. Replacement cost includes labor, materials, and the contractor's overhead and profit. Replacement costs do not include architectural fees, legal fees or other "soft" costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix A.

c. CODE DEFICIENCIES

i. The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.

ii. Minnesota Statutes, Section 469.174, Subdivision 10(c), specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. As a result, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.

iii. The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. LHB utilizes the current Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.

iv. After identifying the code deficiencies in each building, we used R.S. Means Cost Works 2022; Unit and Assembly Costs to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

FINDING

One (1) out of one (1) buildings (100 percent) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c). Building Code, Condition Deficiency and Context Analysis reports for the buildings in the proposed TIF District can be found in Appendix B of this report.

d. SYSTEM CONDITION DEFICIENCIES

i. If a building meets the minimum code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), then for such building to be "structurally substandard" under Minnesota Statutes, Section 469.174, Subdivision 10(b), the building's defects, or deficiencies should be of sufficient total significance to justify "substantial renovation or clearance." Based on this definition, LHB re-evaluated each of the buildings that met the code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), to determine if the total deficiencies warranted "substantial renovation or clearance" based on the criteria we outlined above.

ii. System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors, and doors.

iii. The evaluation of system condition deficiencies was made by reviewing all available information contained in City records and making interior and exterior inspections of the buildings. LHB only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of "service life" used up for a particular component unless it was an obvious part of that component's deficiencies.

iv. After identifying the system condition deficiencies in each building, we used our professional judgment to determine if the list of defects or deficiencies is of sufficient total significance to justify "substantial renovation or clearance."

FINDING
In our professional opinion, one (1) out of one (1) buildings (100 percent) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. This exceeds the 50 percent requirement of Subdivision 10a(1).

3. Distribution of Substandard Structures

e. Much of this report has focused on the condition of individual buildings as they relate to requirements identified by Minnesota Statutes, Section 469.174, Subdivision 10. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District (Diagram 3).

FINDING
The parcels with substandard buildings are reasonably distributed compared to all parcels that contain buildings.

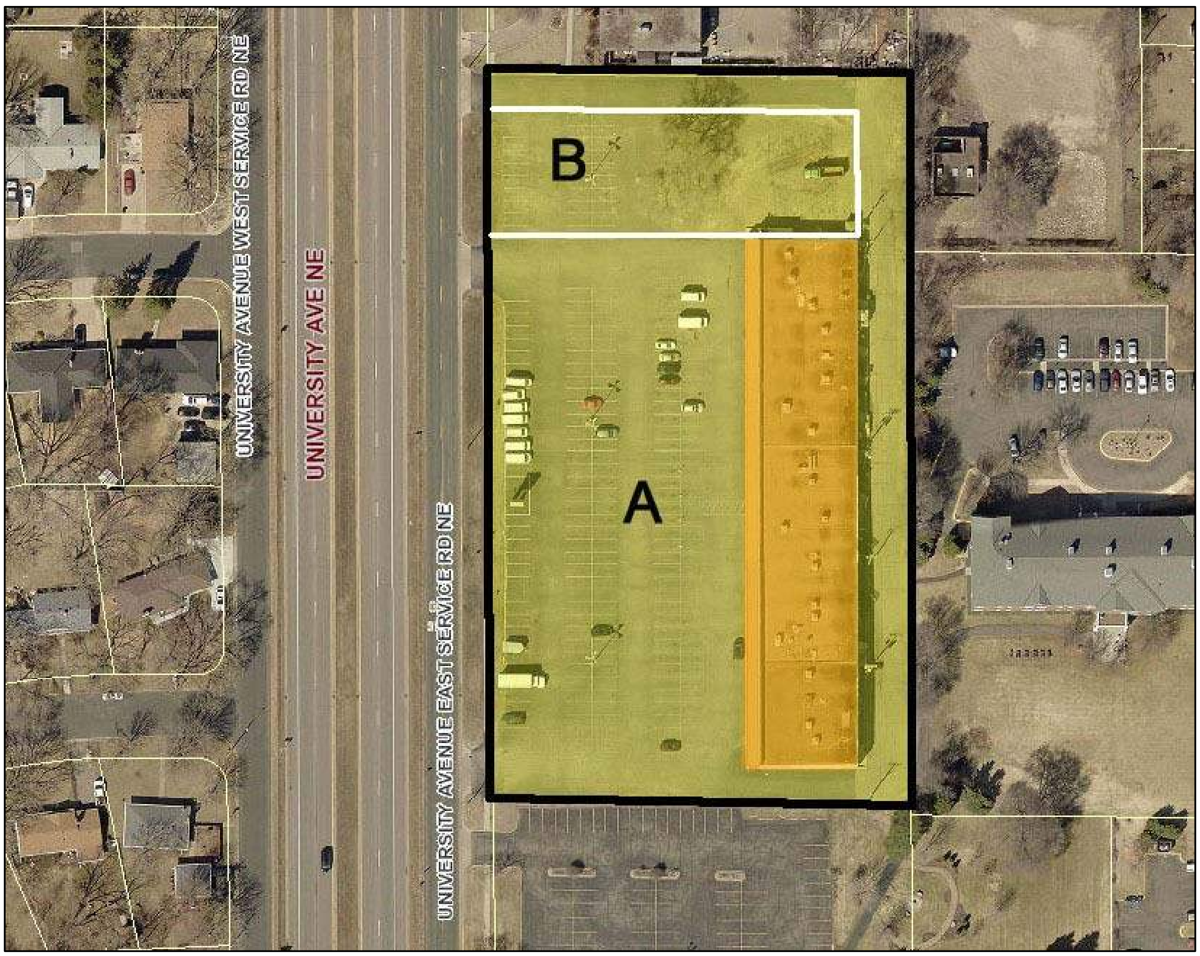

Diagram 3 – Substandard Buildings

Shaded yellow area depicts parcels with buildings.
Shaded orange area depicts substandard buildings.

Part 5: Team Credentials

Michael A. Fischer, AIA, LEED AP - Project Principal/TIF Analyst

Michael has 34 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial, and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 100 cities with strategic planning for TIF Districts. He is an Architectural Principal at LHB and currently leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning master's degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including a term as a City Council President, Chair of a Metropolitan Planning Organization, and Chair of the Edina Planning Commission. Most recently, he served as a member of the Edina city council and Secretary of the Edina HRA. Michael has also managed and designed several award-winning architectural projects and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

Phil Fisher – Inspector

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota, he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

Appendices

APPENDIX A Property Condition Assessment Summary Sheet

APPENDIX B Building Code, Condition Deficiency and Context Analysis Report

APPENDIX C Building Replacement Cost Report

Code Deficiency Cost Report

Photographs

APPENDIX A

Property Condition Assessment Summary Sheet

Report by LHB, Inc.

Moon Plaza Redevelopment TIF District

Property Condition Assessment Summary Sheet

Fridley, Minnesota

TIF Map No.	PID #	Property Address	Improved or Vacant	Survey Method Used	Site Area (S.F.)	Coverage Area of Improvements (S.F.)	Coverage Percent of Improvements	Coverage Quantity (S.F.)	No. of Buildings	Building Replacement Cost	15% of Replacement Cost	Building Code Deficiencies	No. of Buildings Exceeding 15% Criteria	No. of buildings determined substandard
A	14-30-24-34-0004	6257 University Avenue NE	Improved	Interior/Exterior	135,036	130,985	97.0%	135,036	1	$5,427,246	$814,087	$1,927,420	1	1
B	14-30-24-34-0005	N/A	Vacant	Exterior	23,958	23,958	100.0%	23,958	0					
TOTALS					158,994			158,994	1				1	1

Total Coverage Percent: 100.0%

Percent of buildings exceeding 15 percent code deficiency threshold: 100.0%

Percent of buildings determined substandard: 100.0%

M:\22Proj\221327\300 Design\Reports\Final Report\[Moon Plaza Redevelopment TIF Summary Spreadsheet.xlsx]Property Info

APPENDIX B

Building Code, Condition Deficiency and Context Analysis Report

Report by LHB, Inc.

Moon Plaza Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel A	**Moon Plaza**
Address:	6257 University Avenue Northeast, Fridley, Minnesota 55432
Parcel ID:	14-30-24-34-0004
Inspection Date(s) & Time(s):	November 30, 2022, 9:45 am
Inspection Type:	Interior and Exterior
Summary of Deficiencies:	It is our professional opinion that this building is Substandard because: - Substantial renovation is required to correct Conditions found. - Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost:	$5,427,246
Estimated Cost to Correct Building Code Deficiencies:	$1,927,420
Percentage of Replacement Cost for Building Code Deficiencies:	35.5%

DEFECTS IN STRUCTURAL ELEMENTS

1. Steel lintels should be protected from rusting per code.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
   a. Restrooms are not fully code compliant for accessibility.
   b. There is no code required access to all levels of the building.

2. Light and Ventilation
   a. Electrical wiring does not comply with code.
   b. Electrical circuit panels should be properly protected per code.
   c. Lighting does not comply with code.
   d. The HVAC system does not comply with code.

3. Fire Protection/Adequate Egress
   a. Thresholds do not comply with code for maximum height.
   b. Interior and exterior stairs do not comply with code.
   c. Smoke detectors do not comply with code.
   d. Emergency lighting does not comply with code.
   e. There is no code required emergency notification system in the building.
   f. Exit signage does not comply with code.
   g. Building sprinkler system is not fully code compliant.

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h. Flooring material is damaged creating and impediment to emergency egress which is contrary to code.
i. Door hardware does not comply with code.
j. Concrete sidewalks are damaged creating an impediment to emergency egress which is contrary to code.
k. Code required fire caulking should be placed in all through wall, floor, and ceiling penetrations.
l. Glass doors should have code required 10-inch kick plates installed.

4. Layout and Condition of Interior Partitions/Materials
   a. Carpeting is worn/stained and should be cleaned/replaced.
   b. Ceiling tile is stained and should be replaced.
   c. Walls should be repaired/repainted.
   d. Mold is present in the lower level of the building.

5. Exterior Construction
   a. Roofing material is failing allowing for water intrusion which is contrary to code.
   b. Hollow metal doors and frames are rusting and should be repaired/repainted.
   c. Wood fascia should be repainted.
   d. Windows are failing allowing for water intrusion which is contrary to code.
   e. Exterior concrete block is damaged/missing allowing for water intrusion which is contrary to code.
   f. Expansion joint caulking is failing allowing for water intrusion which is contrary to code.

