COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

November 19, 2025

12800 RAVINE PARKWAY SOUTH
COTTAGE GROVE, MN 55016

COUNCIL CHAMBER

- 7:30 AM

1 Call to Order

2 Pledge of Allegiance

3 Roll Call

4 Approval of Minutes

   A 08-12-2025 EDA Meeting Minutes

5 Business Items

   A Economic Development Update

   B TIF Agreement Amendment for Roers Cottage Grove Apartments LLC

6 Public Hearings

7 Other Business

8 Workshop

9 Presentations

10 Adjournment

MINUTES **August 12, 2025**

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY MEETING

12800 Ravine Parkway South
Cottage Grove, MN 55016

COUNCIL CHAMBER - 7:30 A.M.

Pursuant to due call and notice thereof, a meeting of the Economic Development Authority was held on the 12th day of August, 2025, at 7:30 a.m.

1. CALL TO ORDER

The Cottage Grove Economic Development Authority (EDA) meeting was called to order at 7:30 a.m. by EDA President Myron Bailey.

2. PLEDGE OF ALLEGIANCE

EDA President Bailey asked everyone to please stand and join in reciting the Pledge of Allegiance.

3. ROLL CALL

Jaime Mann, Assistant to the City Administrator, called the roll:

EDA President Bailey-Here; EDA Vice President Olsen-Here; EDA Member Jean-Baptiste-Here; EDA Member Khambata-Here; EDA Member Latack-Here; EDA Member Scott-Absent; EDA Member Tschida-Absent.

Staff Present:	Jennifer Levitt, City Administrator Jaime Mann, Assistant to the City Administrator
Others Present:	Ben Wickstrom, Bellagala Representative

4. APPROVAL OF MINUTES

A. *Staff Recommendation: Approve the June 7, 2025 Economic Development Authority Meeting Minutes.*

EDA Vice President Olsen made a motion to approve the June 7, 2025 Economic Development Authority Meeting Minutes. Motion was seconded by EDA Member Khambata. Motion passed unanimously (5-to-0 vote).

5. BUSINESS ITEMS

A. Economic Development Update
Staff Recommendation: Receive Federal Beige Book Report & Development Update.

EDA President Bailey said we're honored this morning to have our City Administrator, Jennifer Levitt, here with us today. Administrator Levitt said thank you, Mayor and Members of the EDA. I'm always excited to talk about economic development activity, and then you'll also see that some of my excitement about engineering construction projects maybe comes through as well.

Federal Beige Book Report: Economic Activity: Was flat since the previous report. Wage Growth: Moderate overall, with some signs of slowing. Prices: Increased modestly overall, with greater pressure among manufacturers. Consumer Spending: Was slightly lower since the last report. Tourism Activity: Has increased, which is obviously positive and positive for our community as well when we think about our Lodging Tax and our CVB. Construction Activity: Was modestly lower, driven by a decline in active residential projects and a slow replenishing of the backlogs. I would say that's probably not as true for our community because we have not seen a slowing of the single-family housing market or multifamily; so, on our side of things, the construction activity is very stead. Commercial Real Estate: Was flat overall. I would say based upon the inquiries that we're getting from brokers right now, I'm starting to see that there is a more upward trend in activity in that area; so, hopefully that's positive for us.