DESCRIPTION OF CODE DEFICIENCIES

1. Steel lintels should be protected from rusting per code.
2. Restrooms should be modified to comply with accessibility code.
3. A code required accessible route should be created to all levels of the building.
4. Code compliant electrical wiring should be installed.
5. A code compliant electrical lighting system should be installed.
6. Electrical circuit panels should be properly protected per code.
7. Install a code compliant HVAC system.
8. Thresholds do not comply with code for maximum height.
9. Smoke detectors do not comply with code.
10. Emergency lighting does not comply with code.
11. Install a code required emergency notification system.
12. Exit signage does not comply with code.
13. The building sprinkler system is not code compliant.
14. Flooring material is damaged creating an impediment to emergency egress which is contrary to code.
15. Concrete sidewalks are damaged creating an impediment to emergency egress which is contrary to code.
16. Door hardware does not comply with code.
17. Code required fire caulking should be installed.
18. Install code required 10-inch kick plates on glass doors.
19. Replace failed roofing material to prevent water intrusion per code.
20. Repair/replace damaged exterior concrete block walls to prevent water intrusion per code.

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21. Replace failed windows to prevent water intrusion per code.
22. Replace failed expansion joint caulking to prevent water intrusion per code.

OVERVIEW OF DEFICIENCIES

This strip mall shopping center has been operating for many years. Steel lintels should be protected from rusting per code. Glass doors should have code required 10-inch kick plates installed. Sidewalks are cracked/damaged creating and impediment to emergency egress which is contrary to code. Restrooms should be modified to comply with code. A code required accessible route to all levels should be created. Interior walls should be repaired/repainted. All life safety systems should be made code compliant. Flooring material is damaged creating an impediment to emergency egress. The electrical wiring and lighting systems do not comply with code. A code compliant HVAC system should be installed. Code required fire caulking should be installed. Failed roofing material should be replaced to prevent water intrusion per code. Failed exterior wall systems should be repaired/replaced to prevent water intrusion per code.

ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether the building is substandard.

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APPENDIX C

Building Replacement Cost Report

Code Deficiency Cost Report

Photographs

Report by LHB, Inc.

Moon Plaza Redevelopement TIF District

Replacement Cost Report

RSMeans data from GORDIAN

	Square Foot Cost Estimate Report	Date: 12/10/2022
Estimate Name:	6257 University Ave NE	
Building Type:	Store, Retail with Brick Veneer / Reinforced Concrete	
Location:	FRIDLEY, MN	
Story Count:	1	
Story Height (L.F.):	14.00	
Floor Area (S.F.):	26000	
Labor Type:	OPN	
Basement Included:	Yes	
Data Release:	Year 2022 Quarter 4	
Cost Per Square Foot:	$208.74	
Building Cost:	$5,427,246.27	

Costs are derived from a building model with basic components.
Scope differences and market conditions can cause costs to vary significantly.

		Quantity	% of Total	Cost Per S.F.	Cost
A	Substructure		15.83%	$28.73	$746,939.91
A1010	**Standard Foundations**			**$6.72**	**$174,638.51**
A10101102700	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide	900		$1.77	$46,148.40
A10102107410	Spread footings, 3000 PSI concrete, load 100K, soil bearing capacity 6 KSF, 4' - 6" square x 15" deep	246.46		$4.94	$128,490.11
A1030	**Slab on Grade**			**$6.79**	**$176,661.94**
A10301202240	Slab on grade, 4" thick, non industrial, reinforced	26000		$6.79	$176,661.94
A2010	**Basement Excavation**			**$4.72**	**$122,625.36**
A20101104620	Excavate and fill, 10,000 SF, 8' deep, sand, gravel, or common earth, on site storage	26000		$4.72	$122,625.36
A2020	**Basement Walls**			**$10.50**	**$273,014.10**
A20201107260	Foundation wall, CIP, 12' wall height, pumped, .444 CY/LF, 21.59 PLF, 12" thick	900		$10.50	$273,014.10
B	Shell		45.71%	$82.97	$2,157,340.28
B1010	**Floor Construction**			**$28.53**	**$741,729.37**
B10102030860	Cast-in-place concrete column, 12" square, tied, 200K load, 12' story height, 142 lbs/LF, 4000PSI	2957.48		$9.86	$256,239.37
B10102049913	Cast-in-place concrete column, 12", square, tied, minimum reinforcing, 150K load, 10'-14' story height, 135 lbs/LF, 4000PSI	873		$2.42	$62,834.00
B10102221720	Flat slab, concrete, with drop panels, 6" slab/2.5" panel, 12" column, 15'x15' bay, 75 PSF superimposed load, 153 PSF total load	26000		$16.26	$422,656.00
B1020	**Roof Construction**			**$18.39**	**$478,140.00**
B10207257000	Roof, concrete, beam and slab, 25'x25' bay, 40 PSF superimposed load, 20" deep beam, 9" slab, 152 PSF total load	26000		$18.39	$478,140.00
B2010	**Exterior Walls**			**$19.10**	**$496,703.56**
B20101321201	Brick wall, composite double wythe, standard face/CMU back-up, 8" thick, perlite core fill, 3" XPS	10710		$19.10	$496,703.56
B2020	**Exterior Windows**			**$3.39**	**$88,254.65**
B20202101100	Aluminum flush tube frame, for 1/4"glass,1-3/4"x4", 5'x6' opening, no intermediate horizontals	126		$0.16	$4,104.09
B20202201000	Glazing panel, insulating, 1/2" thick, 2 lites 1/8" float glass, clear	1764		$3.24	$84,150.56
B2030	**Exterior Doors**			**$2.06**	**$53,664.07**
B20301106700	Door, aluminum & glass, without transom, bronze finish, hardware, 3'-0" x 7'-0" opening	9.75		$1.58	$41,158.26
B20302203450	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening	3.25		$0.48	$12,505.81
B3010	**Roof Coverings**			**$11.43**	**$297,083.41**
B30101051600	Roofing, asphalt flood coat, gravel, base sheet, 4 plies 15# asphalt felt, mopped	26000		$4.29	$111,540.00
B30103202700	Insulation, rigid, roof deck, extruded polystyrene, 40 PSI compressive strength, 4" thick, R20	26000		$5.41	$140,652.72
B30104201400	Roof edges, aluminum, duranodic, .050" thick, 6" face	900		$1.33	$34,690.95

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B30106305100	Gravel stop, aluminum, extruded, 4", mill finish, .050" thick	900		$0.39	$10,199.74
B3020	**Roof Openings**			**$0.07**	**$1,765.22**
B30202100300	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", galvanized steel, 165 lbs	1		$0.07	$1,765.22
C	**Interiors**		**11.78%**	**$21.38**	**$555,766.43**
C1010	**Partitions**			**$1.56**	**$40,636.59**
C10101265400	Metal partition, 5/8"fire rated gypsum board face, no base,3 -5/8" @ 24" OC framing, same opposite face, no insulation	4333.33		$0.83	$21,519.77
C10101280700	Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8"	10710		$0.43	$11,293.16
C10101280960	Add for the following: taping and finishing	10710		$0.30	$7,823.66
C1020	**Interior Doors**			**$1.33**	**$34,486.51**
C10201022600	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	22.75		$1.33	$34,486.51
C1030	**Fittings**			**$0.34**	**$8,722.64**
C10301100460	Toilet partitions, cubicles, ceiling hung, stainless steel	3.25		$0.34	$8,722.64
C2010	**Stair Construction**			**$6.12**	**$159,186.50**
C20101100560	Stairs, CIP concrete, w/landing, 12 risers, with nosing	10		$2.48	$64,413.80
C20101101120	Stairs, wood, prefab box type, oak treads, wood rails 3'-6" wide, 14 risers	3		$3.65	$94,772.70
C3010	**Wall Finishes**			**$0.88**	**$22,817.29**
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	7800		$0.27	$6,939.66
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	10710		$0.37	$9,528.69
C30102301940	Ceramic tile, thin set, 4-1/4" x 4-1/4"	866.67		$0.24	$6,348.94
C3020	**Floor Finishes**			**$2.50**	**$64,980.50**
C30204101600	Vinyl, composition tile, maximum	26000		$2.50	$64,980.50
C3030	**Ceiling Finishes**			**$8.65**	**$224,936.40**
C30302107400	Acoustic ceilings, 3/4"mineral fiber, 12" x 12" tile, concealed 2" bar & channel grid, suspended support	26000		$8.65	$224,936.40
D	**Services**		**26.68%**	**$48.43**	**$1,259,297.96**
D1010	**Elevators and Lifts**			**$6.50**	**$168,892.20**
D10101102200	Hydraulic, passenger elevator, 3000 lb, 2 floors, 100 FPM	2		$6.50	$168,892.20
D2010	**Plumbing Fixtures**			**$4.25**	**$110,386.61**
D20101102160	Water closet, vitreous china, bowl only with flush valve, floor mount, 18" high bowl, ADA compliant	24		$1.77	$46,063.68
D20102102000	Urinal, vitreous china, wall hung	1		$0.06	$1,585.71
D20103101560	Lavatory w/trim, vanity top, PE on CI, 20" x 18"	24		$1.85	$48,213.12
D20108201880	Water cooler, electric, wall hung, dual height, 14.3 GPH	3.25		$0.56	$14,524.10
D2020	**Domestic Water Distribution**			**$1.30**	**$33,783.75**
D20202502220	Gas fired water heater, commercial, 100 < F rise, 500 MBH input, 480 GPH	1		$1.30	$33,783.75
D2040	**Rain Water Drainage**			**$1.92**	**$50,036.48**
D20402104200	Roof drain, CI, soil,single hub, 4" diam, 10' high	16.25		$1.77	$46,099.30
D20402104240	Roof drain, CI, soil,single hub, 4" diam, for each additional foot add	65		$0.15	$3,937.18
D3050	**Terminal & Package Units**			**$10.28**	**$267,167.42**
D30501502560	Rooftop, single zone, air conditioner, department stores, 10,000 SF, 29.17 ton	26000		$10.28	$267,167.42
D4010	**Sprinklers**			**$5.32**	**$138,269.30**
D40104101080	Wet pipe sprinkler systems, steel, ordinary hazard, 1 floor, 10,000 SF	26000		$5.32	$138,269.30
D4020	**Standpipes**			**$1.59**	**$41,320.99**
D40203101540	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor	3.25		$1.59	$41,320.99
D5010	**Electrical Service/Distribution**			**$1.09**	**$28,291.23**
D50101200320	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 400 A	1		$0.28	$7,278.85
D50102300320	Feeder installation 600 V, including RGS conduit and XHHW wire, 400 A	50		$0.22	$5,698.45
D50102400200	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 400 A	1		$0.59	$15,313.93

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D5020	**Lighting and Branch Wiring**			**$14.51**	**$377,389.81**
D50201100440	Receptacles incl plate, box, conduit, wire, 8 per 1000 SF, .9 watts per SF	26000		$3.41	$88,657.66
D50201350360	Miscellaneous power, 1.5 watts	26000		$0.49	$12,637.04
D50201400280	Central air conditioning power, 4 watts	33800		$1.05	$27,178.58
D50202100520	Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @32watt per 1000 SF	32500		$9.57	$248,916.53
D5030	**Communications and Security**			**$1.68**	**$43,760.17**
D50309100452	Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and wire	1.17		$1.16	$30,239.44
D50309100460	Fire alarm command center, addressable without voice, excl. wire & conduit	3.25		$0.52	$13,520.73
E	**Equipment & Furnishings**		**0.00%**	**$0.00**	**$0.00**
E1090	**Other Equipment**			**$0.00**	**$0.00**
F	**Special Construction**		**0.00%**	**$0.00**	**$0.00**
G	**Building Sitework**		**0.00%**	**$0.00**	**$0.00**

SubTotal	**100%**	**$181.51**	**$4,719,344.58**
Contractor Fees (General Conditions,Overhead,Profit)	**15.0%**	**$27.23**	**$707,901.69**
Architectural Fees	**0.0%**	**$0.00**	**$0.00**
User Fees	**0.0%**	**$0.00**	**$0.00**
Total Building Cost		**$208.74**	**$5,427,246.27**

Report by LHB, Inc.