Community Development Updates: Gerber Collision: As you guys have probably been seeing is kind of wrapping up their landscaping and getting their stuff ready to open, so we'll keep you updated on when a ribbon cutting will be coming. It was nice to see all their landscaping in and getting the site cleaned up and exciting to see that project move forward. Park High School: As you've been driving down 80th Street, you've probably seen all the different activity with the parking lot renovations, the new access to the high school. You're seeing a lot of footing and foundation work. Interior wise, the modification to the shop and the science room is ongoing. In meeting with the School District on Friday, in the grand scheme of things, they only have still a third of construction left to go before it opens so they're not nervous. I personally looked at the pictures and I'm nervous that the science room is not going to be ready and the shop, but they're very confident that things will be functional with their Kraus-Anderson Construction Manager at the helm. So, things are progressing there. Oltman Middle School: The foundation work is nearing completion. The interior block walls will be starting for the cafeteria soon, and so you'll start seeing that activity on the front of the building more prominently. Water Tower: When it comes to our water tower, you can see that we are starting to come out of the ground, literally, with the tower now that the large footings and foundations have been poured and placed; so, that is over by Hamlet Park, near the railroad track. So, you'll start to see things start to go vertical more now and more visible. Low Zone Water Treatment Plant: We've been pumping water from that treatment plant since early June. Right now, we're still working on all the final site work, so the landscaping and restoration work, some cleanup, some final punch list, so we're anticipating probably September, October we would have a community opportunity to tour the actual Water Treatment Plant. Speaking of Water Treatment Plants, our other Water Treatment Plant is the Intermediate Zone; this is behind the Central Fire Station. People have all been asking what's going on, what's happening there? That is the large Intermediate Water Treatment Plant that will be going in there. I will be putting up some additional message boards and educational materials, as we heard at Night to Unite more people in the community want to know about it, and we'll try to highlight where that activity is and the progress for that. Mi Pablo: Their building permit has been submitted, a plan review is looking to be completed; they're the ones that are locating at Almar Village. There was a variance for a setback for additional 19 parking stalls at Almar Village, so you'll start to see that activity. Buffalo Wild Wings: Everybody wants to know about Buffalo Wild Wings, but obviously there's a lot we have to get in place, and right now, underground plumbing is still being completed, so we're a ways off for that. Green Thumb Industries, we used to know it as Leafline: Their building permit has been approved and issued for an interior remodel and some mechanical work. Rohrs Apartments: We're really hoping to see them get in the ground here soon. They had some issues with an adjacent property owner to secure a permanent and temporary easement for their retaining wall; so, hopefully that will start here soon. Cottage Grove Middle School: The building permit is reviewed, and a plan review letter was sent, so hopefully they will be able to start that work. The same is really true for the transition building at 7000 Jamaica, so we're excited to see the School District making so much progress on their projects. Public Works: Our project for the remodel of the shop, that block work and framing has been approved, and then the final inspection hopefully should be happening shortly.

Administrator Levitt said so, that is the update on the economic development front, and I'd be happy to stand for any questions. EDA President Bailey thanked Administrator Levitt and asked the EDA Members if they had any questions for Administrator Levitt.

EDA Vice President Olsen said I couldn't just let you walk away, I had to throw you something. You mentioned the Rohrs building, and obviously, they continue to work hard on that. There was another potential apartment complex that was kind of looking at some land in that same general vicinity, over near Kohl's. Have we heard any more from them?

Administrator Levitt replied Mayor, Members of the EDA, that was Yellow Tree, and right now, they've kind of gone radio silent on us; because you're absolutely right, Council Member, they came before us, made a proposal, we approved some business subsidy, and they have not returned to us. So, we will keep you posted if we get any more communication from them.

EDA Vice President Olsen said thank you.

EDA Member Jean-Baptiste asked for the subsidies that we did approve, is there like a standing timeline on when they would need to respond by before we kind of take those funds away and maybe earmark them for a different project?

Administrator Levitt replied oh, absolutely. Usually, we use one year as the guidepost for that termination, sometimes, if we know that there's going to be a delay, we would put a more time specific, if it's 18 months or 24 months, but in this case I believe it was one year. So, they know that that clock is ticking, so that is an excellent reminder.

EDA Member Jean-Baptiste said thank you.

No other questions were asked.

B. Bellagala Business Subsidy Agreement

Staff Recommendation: Approve the business subsidy agreement with Bellagala to provide a forgivable loan in the amount of $100,000 to be used for the project.

EDA President Bailey said Administrator Levitt will begin to take us through this one.