Moon Plaza Redevelopment TIF District

Code Deficiency Cost Report

Parcel A - 6257 University Avenue Northeast, Fridley, Minnesota 55432
Parcel ID 14-30-24-34-0004

Building Name or Type
Moon Plaza

Code Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Accessibility Items				
Restrooms				
Modify restrooms to comply with code	$ 4.02	SF	26,000	$ 104,520.00
Accessible Route				
Create a code required accessible route to all levels	$ 6.50	SF	26,000	$ 169,000.00
Structural Elements				
Steel Lintels				
Protect steel lintels from rusting per code	$ 1,000.00	Lump	1	$ 1,000.00
Exiting				
Thresholds				
Modify thresholds to comply with code for maximum height	$ 2,500.00	Lump	1	$ 2,500.00
Flooring				
Repair/replace damaged flooring to create a code required unimpeded means for emergency egress	$ 2.50	SF	26,000	$ 65,000.00
Sidewalks				
Repair/replace damaged sidewalks to create a code required unimpeded means for emergency egress	$ 0.50	SF	26,000	$ 13,000.00
Stairs				
Install code compliant interior and exterior stairs	$ 6.12	SF	26,000	$ 159,120.00
Exit Signage				
Install code compliant exit signage	$ 1.65	SF	26,000	$ 42,900.00
Emergency Lighting				
Install code compliant emergency lighting	$ 1.55	SF	26,000	$ 40,300.00
Door Hardwae				
Install code compliant door hardware	$ 250.00	EA	50	$ 12,500.00
Glass Doors				
Install code required 10-inch kick plates on glass doors	$ 100.00	EA	36	$ 3,600.00
Fire Protection				
Emergency Notification System				
Install a code compliant emergency notification system	$ 0.52	SF	26,000	$ 13,520.00
Smoke Detectors				
Install code compliant smoke detectors	$ 1.16	SF	26,000	$ 30,160.00
Fire Caulking				
Install code required fire caulking	$ 0.25	SF	26,000	$ 6,500.00

Report by LHB, Inc.

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
	Building Sprinkler System				
	Modify building sprinkler system to comply with code	$ 5.32	SF	26,000	$ 138,320.00
Exterior Construction					
	Exterior Walls	$ 2.25	SF	26,000	$ 58,500.00
	Repair/replace damaged concrete block walls to prevent water intrusion per code	$ 0.25	SF	26,000	$ 6,500.00
	Replace failed expansion joint caulking to prevent water intrusion per code				
	Windows	$ 3.39	SF	26,000	$ 88,140.00
	Replace failed windows to prevent water intrusion per code				
Roof Construction					
	Roofing Material	$ 11.50	SF	26,000	$ 299,000.00
	Replace failed roofing material to prevent water intrusion per code				
Mechanical- Electrical					
	Mechanical	$ 10.28	SF	26,000	$ 267,280.00
	Install code compliant HVAC system				
	Electrical	$ 100.00	EA	2	$ 200.00
	Protect circuit panels per code	$ 6.04	SF	26,000	$ 157,040.00
	Install code compliant electrical wiring	$ 9.57	SF	26,000	$ 248,820.00
	Install code compliant electrical lighting				
				Total Code Improvements	**$ 1,927,420**

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Moon Plaza Redevelopment TIF District | Parcel A: 6257 University Avenue NE


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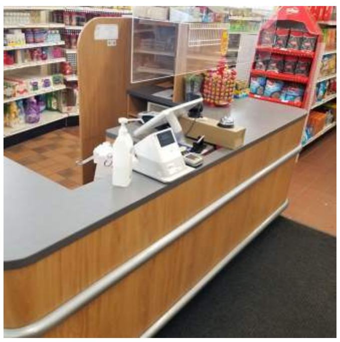
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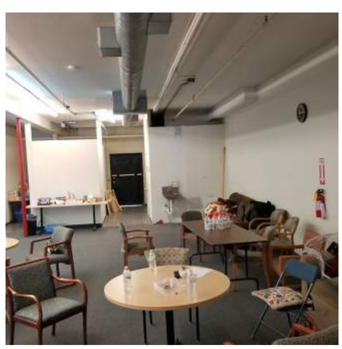
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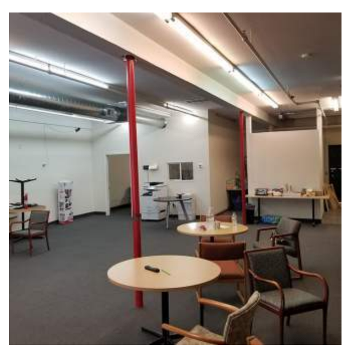
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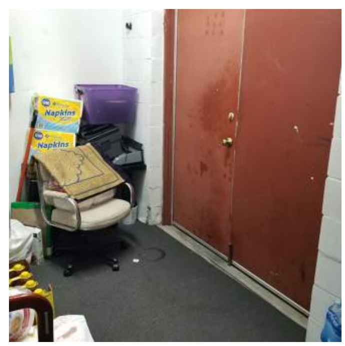
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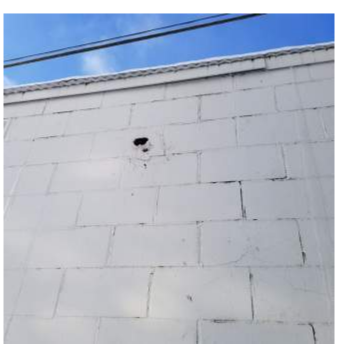
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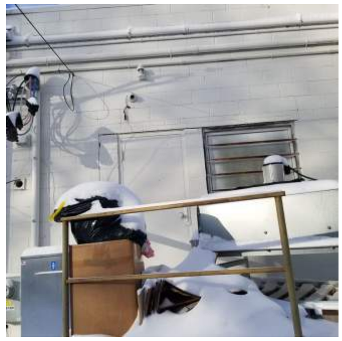
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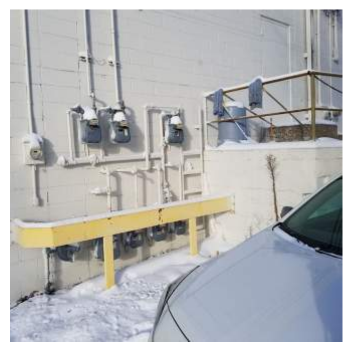
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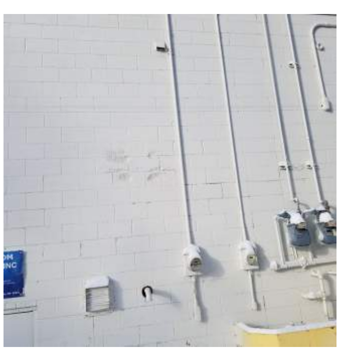
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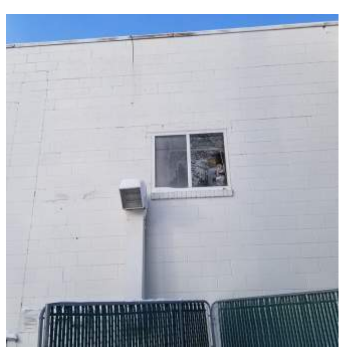
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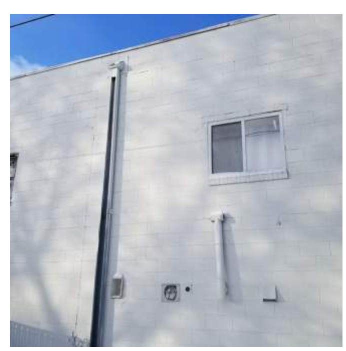
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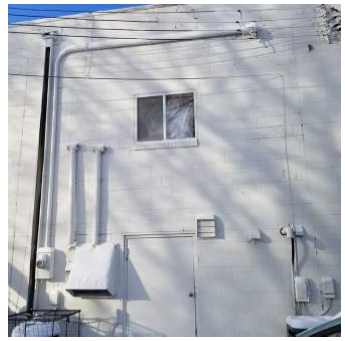
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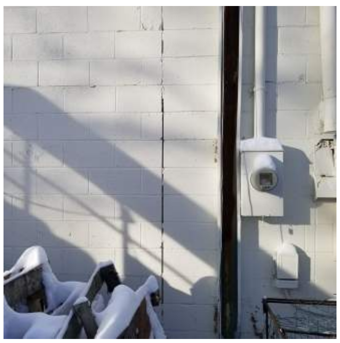
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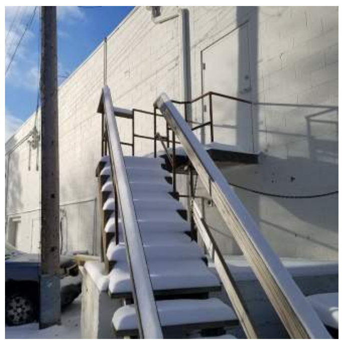
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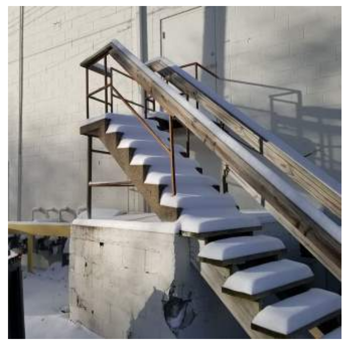
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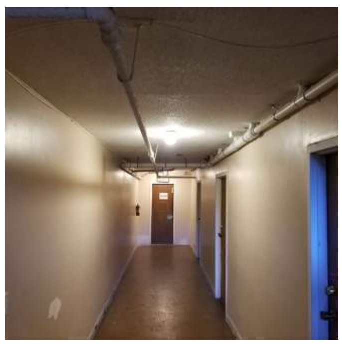