Administrator Levitt said well, Members of the EDA, I'm excited that we can talk about Cedarhurst because the Cedarhurst Mansion project has been on our Strategic Plan for some time. It is a 10-acre parcel that has a lot of history that goes back to the mid-1800s, and we've always desired to preserve it and to see it be really an infused economic driver into our community. We had originally thought that 360 Real Estate, back in 2021, was potentially that infused energy and passion to see the site redevelop. They had a more intense use with Mixed Use; so, if you recall, they had wanted to see housing and they wanted to see a lot of commercial retail on the site, but now that has not progressed, and Bellagala Wedding and Events is now the prospective buyer and developer of the property. They come with a strong reputation in the industry for weddings and events, and so I'm going to allow them to touch on their experience and their background a little later in the presentation; but just know that they are an end user who brings a lot of experience and knowledge in this industry to this project. What they are proposing is a year-round wedding and event center to include the outdoor space, which we all know as like the Rose Garden here; it was one of those key elements, historically, on the property, and they're looking to restore it. This outline here is the existing mansion, in green here is the proposed addition that they'll speak more about. They had also proposed a paved parking lot in this area, stormwater treatment here, and then the additional parking would be in this area of the site; they're looking to do something more like with a geogrid grass parking to try to preserve as much of the historic feel of the property as possible. It did go to the Planning Commission for approval of their HCUP, and that is going to the City Council on August 20. They'll talk more about the capacity of the facility and what they're doing for the renovations. The EDA has adopted criteria for awarding business subsidies in regards to this. The proposal that's before you meets them on various levels. You know, the first is we think about the historic preservation, right? We offer $25,000 for façade improvement, and this is far more than a façade improvement because anything that has the tagline historical is going to be very expensive; they'll talk about the renovations that they'll make to the facility, both on the interior and exterior. The economic vitality, that's going to be something I think they're going to be able to talk about when they talk about the amount of weddings, events, and what they're bringing to our local economy. There's a lot of job creation that will come with this to obviously run a facility of this sort, and they can touch on that as well. I also would say when you look at like the blighted features of the property, the barns that are falling down, they'll be cleaning those things up; they'll actually be connecting to sanitary sewer and water, so we will be getting rid of the well and the septic system. So, from an environmental standpoint, we're making progress in that way, and I think they'll do a great job really engaging our community and being a tremendous asset.

So, when we look at the proposal, it's for $100,000 to help with those offset costs because obviously, even when you connect to sanitary sewer and water, it's very, very expensive. Our other venues in town that are historic did not have to do that and we're not able to, and so, that's a unique challenge that this one offers. The subsidy would be a forgivable loan, which would be for five years after they complete the project, just to ensure that the ownership maintains the same and the building is still operational. So, we would provide the $100,000 once the project is complete and we have verification that all contractors have been paid and that there are no liens on the property. As I've stated, the project really aligns with the City's goals, the historic preservation, the economic growth, and it really represents that rare opportunity to preserve this historic asset and be that economic driver into our economy as well. And, so, with that, I'm just going to turn it over to the applicant to talk a little bit more about who they are, and then they'll talk a little bit more about the details of the renovations that they're proposing.

EDA President Bailey said thank you, Jennifer.

Thank you, Administrator Levitt, President Bailey, EDA Members, some of you have been through this already, but we'll give a brief presentation here. My name is Ben Wickstrom, I'm here on behalf of Bellagala, I'm sort of the owner's rep for Mr. Tim George, the owner of the company. J.J. Maleski is the other operator who has been here and has presented in the past. It's been a wonderful experience so far working with the City. We've had a workshop, we've gone through the Planning Commission meeting. Emily's been very helpful, and everything's been great so far, so, there are a couple steps left to go here. We also had a neighborhood meeting a few weeks ago at the mansion, we had some good attendance there, and answered a lot of questions and didn't have anyone show up for public comment at the Planning Commission meeting, so we must have done okay there.

As Administrator Levitt mentioned, I'll just give you kind of a brief overview here of the business and what we're planning to do. We've been in business 28 years, in total, as she mentioned, in 2004 we established in Minnesota. We have six venues around the Twin Cities area:

- The Van Dusen Mansion in South Minneapolis;
- A'BULAE and Le' Venere in lower town St. Paul, those are sort of the more urban locations where they have the rooftop component; they're different types of venues, but a different style, but those two in St. Paul;
- Bavaria Downs in Chaska, which is a 260-acre site, there are three locations: 1) The Edward Anne Estate was the original mansion, it wasn't a historic mansion, but it was an older building that was owned by the Redken Family (the Redken hair products company); that was on and off the market for about 14 years before Tim stepped in and bought it and totally refurbished that building. 2) Equestria West is also on that site, that was a couple of horse barns-outbuildings that were

redone, and if you've checked out the website, that's another unique and beautiful venue. 3) Woodland Glasshaus was a completely glass atrium, also on that site.

Those are the six in the Twin Cities, and when this opportunity became available, it seemed like a natural and great fit for the portfolio, and so we're excited about that.

Bellagala offers anything from rental of the venues to full-service wedding, six different things blend in there, D.J.s, catering, all that stuff, but it's a wedding-planning service, and it offers each of these venues, and it's also a company that in total is in about a dozen other states. Our goal is to host world-class events, of course, we've been recognized by a number of national publications and *Good Morning America*, and all that, so it's a successful business and we'll be around for a long time.

The Mansion: You probably know most of this stuff, I'll just touch briefly on it: It was built in the 1860s, and about 50 years later, it was first expanded. There have been a lot of remodels over the years. Its on the Historic Registry because of the architectural significance, and because of the remodel, we have to go through certain steps, certain agencies to make sure we're doing all the right things, preserving what we can, replacing what we need to. Notable individuals related to Cedarhurst: Cordenio Severance was the owner, a prominent St. Paul attorney, founder of the Bar Association. Cass Gilbert designed the mansion, and he also designed the State Capitol and a lot more things around the area. On many occasions, the mansion has hosted U.S. Presidents Roosevelt, Taft, Harding, and Coolidge. In J.J.'s presentation, he likes to brag that there's a bathtub in the mansion, used by Teddy Roosevelt, which will remain there; its not usable as a bathtub, but it'll be sort of a showpiece I think in what we'll call the Groom's Suite for now. So, its a great building.

Our Plan:
1) To respect the history;
2) Rehabilitate what we can, where we can;
3) Create a luxury wedding venue, with rich history and with modern amenities;
4) Give our couples an all-inclusive wedding experience;
5) Of course, be a good steward of the community and a great neighbor.

Pictures: Some pictures of the venue and kind of what you see in disrepair and needing repair: Some of the finishes, the outdoor front porch, the columns, you can see how some of that's needing significant repair so there's a lot of work that's going to go into that. The next slide shows some of the interior things that need to happen, some of the things that are a little falling apart, but also some of the uniqueness of the venue and some of the cool spaces that are there. The lower-right picture in particular always gets me; that's the upstairs hallway, you can see how narrow that is, and some of the challenges that we'll face up there. That is the very creepy basement, which we will not use, but we'll do what we can to dry that out and get that at least somewhat usable for a portion of the site.

The Build Plan:
1) Begin in mid-to-late August, we're getting close to that, but as soon as we can, we hope to get through that City Council Meeting on August 20, and then shortly after that begin some of the outdoor work as we're closing on the property and finalizing approval of building permits and necessary permits in that timeframe.
2) The goal is to get a lot of the outdoor work done this year, some of that heavy site work done this year.
3) We can concentrate on the indoor remodels during the winter months.
4) Plantings and finishes outside in Spring and Summer of 2026.
5) Start booking weddings in August, 2026.
6) Grand Opening: We will have a grand opening a few weeks after our first event; so, after that trial run, plus a few events, we'll have a grand opening. The City will be notified, and all the Boards and Commissions and we would love for you all to attend a nice party to kick things off.