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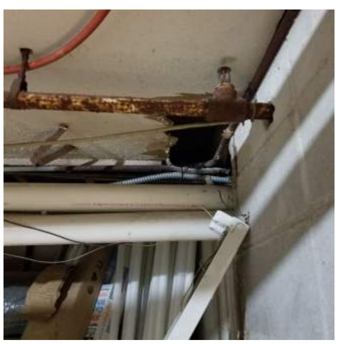
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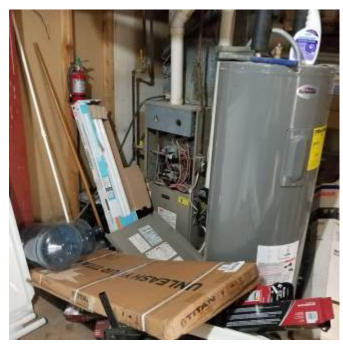
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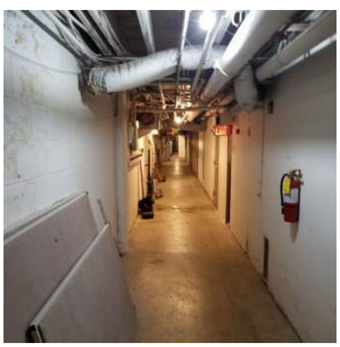
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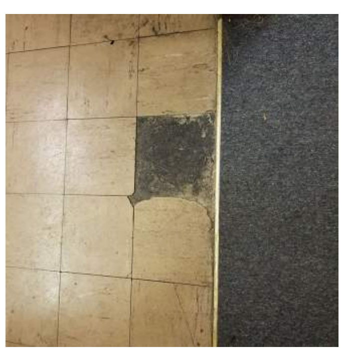
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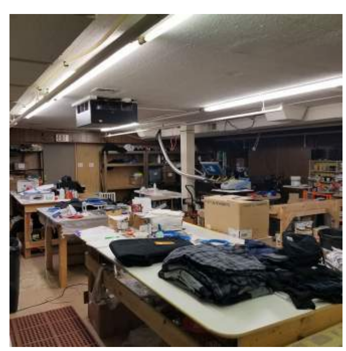
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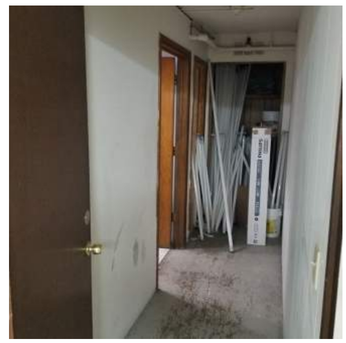
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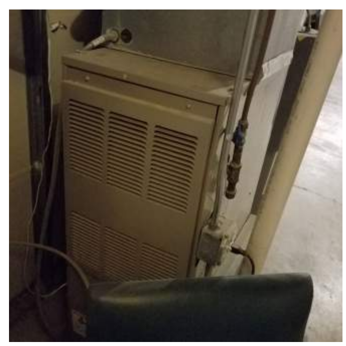
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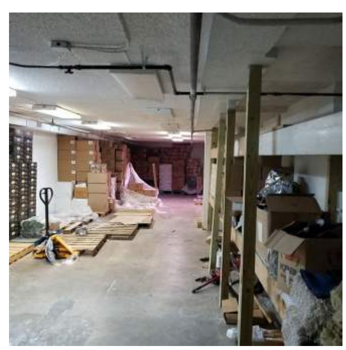
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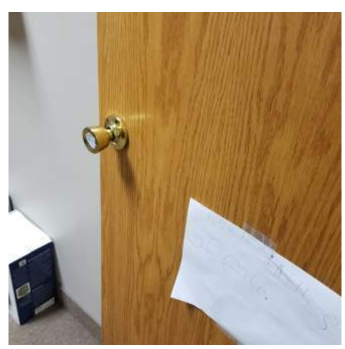
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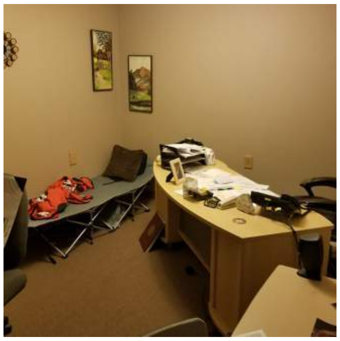
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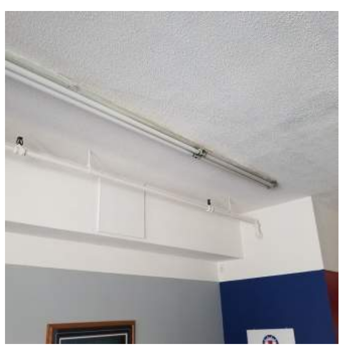
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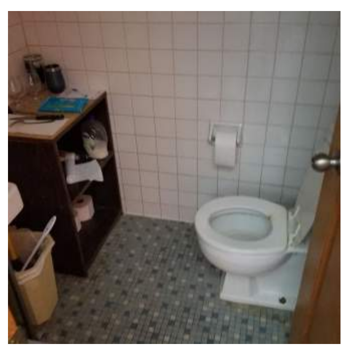
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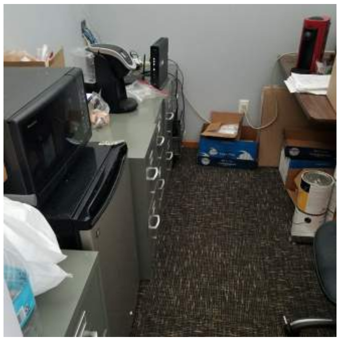
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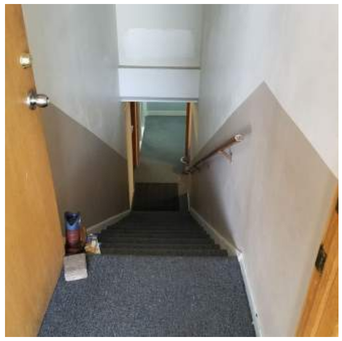
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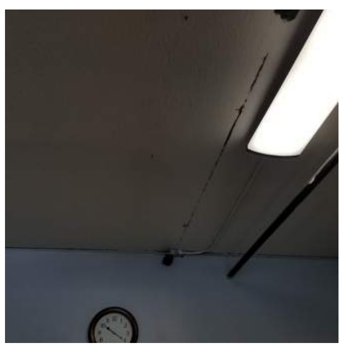
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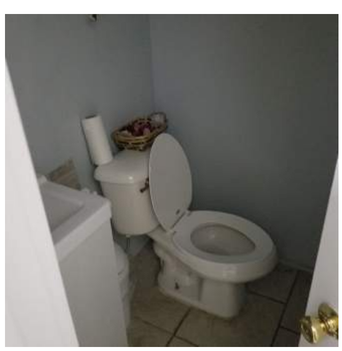
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Report by LHB, Inc.

Prepared by:

701 Washington Avenue North, Suite 200, Minneapolis, MN 55401

LHBcorp.com

Report by LHB, Inc.

LHB Project No. 221327.00

PERFORMANCE DRIVEN DESIGN LHBCORP.COM

AGENDA REPORT

Meeting Date: February 2, 2023 **Meeting Type:** Housing & Redevelopment Authority

Submitted By: Paul Bolin, Assistant Executive Director

Title

Approval of Development Agreement – Roers Companies Redevelopment of Moon Plaza

Background

The Authority memorializes the conditions, responsibilities, and details of the TIF assistance through a development agreement. The attached agreement is like previous agreements approved by the Authority.

Recommendation

Staff recommend the approval of HRA Resolution No. 2023-06.

Attachments and Other Resources

- HRA Resolution No. 2023-06
- Development Agreement

Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

Resolution No. 2023 - 06

Authorizing Execution and Delivery of a Contract for Private Redevelopment between the Housing and Redevelopment Authority in and for the City of Fridley and Roers Acquisitions LLC

Whereas, It has been proposed that the Housing and Redevelopment Authority in and for the City of Fridley ("Authority") enter into a Contract for Private Redevelopment (the "Contract") with Roers Acquisitions LLC (the "Redeveloper"); and,

Whereas, It has been proposed that the Contract is consistent with the objectives set forth in the development program known as the Redevelopment Plan for its Redevelopment Project No. 1 (the "Redevelopment Program") pursuant to Minnesota Statutes, Section 469.001 *et seq.,* as amended and supplemented from time to time..

Now, therefore be it resolved, that, the Authority hereby finds, determines and declares as follows:

1. That the Contract promotes to objectives set forth in the Redevelopment Program; and

2. That the Chairman and Executive Director of the Authority are hereby authorized to execute and deliver the Contract when the following conditions are met:

   (a) Substantial conformity of the Contract to the form of Contract presented to the Authority as of this date, with such additions and modifications as the Officers may deem desirable or necessary as evidenced by their execution of the Contract.

Passed and adopted by the Housing and Redevelopment Authority in and for the City of Fridley this 2nd day of February, 2023.

____

Elizabeth Showalter – Chairperson

Attest:

____

Walter T. Wysopal – Executive Director

DRAFT: January 23 2023

CONTRACT

FOR

PRIVATE REDEVELOPMENT

By and Between the

HOUSING AND REDEVELOPMENT AUTHORITY

In and For

THE CITY OF FRIDLEY, MINNESOTA

And

ROERS ACQUISITIONS LLC

This document was drafted by:

Vickie Loher-Johnson, Esq.
Monroe Moxness Berg PA
7760 France Avenue South
Suite 700
Minneapolis, MN 55435
952-885-5999

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CONTRACT FOR PRIVATE REDEVELOPMENT

THIS AGREEMENT, made on or as of the ______ day of _________, 2023 by and between the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota, a political subdivision of the State of Minnesota organized under the Constitution and laws of the State of Minnesota (the "Authority"), and Roers Acquisitions LLC, a Minnesota limited liability company organized under the laws of the State of Minnesota (the "Redeveloper"),

WITNESSETH:

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

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

WHEREAS, in connection with the Project Area, Tax Increment Financing District No. 26 (the “Tax Increment District”) has been approved by the Authority and forwarded to the City along with the Tax Increment Financing Plan, which Tax Increment Financing Plan is to be certified by Anoka County and filed with the State, pursuant to the Minnesota Tax Increment Financing Act contained in Minnesota Statutes, Sections 469.174 to 469.1799;

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

1. Promote and secure the development and redevelopment of property in the Project Area in a manner consistent with the City’s planning, and with a minimal adverse impact on the environment, which property is less productive because of the lack of proper utilization and lack of investment, and thereby promoting and securing the development of other land in the City;

2. Promote and secure additional employment opportunities within the Project Area and the City for residents of the City and the surrounding area, thereby improving living standards and preventing unemployment and the loss of skilled and unskilled labor and other human resources in the City;

3. Secure the increase in value of property subject to taxation by the City, School District, County, and any other taxing jurisdictions in order to better enable such entities to pay for public improvements and governmental services and programs required to be provided by them;

4. Secure the construction and providing moneys for the payment of the cost of public improvements in the Project Area, which are necessary for the completion of the Redevelopment Project and the orderly and beneficial development of the Project Area.

5. Promote a compatible mix of commercial and industrial, institutional, and residential land uses.

6. Encourage the expansion and improvement of local business, and enhancing the economic vitality of existing and new businesses.

7. Eliminate blighting influences that impede development in the area.

8. Provide for adequate streets, utilities, and other public improvements and facilities to enhance the area for both new and existing development.