Renderings: A few renderings of what we plan to do on the site, of course its the original mansion at the fore, in the upper left. You can see in the upper right the atrium that we're planning to add along with sort of an extension of the kitchen behind the mansion, all sort of enveloping the Rose Garden, which is, as Administrator Levitt said, sort of the showpiece, the centerpiece of the site. A lot of our outdoor social hour mingling will happen around the Rose Garden and in front of the atrium there. This is a little more architectural view of the atrium design, you can see its got significant glass walls on the south and then on the east, facing the Rose Garden. The entire site will be made accessible from the parking lot into the mansion and the atrium, which of course currently it is not. All of these are just floorplans so you can see the original mansion and sort of that rear kitchen as it stands now in the center of everything; so, the extended area of the kitchen and storage will be west of that kitchen, which is on the bottom of this page and then the atrium off to the right. So, you can sort of see the square footage and then the Rose Garden, of course, in the middle of all of that. There's the upstairs that will remain, because the floorplan is pretty much the same, but it will have the suites for the wedding party getting ready and things like that and some neat upgrades up there as well.

Traffic and Parking: This is always a question we get; a controlled entry and exit is our plan. We've worked with the City and with the County on where to align that intersection, that entrance, on the south edge of the site, nearest our parking lot. There is a Plan B, I guess, with access at the point of ingress and egress from where Military Road would line up, but that's not in our initial plan; we'll just sort of see how it goes and take the queue from the City on whether that's become an issue, whether we need that entrance. The guest arrival traffic control management I mention that's all going to come from 70th, if we can; there are existing turn lanes, at least a left-turn lane into there. There was some question at the Planning Commission about right turning westbound traffic coming off the roundabout. We think the times of arrival are staggered enough and the speed at that point is not significant enough to warrant a right-turn lane, but the County would be the ones to tell us if we need to do that; so far, we have not heard that. We have designated areas for staff parking, vendor parking, client parking, and deliveries outside of the proposed parking area.
Overview of the Site: You can see as Administrator Levitt mentioned, the paved-parking area in light gray at the bottom, the grass with that supplemental grid system is kind of nicely tucked between all the existing trees at the southeast corner of the site. Some overflow parking off of the main drive aisle, to the left, which is north of the, I'm not sure what we call it, carriage house, caretaker's house, something like that; currently, the plan is just to use those as sort of meeting space and offices generally, but no permanent employees or anything there on site. You see some of the outbuildings in the northwest corner of the site: We're going to preserve what we can there and a couple of the foundations and stonework that are there, some of them, unfortunately, can't be saved. But, overall, you see the location of the mansion, the addition, the Rose Garden, the loading and delivery and extended kitchen area, and then the circulation plan here on this slide.
Sound and Light: This is another question we get. There's not a lot of light added to the site, mostly downlighting on the outside of the building, lighted walkways from the parking lot. Sound: We have from our other locations, Van Dusen Mansion in particular is a beautiful venue, but its on half of a City block in South Minneapolis, and there's a lot of neighbors around, so we are used to managing the sound, having our decibel meters. We've told the neighbors we'll be out there those first few events with our decibel meter making sure we're not spilling, but we think with the layout of the site and the atrium and the outdoor activity mostly being in the Rose Garden, that it's not going to spill into the neighborhood much at all.
Maintaining as Much Natural Trees and Foliage as Possible: In addition to that, with the excavation that has to happen for the atrium and some of the other ground dirt work that has to happen, we're going to have some excess dirt and we plan to install some berms where we can around the perimeter of the site while not disturbing any of the natural vegetation that we don't have to.
Landscape Plan: If you're interested, you can see the amount of landscaping that we're proposing around the building and in the Rose Garden and around the atrium, and then a little closeup of the Rose Garden; you can see how detailed that is and what we plan to do there. If anybody has any questions about that, we've got a planting plan and all the species listed.
Interior Rooms: Then here's just some renderings that Ed Hochberg, our designer, has come up with to show what some of the interior rooms will look like, which will make use of what's existing and reusing what we can. I think the example we give is the elevator will not be in use for the venue, but some of the interior panels from the elevator are really cool, and we will reuse those elsewhere, have them sort of as a showpiece.
Organ: A lot of people ask about the organ that's in the mansion, that will remain but not in use. It's interesting that the guts, maybe you all know this, I didn't, the guts of the organ are downstairs and all of the operation. We looked at renovating it, refurbishing it if we wanted to do that, but the price tag for that was a couple hundred thousand dollars, so it will be a showpiece, not in use, but we'll see what we can do in the future. So, all that will remain as it can.
Groom's Suite: There's a pool table in there, I don't see the bathtub, but that's going to be in there somewhere.
Bar: Here's the bar in the downstairs area, sort of centrally located. It's going to be a fully-working bar; we just had a discussion in our weekly meeting about what needs to be hooked into there and hooked up for there, and they were pretty excited about that bar, getting that as a nice little central place.
Fountain: The fountain you see in the forefront there is actually potentially a fountain from the Rose Garden, and we don't know if that can be saved yet; we'd like to, and we could potentially move that inside as sort of another showpiece and use that as decoratively as we can.
Atrium: Here's another view of the atrium with the sloped roof and the glass on the outside.
Updated Logo: That's our updated logo, Cedarhurst Mansion, Established 1868, and you'll see that crest and that logo everywhere for our marketing packages.