9. Create a desirable and unique character within the Project Area through quality land use alternatives and design quality in new buildings that create a safe environment for pedestrians, that can be maintained for the long run.

10. Support the physical connection to local trails, open space, and other community institutions.

11. Enhance the integrity of residential neighborhoods adjacent to the Project Area.

12. Provide and secure the development of increased opportunities for families to reside in quality owner-occupied housing, for citizens to choose from housing options which offer a wide array of services without regard to income, and for residents looking for a wide range of multi-family units.

13. Enhance the long term viability of the Project Area by facilitating:

a. Land uses that complement and support existing businesses;
b. New businesses that enhance the commercial market;
c. Visual quality of the streetscape, landscape, site plan and building types of new developments;
d. Mixed use housing development where appropriate; and
e. Safe access and convenient parking; and,

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

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

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

ARTICLE I

Definitions

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

"Act" means Minnesota Statutes, Section 469.001 et seq, as amended and supplemented from time to time.

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

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

“Available Tax Increment” means 90% of the Tax Increment from the Tax Increment District.

"Certificate of Completion" means the certification, in the form of the certificate contained in Schedule F attached to and made a part of this Agreement, provided to the Redeveloper, pursuant to Section 4.4 of this Agreement.

"City" means the City of Fridley, Minnesota.

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

"Council" means the Council of the City.

"County" means the County of Anoka, Minnesota.

“Declaration of Restrictive Covenants and Prohibition Against Tax Exemption” means those restrictive covenants substantially in the form of Schedule G attached to this Agreement.

“Eligible Costs” means the costs of the Public Improvements, the Site Improvements, and the Relocation Costs eligible for payment under the Tax Increment Act. Interest paid to banks that financed Eligible Costs is an Eligible Cost.

“Event of Default” means an action by the Redeveloper described in Section 7.1. of this Agreement.

"Minimum Improvements" means the housing improvements to be constructed by the Redeveloper on the Redevelopment Property as shown on the Site Plan and include approximately 168 residential rental housing units plus underground and surface parking and associated indoor and outdoor amenity areas (the “Minimum Improvements”).

“Party” means a party to this Agreement.

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

“Project” means the Redevelopment Property, the Public Improvements and the Minimum Improvements.

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

“Public Improvements” means the public improvements to be performed or constructed by the Redeveloper on or adjacent to the Redevelopment Property and described on Schedule D to attached to this Agreement.

“Reconciliation Date” means March 1st of the second year following full valuation of the Minimum Improvements.

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

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

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

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

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

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

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

"State" means the State of Minnesota.

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

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

“Tax Increment District” means Tax Increment Financing District No. 26 which is located within the Project Area and has been approved by the Authority and forwarded to the City along with the Tax Increment Plan which is to be certified by the County and filed with the State.

“Tax Increment Plan” means the tax increment financing plan adopted by the Authority for its Tax Increment Financing District No. 26.

"Termination Date" means the date defined in Section 9.9 of this Agreement.

"Unavoidable Delays" means delays which are the direct result of strikes or other labor troubles, delays which are the direct result of unforeseeable and unavoidable casualties to the Redevelopment Property, the Project, or the equipment used to construct the Redevelopment Project, delays which are the direct result of governmental actions, delays which are the direct result of judicial action commenced by third parties, delays which are the direct result of citizen opposition or action affecting this Agreement, environmental delays which are the direct result of the implementation of an environmental agency-approved work plan for remediation, delays which are the direct result of severe weather which prevents or delays construction of Minimum Improvements, acts of God, fire or other casualty to the Project, site conditions materially different from those revealed in any report or test provided to or obtained by the Redeveloper, or any other delays beyond the reasonable control of a Party, including, but not limited to, delays caused directly or indirectly by pandemic.

ARTICLE II

Representations and Warranties

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

(a) The Authority is a public body duly organized and existing under the laws of the State. Under the provisions of the Act, the Authority has the power to enter into this Agreement and carry out its obligations hereunder. This Agreement has been or will be duly authorized by all necessary action on the part of the Authority and has been duly executed and delivered by the Authority. The Authority's execution, delivery and performance of this Agreement will not conflict with or result in a violation of any judgment, order, or decree of any court or government agency. This Agreement is a valid and binding obligation of the Authority and is enforceable against the Authority in accordance with its terms. There is no action, litigation, condemnation or proceeding of any kind pending or, to the best of the Authority's knowledge, threatened which would have a material and adverse effect on the ability of the Authority to perform its obligations under this Agreement or against the Redevelopment Property, or any portion thereof.

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

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

(d) Intentionally omitted.

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

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

(g) The Authority makes no representation, guarantee, or warranty, either express or implied, and hereby assumes no responsibility or liability as to the Redevelopment Property or its condition (regarding soils, pollutants, hazardous wastes or otherwise).

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

(a) The Redeveloper is a limited liability company organized and existing under the laws of the State of Minnesota, is authorized to transact business in the State, and has duly authorized the execution of this Agreement and the performance of its obligations under this Agreement. None of the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement, or the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with the terms of any indebtedness, agreement or instrument of whatever nature to which the Redeveloper is now a party or by which it is bound.

(b) The Redeveloper will purchase the Redevelopment Property and the Redeveloper will construct and maintain the Public Improvements and the Minimum Improvements in accordance with the terms of this Agreement 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) As of the date of execution of this Agreement, the Redeveloper has received no notice or communication from any local, state or federal official that the anticipated activities of the Redeveloper with respect to the Redevelopment Property may be or will be in violation of any environmental law or regulation.

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

(e) The Redeveloper shall pay the normal and customary City fees and expenses for the approval and construction of the Project including, but not limited to, bonding requirements, building permit fees, sewer accessibility charges (SAC), water accessibility charges (WAC) and park dedication fees.

(f) Intentionally omitted.

(g) The Redeveloper agrees that it will reasonably cooperate with the Authority with respect to any litigation commenced by third parties in connection with this Agreement, including, but not limited to claims: (i) made against the Authority and associated with the formation and validity of the Tax Increment District; and (ii) made against the Authority for Relocation Costs.

(h) The financing arrangements which the Redeveloper has obtained or will obtain to finance the acquisition of the Redevelopment Property and the construction of the Public Improvements and the Minimum Improvements, will be sufficient to enable the Redeveloper to successfully complete the Public Improvements and the Minimum Improvements as contemplated in this Agreement.

(i) Once acquired by the Redeveloper, the Redevelopment Property will not become exempt from the levy of ad valorem property taxes, or any statutorily authorized alternative, and any improvements of any kind constructed on the Redevelopment Property will similarly not become exempt before December 31, 2050.

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

(k) The Minimum Improvements will be affordable with income and rent restrictions at or below 60% of the area medium income (“AMI”). On the Reconciliation Date, the Redeveloper, at its expense, shall provide an analysis of unit rents, unit household income and percentages of AMI for the preceding calendar year. (Assuming full valuation of the Minimum Improvements occurs on January 1, 2025, this analysis would be due March 1, 2027 for calendar year 2026.)

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

(m) The Redeveloper agrees, notwithstanding the provisions of Article VI, that it will not assign, convey or lease (except as set forth in the next sentence) any interest of the Redevelopment Property or any portion thereof, or this Agreement or any portion thereof, to any tax-exempt entity under the U.S. Internal Revenue Code of 1986, as the same may be amended from time to time, without the prior written approval of the Authority. A lease of an interest or portion of the Redevelopment Property shall not be prohibited by this subparagraph unless it results in an exemption of the Redevelopment Property from ad valorem property taxes pursuant to subparagraph (i) above.

(n) If valid claims for Relocation Costs arise as a result of the Redevelopment Project, the Redeveloper will pay, or obtain written relocation waivers in a form satisfactory to the Authority, regarding all Relocation Costs. Any Relocation Costs paid by the Redeveloper are reimbursable Eligible Costs. Without limiting the Redeveloper’s obligations under Section 6, the Redeveloper will indemnify, defend and hold harmless the Authority, the City, and their governing body members, employees, agents, and contractors from any and all claims for benefits or payments arising out of the relocation or displacement of any person from the Redevelopment Property as a result of the implementation of this Agreement. The costs associated with such indemnification shall at all times be excluded from the definition of Eligible Costs. The indemnification requirement set forth herein shall survive the expiration or termination of this Agreement. Nothing in this Agreement is an acknowledgment by the Redeveloper or the Authority that any Relocation Costs may be rightly claimed or due under applicable law.

ARTICLE III

Undertakings of Redeveloper and Authority

Section 3.1. Plat; Covenants; Easements. The Redeveloper at its expense shall replat the Redevelopment Property as necessary. The Redeveloper shall pay all costs for plats, replats, lot splits, preparation of restrictive covenants, easements and any other documentation necessary for the construction and financing of the Minimum Improvements and all costs of recording any such documents.

Section 3.2. Declaration of Restrictive Covenants and Prohibition Against Tax Exemption. The Redeveloper shall execute the Declaration of Restrictive Covenants and Prohibition Against Tax Exemption in the form attached as Schedule G with regard to the Redevelopment Property, and cause same to be recorded in priority to any financing documents recorded against the Redevelopment Property.

Section 3.3. Construction Plans. The Redeveloper shall submit for approval and obtain the approval of the Authority, the City and any other appropriate governmental authorities the Construction Plans.

Section 3.4 Preliminary Plans. The Redeveloper shall submit for approval and obtain the approval of the Authority of the Redeveloper's Preliminary Plans.

Section 3.5. Construction of Minimum Improvements and Public Improvements. The Redeveloper shall construct or cause to be constructed the Minimum Improvements and the Public Improvements in accordance with the terms of this Agreement.

Section 3.6. Environmental Undertakings.

(a) Intentionally omitted.

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

(c) Without limiting its obligations under Section 9.9 of this Agreement the Redeveloper further agrees that it will indemnify, defend, and hold harmless the Authority, the City, and their governing body members, officers, and employees, from any claims or actions arising out of the presence, if any, of hazardous wastes or pollutants existing on or in the Redevelopment Property. 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 3.7. Issuance of Note.

(a) In order to reimburse the Redeveloper for Eligible Costs, the Authority shall issue and the Redeveloper shall purchase the Note. The terms of the Note, including maturity and payment dates, will be substantially those set forth in the form of the Note shown in Schedule E and as further described in this Section. The Note will be dated as of the date of delivery, and simple, non-compounded interest will accrue from such date.

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

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

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

(i) Only Available Tax Increment shall be pledged.

(ii) The term of any Note may not extend more than 32 days beyond the duration of the Tax Increment District.

(iii) Any amounts unpaid at the maturity date shall be deemed paid in full.

(iv) Eligible costs paid by grants from any source are not to be included in the Note.

(v) The Note will bear simple interest and the rate will be the lesser of (1) the rate for the long term or permanent financing of the Minimum Improvements, or (2) 5.0%.

(vi) The principal amount of the Note shall be the certified Eligible Costs less the estimated market value of the land only (not existing building) of the Redevelopment Property as determined by the County Assessor on January 1, 2023, but the principal amount shall not exceed $6,126,000.00.