Ben said so we're very excited about the project. I'm sure I've missed a lot of things, but if you've got any questions, I'm happy to answer them.

EDA President Bailey said well, first of all, thank you for coming in this morning and sharing with the EDA. Obviously, I've gotten the opportunity to tour that mansion through the guts, as you said, that kind of interesting basement and up in the attic in the years past. So, we really appreciate it. I know I literally, figuratively, had neighbors contacting me after the neighborhood meeting you did, and they're extremely excited between the difference of what was being proposed by a previous developer with a lot of housing and kind of crunching stuff on there to your desire and opportunity to preserve that area. So, kudos to you guys for taking on this project. Cedarhurst is a very important part, not just of the U.S. history, but Cottage Grove's history.

I did have a real quick question, then I'll ask for any other comments from the EDA. You were talking about keeping all the greenery, or trying to keep the greenery; obviously, as you can tell, there's a lot of overgrowth and then a lot of unfortunate dead trees, like Ash and such, that are kind of tucked into the lilacs all the way on the perimeter. I notice on some of the pictures you're looking like you're going to be adding some additional greenery on there; what's your thoughts on what you're planning to do with the hedge or the out-of-control hedge that kind of follows the perimeter of the property?

Ben asked the outer perimeter, along 70th or Keats? EDA President Bailey replied either 70th or a little bit up on County 19 (Keats). Ben replied yeah, there is a lot of dead stuff in there. I don't know that, we do have a tree inventory telling us what's good and what shouldn't be saved. Our contractor, PMI, has a landscape contractor that they work with; you can see on our Landscape Plan, well, we don't have the zoomed-out version; we have plans to sort of supplement what's there where it gets too thinned out or is thinned out, but there's a lot of brush that needs to be cleared. I can't answer to as what that supplemental plan is, it's sort of we know that some areas are going to need it. We don't want to disturb the views to the front lawn, the Grand Lawn, and the mansion itself, of course, but anything around that perimeter to keep the privacy; we want guests to feel like they're coming to, even from the parking lot to the mansion, to not be aware that there are these busier streets nearby or anything. So, I think the key word there is preserving as much of it as we can, in keeping with the site, but we understand that some of it is going to need to be thinned out; and our contractor is working on it, we can give you some better detail at the Council Meeting if you'd like to hear about it. Mike, our contractor, will be there, but I don't have a great answer as far as the plan for the overgrowth areas.