(vii) The Authority will not issue bonds to prepay the Note.

(viii) The Certificate of Completion shall have been issued.

Section 3.8. Business Subsidy Provisions.

(a) The Parties agree and understand that the assistance provided to Redeveloper in this Agreement (including any grant proceeds and issuance of the Note) does not constitute a "business subsidy" under the Business Subsidy Act, because any grant and Note represent assistance that is exempt from the Business Subsidy Act under Sections 116J.993, Subdivision 3, clause (17).

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

Section 3.9. Repayment of Assistance.

(a) On the Reconciliation Date the Redeveloper shall deliver to the Authority evidence of its annualized cumulative internal rate of return from the Redevelopment Property and the Minimum Improvements related thereto (the “IRR”), calculated as of the Reconciliation Date. The IRR shall be calculated in accordance with generally accepted accounting principles, provided that the amount of Redeveloper’s equity must exclude any developer’s fee in excess of 7.0 percent (7%) of total development costs. The IRR calculation shall include the Eligible Costs paid by the Redeveloper and not reimbursed by grants or the Note.

(b) The amount by which the IRR exceeds 12.0 percent (12%) is a percentage referred to as “Excess Percentage.” Fifty percent (50%) of the Excess Percentage shall be credited to the reduction of the principal plus accrued interest of the Note as of the Reconciliation Date.

(c) For purposes of calculating revenues for the IRR from sales of property the following adjustments shall be made:

(i) If property (improved or unimproved) is sold to an unrelated party in an arm’s length transaction, those prices will be determinative of the sales price. The Redeveloper will certify to the City that such party would be considered unrelated under applicable Internal Revenue Code regulations.

(ii) If property is sold to a related party (as defined in Internal Revenue Code regulations), the property sale price will be determined by agreement between the Authority and Redeveloper or, if agreement cannot be reached, the sale price will be the higher of an appraisal conducted by an appraiser mutually agreeable to the parties or the actual sale price.

(iii) For property still owned by the Redeveloper on the Reconciliation Date, an “imputed” sales price based on an appraisal, or other method acceptable to both parties for valuing the property or its rate of return, will be used.

ARTICLE IV

Construction of Minimum Improvements

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

Section 4.2. Completion of Construction. Subject to Unavoidable Delays, the Parties anticipate the start of construction by approximately July 31, 2023, and the substantial completion of the construction of the Minimum Improvements by approximately December 31, 2024. All work with respect to the Minimum Improvements to be constructed or provided by the Redeveloper on the Redevelopment Property shall be in conformity with the Construction Plans and the Site Plan.

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

Section 4.3. Preliminary Plans and Construction Plans.

(a) Preliminary Plans. Thirty (30) days prior to commencement of construction of the Minimum Improvements, the Redeveloper shall submit the Preliminary Plans to the Authority for approval. The Preliminary Plans shall not be inconsistent with this Agreement or any applicable state and local laws and regulations, insofar as said consistency may be determined at said preliminary stage. If approval of the Preliminary Plans is requested in writing by the Redeveloper at the time of submission thereof to the Authority, the Authority shall approve or reject (in whole or in part) such Preliminary Plans in writing within twenty (20) days after the date of receipt thereof. If no written rejection is made within said twenty (20) days, the Preliminary Plans shall be deemed approved by the Authority. Any rejection shall set forth in detail the reasons therefor. If the Authority rejects the Preliminary Plans, in whole or in part, the Redeveloper shall submit new or revised Preliminary Plans within a reasonable time after receipt by the Redeveloper of the notice of rejection. The provisions of this Section relating to approval, rejection and resubmission of new or revised Preliminary Plans shall continue to apply until the Preliminary Plans have been approved by the Authority. The Authority's approval of the Preliminary Plans shall not be unreasonably withheld, conditioned or delayed, however if an Event of Default has occurred or is continuing, the Authority may withhold approval of the Preliminary Plans.

(b) Construction Plans. Prior to the Redeveloper's commencement of construction of the Minimum Improvements, the Redeveloper shall submit Construction Plans to the City. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in conformity in all material respects with this Agreement, the Preliminary Plans, and all applicable state and local laws and regulations.

No approval by the Authority shall be deemed to relieve the Redeveloper of the obligation to comply with the terms of this Agreement and applicable federal, State and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the Authority shall constitute a waiver of any Event of Default.

(c) Changes. If the Redeveloper desires to make any material change in the Preliminary Plans after their approval by the Authority, then the Redeveloper shall submit the proposed change to the Authority for its approval. If the Preliminary Plans, as modified by the proposed change, conform to the requirements of this Section with respect to such previously approved Plans, the Authority shall approve the proposed change and notify the Redeveloper in writing of its approval. Such change in the Preliminary Plans shall, in any event, be deemed approved by the Authority unless rejected in writing by the Authority, in whole or in part, within twenty (20) days after receipt of the notice of such change, setting forth in detail the reasons therefor.

Section 4.4. Certificate of Completion.

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

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

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

(d) The construction of the Public Improvements shall be deemed to be completed in accordance with the Redeveloper's obligations hereunder when the City has accepted the Public Improvements in writing.

ARTICLE V

Insurance

Section 5.1. Redeveloper Insurance.

(a) The Redeveloper will provide and maintain at all times during the process of constructing the Minimum Improvements and, from time to time at the request of the Authority, furnish the Authority with proof of payment of premiums on:

(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 non-reporting 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 reasonably satisfactory to the Authority. The builder's risk policy shall be obtained for each of the single-family, owner-occupied homes constituting the Minimum Improvements at the time the Redeveloper receives a certificate of occupancy for each home;

(ii) Comprehensive general 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 (to accomplish the above-required limits, an umbrella excess liability policy may be used); and

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

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

ARTICLE VI

Prohibitions Against Assignment and Transfer, Release or Indemnification

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

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

Section 6.3. Assignment of Note. The Redeveloper may assign and pledge a Note to secure any loan secured by a portion of the Redevelopment Property, and may transfer a Note to any entity controlling, controlled by or under common control with the Redeveloper. Otherwise, the Note shall not be assignable nor transferable without the prior written consent of the Authority; provided, however, that such consent shall not be unreasonably withheld or delayed if: (a) the assignee or transferee delivers to the Authority a written instrument acknowledging the limited nature of the Authority's payment obligations under the Note, and (b) the assignee or transferee executes and delivers to the Authority a certificate, in form and substance satisfactory to the Authority, pursuant to which, among other things, such assignee or transferee represents that (i) the Note is being acquired for investment for such assignee's or transferee's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, (ii) the assignee or transferee has no present intention of selling, granting any participation in, or otherwise distributing the same, (iii) the assignee or transferee is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act of 2033, as amended, (iv) the assignee or transferee, either alone or with such assignee's or transferee's representatives, has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the prospective investment in the Note and the assignee or transferee is able to bear the economic consequences thereof, (v) in making its decision to acquire the Note, the assignee or transferee has relied upon independent investigations and, to the extent believed by such assignee or transferee to be appropriate, the assignee's or transferee's representatives, including its own professional, tax and other advisors, and has not relied upon any representation or warranty from the Authority or the City, or any of their officers, employees, agents, affiliates or representatives with respect to the value of the Note, (vi) neither the Authority nor the City has made any warranty, acknowledgment or covenant, in writing or otherwise, to the assignee or transferee regarding the tax consequences, if any, of the acquisition and investment in the Note, (vii) the assignee or transferee or its representatives have been given a full opportunity to examine all documents and to ask questions of, and to receive answers from, the Authority and its representatives concerning the terms of the Note and such other information as the assignee or transferee desires in order to evaluate the acquisition of and investment in the Note, and all such questions have been answered to the full satisfaction of the assignee or transferee, (viii) the assignee or transferee has evaluated the merits and risks of investment in the Note and has determined that the Note is a suitable investment for the assignee or transferee in light of such party's overall financial condition and prospects, (ix) the Note will be characterized as a "restricted security" under the federal securities laws because the Note is being acquired in a transaction not involving a public offering and that under such laws and applicable regulations such security may not be resold without registration under the Securities Act of 1933, as amended, except in certain limited circumstances, and (x) no market for the Note exists or is intended to be developed.

Section 6.4. Release and Indemnification Covenants.

(a) The Redeveloper covenants and agrees that the City, the Authority and the governing body members, officers, agents, servants and employees of either of them (collectively, the "Indemnified Parties") shall not be liable for, and agrees to indemnify and hold harmless the Indemnified Parties against, any loss or damage to property or any injury to or death of any person occurring at or resulting from any defect in the Minimum Improvements, due to any act, including negligence, of the Redeveloper or of others acting on its behalf or under its direction or control; provided, however, that the Redeveloper's indemnification obligations in this subparagraph (a) shall not apply to any loss resulting from negligent, willful or wanton misconduct of any of the Indemnified Parties. The costs associated with such indemnification shall at all times be excluded from the definition of Eligible Costs. The indemnification requirement set forth herein shall survive the expiration or termination of this Agreement.

(b) The Redeveloper agrees to protect and defend the Indemnified Parties, now or forever, and further agrees to hold the Indemnified Parties harmless, from any claim, demand, suit, action or other proceeding by any person or entity arising or purportedly arising from this Agreement or the transactions contemplated hereby or the construction and ownership of the Minimum Improvements, due to any act, including negligence, of the Redeveloper or of others acting on the behalf or under the direction or control of the Redeveloper; provided, however, that the Redeveloper's indemnification obligations in this subparagraph (b) shall not apply to any loss resulting from any negligent or willful misrepresentation or any negligent, willful or wanton misconduct of any of the Indemnified Parties. The costs associated with such indemnification shall at all times be excluded from the definition of Eligible Costs. The indemnification requirement set forth herein shall survive the expiration or termination of this Agreement.

(c) None of the Indemnified Parties shall be liable for any damage or injury to the person or property of the Redeveloper or its officers, agents, servants or employees or any other person who may be on or about the Redevelopment Property or Minimum Improvements due to any act or negligence of any person, other than the negligence or misconduct of an Indemnified Party.

(d) None of the Indemnified Parties shall be liable to the Redeveloper or to any third party for any consequential or other damages that may arise out of delays of any kind relating to activities undertaken pursuant to this Agreement, including but not limited to delays due to environmental conditions, court challenges or elements outside the control of the Authority.

(e) 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.

(f) Nothing in this Section is intended to waive any municipal liability limitations contained in Minnesota Statutes, particularly Chapter 466.

ARTICLE VII

Events of Default

Section 7.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:

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

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

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

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

(e) If, before the issuance of Certificate of Completion for the Minimum Improvements, the Redeveloper shall:

(i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 2078, as amended or under any similar federal or state law; or

(ii) make an assignment for the benefit of its creditors; or

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

(iv) be adjudicated as bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Redeveloper, as bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within ninety (90) days after the filing thereof; or a receiver, trustee or liquidator of the Redeveloper, or of the Minimum Improvements, or part thereof, shall be appointed in any proceeding brought against the Redeveloper, and shall not be discharged within ninety (90) days after such appointment, or if the Redeveloper shall consent to or acquiesce in such appointment.

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

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

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

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

Section 7.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 7.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 7.5. Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the Authority shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Redeveloper herein contained, the Redeveloper agrees that it shall, on demand therefor, pay to the Authority the reasonable fees of such attorneys and such other expenses so incurred by the Authority.

Article VIII

Tax Increment; Taxes

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

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

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

Section 8.4. Petition to Reduce Tax. The Redeveloper may seek through petition or other means to have the County Assessor's estimated market value for the Redevelopment Property reduced. Until the Note is fully paid, such activity must be preceded by written notice from the Redeveloper to the Authority indicating its intention to do so. Upon receiving such notice, or otherwise learning of the Redeveloper's intentions, the Authority may suspend payments due under the Note until the actual amount of the reduction is determined, whereupon the Authority will make the suspended payments less any amount that the Authority is required to repay the County as a result, any reduction in the market value of the Redevelopment Property. During the period that the payments are subject to suspension, the Authority may make partial payments on the Note if it determines, in its sole and absolution discretion, that the amount retained will be sufficient to cover any repayment which the County may require. The Redeveloper's petition and the Authority's suspension of payments on the Note pursuant to this Section shall not be considered a default under Article VII.

Article IX

Additional Provisions

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

Section 9.2. Restrictions on Use. The Redeveloper shall not, in marketing or sale of the Redevelopment Property, the Minimum Improvements, or any portion of such real property or improvements, discriminate upon the basis of race, color, creed, sex or national origin or any other basis prohibited by applicable local, State or federal laws or regulations.

Section 9.3. Intentionally Omitted.

Section 9.4. Notices and Demands. Any notice, demand, or other communication permitted or required to be given hereunder by either party to the other shall be deemed given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, transmitted by facsimile, delivered by a recognized overnight carrier, or delivered personally to the following addresses:

(a) *If to the Redeveloper*: Roers Acquisitions LLC, Two Carlson Parkway, Suite 400, Plymouth, MN 55447, Attention: Andy Bollig and Nick Asta.

With a copy to: _______________ Attention: __________.

(b) If to the Authority: Housing and Redevelopment Authority in and for the City of Fridley, Minnesota, 7071 University Avenue NE, Fridley, MN 55432, Attention: City Manager. Fax: (763) 571-1287.

With a copy to: Monroe Moxness Berg PA, 7760 France Avenue South, Suite 700, Minneapolis, MN 55435-5844, Attention: Vickie Loher-Johnson, Esq. Fax: (952) 885-5969.

Section 9.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 9.6. Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 9.7. Expiration. This Agreement shall expire when the Note is paid in full.

Section 9.8. Termination. This Agreement shall terminate on its expiration if it has not been terminated before such date pursuant to any provision hereof.

Section 9.9. Provisions Surviving Termination. Termination of this Agreement shall not terminate any indemnification or other rights or remedies under this Agreement due to (i) any Event of Default which occurred and was continuing prior to such termination, or (ii) any cause of action which arose before the termination. In addition, termination of this Agreement shall not terminate any Declaration of Restrictive Covenants and Prohibition Against Tax Exemption which shall have been recorded against the Redevelopment Property by Redeveloper in accordance with this Agreement.

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

(Signature pages follow)

Dated: ________________

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

By: ___________________________________
Its: Chairperson

By: ___________________________________
Its: Executive Director

STATE OF MINNESOTA)
)ss
COUNTY OF ANOKA)

On this _____ day of _______________, 20___ before me, a Notary Public, personally appeared _________________ and ___________ , to me personally known who by me duly sworn, did say that they are the Chairperson and Executive Director, respectively, of the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota, a political subdivision of the State of Minnesota, and acknowledged the foregoing instrument on behalf of said Authority.

____
Notary Public

Authority Signature Page - Contract for Private Redevelopment

Dated: _______________

ROERS ACQUISITIONS LLC, a Minnesota limited liability company

By ________________________________
Printed Name: ______________________
Its: _________________

STATE OF MINNESOTA)
)ss
COUNTY OF__________)

On this _____ day of ___________________, 2023, before me, a Notary Public, personally appeared _____________________, the ______________ of Roers Acquisitions LLC, a Minnesota limited liability company, and acknowledged the foregoing instrument on behalf of said limited liability company.

____
Notary Public

Redeveloper Signature Page - Contract for Private Redevelopment

SCHEDULE A

LEGAL DESCRIPTION OF REDEVELOPMENT PROPERTY

PINS: 14-30-24-34-0004 and 14-30-24-34-0005

Legally described as:

Parcel 1:

Lot 4, AUDITOR'S SUBDIVISION NUMBER 59, according to the recorded plat thereof, Anoka County, Minnesota excepting therefrom the following described parcel:

Commencing at the point of intersection of the East line of said Lot 4 and a line drawn from a point in the West line of said Lot 4 distant 119.99 feet South from the Northwest corner of said Lot 4 to a point in the East line of said Lot 4, distant 118.06 feet South from the Northeast corner of said Lot 4, said distance being measured along the East and West line of said Lot 4 hereinafter referred to as Line "A"; thence West along said Line "A" a distance of 38.68 feet to the actual Point of Beginning of the tract to be described; thence continuing West along said Line "A" a distance of 25.25 feet; thence North at a right angle to said Line "A" a distance of 0.33 feet; thence West, at a right angle, a distance of 1.58 feet; thence South at a right angle to said Line "A"; thence West along said Line "A" a distance of 23.74 feet; thence North at a right angle to said Line "A" a distance of 0.33 feet; thence West at a right angle a distance of 1.58 feet; thence South at a right angle to said Line "A"; thence West along said Line "A" to the West line of said Lot 4; thence North along the West line of said Lot 4, to a point distant 28.0 feet South from the North line of said Lot 4 measured at a right angle to the North line of said Lot 4; thence East along a line parallel with the North line of said Lot 4 to a point distant 38 feet West from the East line of said Lot 4 measured at a right angle to the East line of said Lot 4; thence South to the actual Point of Beginning.
(Abstract Property)

AND

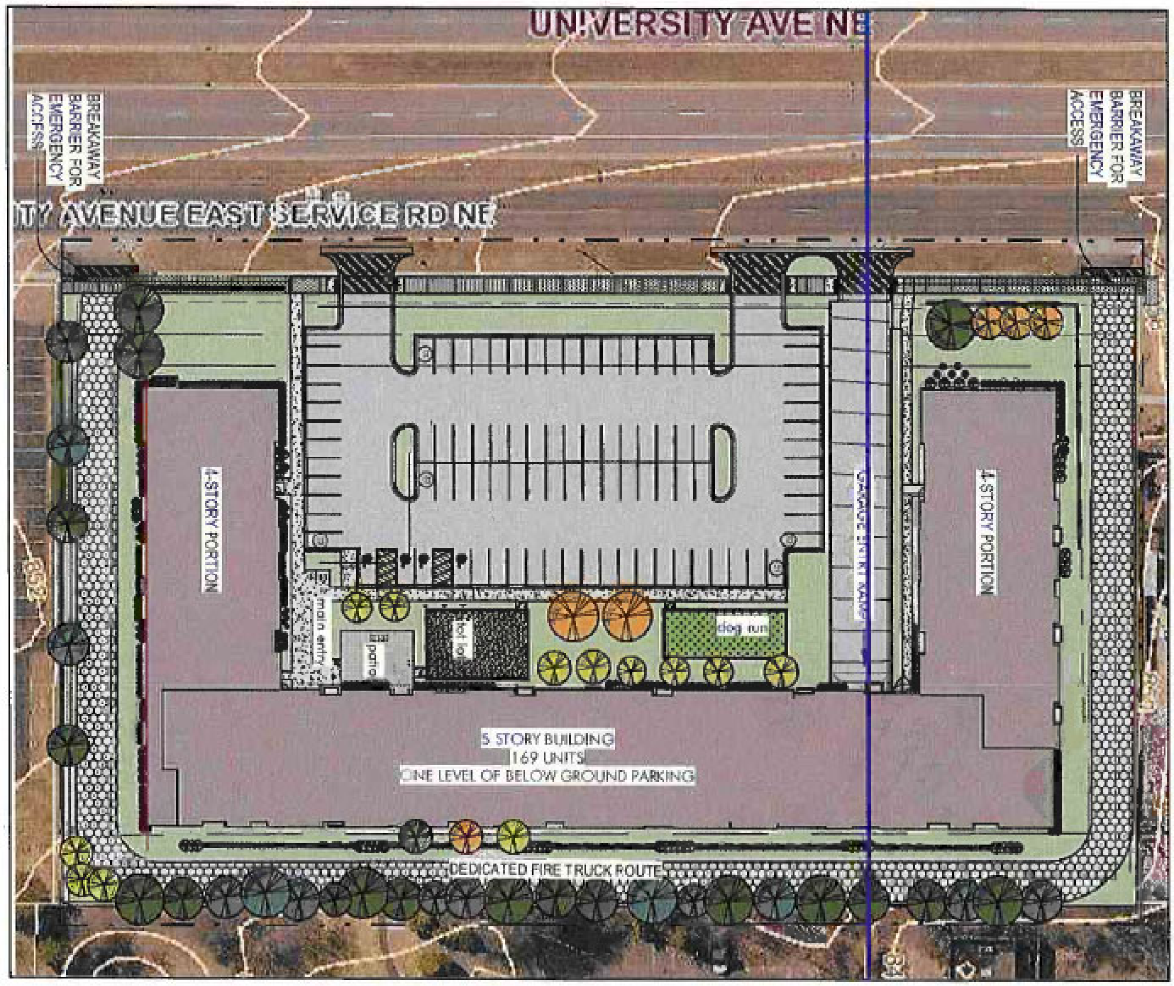
Parcel 2:

Lot 4, AUDITOR'S SUBDIVISION NUMBER 59, according to the recorded plat thereof, Anoka County, Minnesota, described as follows:

Commencing at the point of intersection of the East line of said Lot 4 and a line drawn from a point in the West line of said Lot 4 distant 119.99 feet South from the Northwest corner of said Lot 4 to a point in the East line of said Lot 4, distant 118.06 feet South from the Northeast corner of said Lot 4, said distance being measured along the East and West line of said Lot 4 hereinafter referred to as Line "A"; thence West along said Line "A" a distance of 38.68 feet to the actual Point of Beginning of the tract to be described; thence continuing West along said Line "A" a distance of 25.25 feet; thence North at a right angle to said Line "A" a distance of 0.33 feet; thence West, at a right angle, a distance of 1.58 feet; thence South at a right angle to said Line "A"; thence West along said Line "A" a distance of 23.74 feet; thence North at a right angle to said Line "A" a distance of 0.33 feet; thence West at a right angle a distance of 1.58 feet; thence South at a right angle to said Line "A"; thence West along said Line "A" to the West line of said Lot 4; thence North along the West line of said Lot 4, to a point distant 28.0 feet South from the North line of said Lot 4 measured at a right angle to the North line of said Lot 4; thence East along a line parallel with the North line of said Lot 4 to a point distant 38 feet West from the East line of said Lot 4 measured at a right angle to the East line of said Lot 4; thence South to the actual Point of Beginning.
(Abstract Property)

SCHEDULE B

SITE PLAN



SCHEDULE C

SITE IMPROVEMENTS

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

- Costs of Acquisition of the Redevelopment Property (excluding assessors market value of land as of January 1, 2023)
- Environmental remediation
- Site clearance
- Relocation Costs
- Landscaping and screening
- Trails and pedestrian improvements, including sidewalks
- Grading and import/export soil
- Retaining walls and fences
- Private streets
- Storm sewers and storm water system elements

SCHEDULE D

PUBLIC IMPROVEMENTS

Subject to reimbursement as Eligible Costs within the limitations set forth herein, the redeveloper will construct and pay for the following Public Improvements in accordance with City specifications and subject to approval by the City engineer. The parties will coordinate the installation of the Public Improvements in order to accommodate the timetable for construction of the Minimum Improvements. Upon completion of the Public Improvements in compliance with City specifications and acceptance by the City, the Public Improvements will become public property.

- City streets, curbs and gutters
- Public trails, sidewalks, pedestrian improvements

SCHEDULE E

Form of Note

US $_________________ Fridley, Minnesota
___________, 20_

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

LIMITED REVENUE TAX INCREMENT NOTE

The Housing and Redevelopment Authority in and for the City of Fridley, Minnesota (the "Authority"), hereby acknowledges itself to be indebted and, for value received, promises to pay to the order of ____ (the "Owner"), solely from the Available Tax Increment, to the extent and in the manner hereinafter defined, the principal amount of this Note, being ________________________ ______Dollars and __/100 ($_______________) (the "Principal Amount"), together with simple interest of five percent (5%) per annum commencing from the date of issuance of the Note and payable on the dates described below (the "Scheduled Payment Dates") and in the amounts as hereinafter defined (the "Scheduled Payments").

The Scheduled Payment Dates are August 1, 2025, and on the 1st day of February and August thereafter until and including February 1, 2051, unless earlier paid, in accordance with the terms of this Note.

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

Any payments on this Note shall be applied first to accrued interest and the balance to the reduction of principal. The Note shall bear simple non-compounded interest.

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

The Note is a special and limited obligation and not a general obligation of the Authority, which has been issued by the Authority pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Section 469.178, subdivision 4, to aid in financing a project, as therein defined, of the Authority consisting generally of defraying certain public redevelopment costs incurred and to be incurred by the Authority within and for the benefit of its Redevelopment Project No. 1.

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

The Scheduled Payment of this Note due on any Scheduled Payment Date is payable solely from and only to the extent that the Authority shall have received as of such Scheduled Payment Date the Available Tax Increment which is defined in the Contract for Private Redevelopment By and Between the Authority and the Owner dated as of _______________, 2023 (the “Agreement”). Defined terms, not otherwise defined in the Note, shall have the meaning assigned to them in the Agreement.

The Authority shall pay on each Scheduled Payment Date to the Owner the Available Tax Increment. On February 1, 2051, the maturity date of this Note, any unpaid portion shall be deemed to have been paid in full.

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

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

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

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

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the Authority outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the Authority to exceed any constitutional or statutory limitation thereon.

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

By __________________________	By ______________________________
Its Chair	Its Executive Director

CERTIFICATE OF REGISTRATION

It is hereby certified that the foregoing Note, as originally issued as of the ____ day of _______________, 20__, was on said date registered in the name of the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota, a public body corporate and politic and that, at the request of said Registered Owner of this Note, the undersigned has this day registered this Note as to principal and interest on the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

Name of Registered Owner	Date of Registration	Signature of Executive Director
_________________, a ___________________	________, 20__	_________________

SCHEDULE F

Form of Certificate of Completion

WHEREAS, the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota, a political subdivision of the State of Minnesota (the "Authority") and Roers Acquisitions LLC, a Minnesota limited liability company (the "Redeveloper") have entered into a Contract for Private Redevelopment (the "Agreement") dated as of ________________, 2023 regarding certain real property located in Tax Increment Financing District No. 26 in the City (hereinafter referred to and referred to in the Agreement as the "Redevelopment Property"); and

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

WHEREAS, Section 4.4 of the Agreement requires the Authority to provide an appropriate instrument promptly after the substantial completion (as defined in the Agreement) of the Minimum Improvements and the Public Improvements so certifying said substantial completion;

NOW, THEREFORE, in compliance with said Section 4.4 of the Agreement, this is to certify that the Redeveloper has substantially completed the Minimum Improvements and the Public Improvements in accordance with the conditions and provisions of the Agreement relating solely to the obligations of the Redeveloper to construct the Minimum Improvements and the Public Improvements (including the dates for beginning and completion thereof), and this certification shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement with respect to the obligations of the Redeveloper, and its successors and assigns, to construct the Minimum Improvements and the Public Improvements, and the dates for the beginning and completion thereof.

Dated: _______________, 20__

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

By ___________________________
Its Chairperson

And by ________________________
Its Executive Director

STATE OF MINNESOTA)
) ss
COUNTY OF ANOKA)

On this _____ day of _______________, 20__ before me, a notary public within and for Anoka County, personally appeared __________________________ and __________________________ to me personally known who by me duly sworn, did say that they are the Chairperson and Executive Director of the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota, a political subdivision of the State of Minnesota, and acknowledged the foregoing instrument on behalf of said Authority.

____
Notary Public

Authority Signature Page Certificate of Completion

SCHEDULE G

Declaration of Restrictive Covenants and Prohibition Against Tax Exemption

This Declaration is made and executed as of the _____ day of _______, 202_ by Roers Acquisitions LLC, a Minnesota limited liability company ("Declarant").

RECITALS

A. Declarant is fee owner of the premises located in the County of Anoka, State of Minnesota described on Exhibit A attached hereto (the "Property").

B. The Housing and Redevelopment Authority in and for the City of Fridley, Minnesota, a political subdivision of the State of Minnesota (the "Authority") has entered into a Contract for Private Redevelopment dated as of ____________, 2023 with the Declarant (the "Redevelopment Agreement"). The Redevelopment Agreement provides for certain assistance, financial and otherwise, to be provided by the Authority in connection with the construction of housing improvements by the Declarant on the Property.

NOW, THEREFORE, in consideration of the foregoing, Declarant, for itself and its successors and assigns, does hereby declare that the Property shall be owned, used, occupied, sold and conveyed subject to the following covenants and restrictions:

1. No part of the Property shall become tax exempt from the levy of *ad valorem* property taxes, or any statutorily authorized alternative, until December 31, 2050.

2. The covenants and restrictions herein contained shall run with the title to the Property and shall be binding upon all present and future owners and occupants of the Property; provided, however, that the covenants and restrictions herein contained shall inure only to the benefit of the Authority and may be released or waived in whole or in part at any time, and from time to time, by the sole act of the Authority, and variances may be granted to the covenants and restrictions herein contained by the sole act of the Authority. These covenants and restrictions shall be enforceable only by the Authority, and only the Authority shall have the right to sue for and obtain an injunction, prohibitive or mandatory, to prevent the breach of the covenants and restrictions herein contained, or to enforce the performance or observance thereof.

3. The covenants and restrictions herein contained shall remain in effect until December 31, 2050 and thereafter shall be null and void.

4. If any one or more of the covenants or restrictions contained in this Declaration are held to be invalid or enforceable, the same shall in no way affect any of the other provisions of this Declaration, which shall remain in full force and effect.

ROERS ACQUISITIONS LLC,
a Minnesota limited liability company

By ________________________________
Printed Name: __________________
Its: ____________

STATE OF MINNESOTA)
) ss
COUNTY OF__________)

On this ______ day of ___________________, 202__, before me, a notary public within and for ____________ County, personally appeared ___________, to me personally known and who by me duly sworn, did say that he/she is the ____________ of Roers Acquisitions LLC, a Minnesota limited liability company, and acknowledged the foregoing instrument on behalf of said limited liability company.

____
Notary Public

AGENDA REPORT

Meeting Date: February 2, 2023 **Meeting Type:** Housing & Redevelopment Authority

Submitted By: Paul Bolin, Assistant Executive Director

Title

Update on Housing Programs

Background

On a monthly basis, staff will provide updates from CEE on the past month's activity for the Authority's loan programs, remodeling advisor visits and Home Energy Squad Visits.

Attachments and Other Resources

- Chart of Loans Issued and Remodeling Advisor Visits

Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

Fridley Loan Summary Report

Activity for Period 12/16/2022 - 1/15/2023

Item 7.

Center for Energy and Environment

Application packets requested/mailed:	This period:	2	Year-to-Date:	7
Residential Advisor Visits:	This period:	1	Year-to-Date:	37
Loans currently in process for residents in your City/Neighborhood:		34		

Closed Loans	This period:		Year-to-Date:	
Fridley		Units		Units
		0		0
Closed End	18,780.00	2	$1,090,114.18	39
Down Payment Assistance	5,000.00	1	30,000.00	6
Last Resort	0.00	0	0.00	0
Last Resort Emergency Deferred	0.00	0	0.00	0
Mobile Home Closed End	0.00	0	7,000.00	1
Multi Family Exterior Closed End	0.00	0	17,847.00	1
Senior Deferred	0.00	0	197,665.00	13
Total	23,780.00	3	1,342,626.18	60

Leveraged Funds	This period:	Units	Year-to-Date:	Units
MHFA FUF	0.00	0	243,045.00	8
Total	0.00	0	243,045.00	8

Types of Improvements Financed YTD	# of Projects	% of Total
Air Conditioning	1	0.95
Bathrooms	8	7.62
Deck	5	4.76
Down Payment Assistance	5	4.76
Driveways	7	6.67
Electrical	3	2.86
Fence	6	5.71
Flooring/Carpet/Tile	2	1.90
Foundations/Basement	1	0.95
Garage	5	4.76
Heating System	1	0.95
Insulation	3	2.86
Interior Painting/Repairs	1	0.95
Kitchens	11	10.48
Landscaping	3	2.86
Lighting	1	0.95
Other Exterior Improvements	11	10.48
Other Interior Improvements	10	9.52
Patio	1	0.95
Plumbing	1	0.95
Roof	7	6.67
Sidewalks, Steps	2	1.90
Siding, Stucco, Exterior Paint	2	1.90
Solar-PV	3	2.86
Water Heater	1	0.95
Windows, Doors, Storm Windows, Storr	4	3.81

Types of Properties Financed YTD	#	% of Total
Commercial - Non-residential	1	[illegible]
Manufactured/Mobile Home	1	1.45
Single Family Residence	59	85.51
Townhouse	3	4.35
Two to Four Unit Property	5	7.25