EDA President Bailey said and the only reason I bring it up, and you kind of mentioned it: One is you've got the privacy part that you want for the venue itself, but on the other side of it, too, you want that great visibility. Right now, sometimes you tell new people that are coming to Cottage Grove, and they ask where's Cedarhurst, what is that? Because its so tucked in back there, which is kind of a good thing, but at the same time, its such a beautiful building and your desire to keep the front lawn. I'm just looking at how do you make it inviting. Ben stated balance. EDA President Bailey replied yeah, that's kind of what I was looking at.

Ben replied yeah, I think we'll find that right balance. I mean, obviously, we want that visibility and that wow factor for the mansion, and I think it's just sort of been allowed to go out of control by this point. So, we'll shape it up. If I can compare it to the Bavaria Downs site, when I first toured that site, I thought this is going to be quite a bit of work, and the building on that site it was overgrown; that Edward Anne Estate has sort of a curved, it's almost like a Keebler Elf roof on that building, and there were trees growing over it and everything. I thought, I wonder if they're going to leave it natural or if they want that as, even though it's a winding drive in there, they want that showpiece. But it is now, when you get to that site, and you get far enough on the property, it really grabs you. So, same contractor, same designer is working on that as on this site, so I think they'll take that into consideration.

EDA President Bailey said perfect, thank you.

EDA Vice President Olsen said thank you, the presentation is as good the second and third time as it is the first time, so I appreciate that. Ben replied thank you.

EDA Vice President Olsen said first of all, Ben, thanks for being here this morning. I happen to be the liaison to the Planning Commission as well, so I was able to see the presentation in front of the Planning Commission, and I wanted to touch on a couple of the elements from that, which you actually mentioned in your presentation. One of those, which is the access off of the roundabout, there were some questions about the traffic stacking and how you're going to manage getting people into the facility without causing any sort of issues backing up onto that roundabout. I thought you guys addressed it pretty well; you had mentioned you're going to have parking attendants, who are going to be bringing people in and making sure that the flow of traffic goes well. Could you just maybe spend an extra minute here explaining once they make that turn and they get into the facility, what happens next, because I thought that was pretty compelling at the Planning Commission.

Ben replied sure, I will leave this slide up. So, you can see that access, it'll be slightly realigned to be directly across from Jorgensen where Mi Pueblo's going in. Initially, we had an entrance to that parking lot, we wanted people into the site and to the parking area. Well, it was suggested and we thought it was a good idea to move that, you can see the entrance is to the north. So, I think if there's any stacking because there's a handful of cars arriving at once, it's going to be in our driveway, not out on the road. So that entrance was moved to the north, and then when they enter the site, there's going to be those 23 spots for paved parking, and a lot of those I guess we'll sort of, with our attendants there, we'll sort of know who should park there, right? Whether it's older people or people who maybe have difficulty getting to the site, maybe the VIPs of the wedding families or something like that. Then the rest of the parking, the overflow parking, it looks like its just sitting on grass in the middle of nowhere, but it's going to be finished nicely. So, all of that parking is available to any patrons, any guests, but the one thing I'll say is if we have; we know, being the wedding planners as well, we know the RSVPs, we know if it's going to be attended by 70 people or our capacity of 190 people. We also have sort of a valet service that we may need to utilize, and we will utilize for some of those busier events. So, if it's just people pulling into that top parking lot, getting onto the site, getting out onto the sidewalk, and us parking, that might happen at times, too, and that'll be more likely for those larger events. So, we don't anticipate waiting, stopping, stacking to be a problem, especially out on 70th.

EDA Vice President Olsen replied perfect. I know you also mentioned in that presentation that you're working hard on minimizing the impervious surface by utilizing maybe some different materials for parking. Could you talk about that momentarily, please?

Ben replied yeah, there's a grid system, what's that called, Emily? She replied geogrid. Ben said so it was a suggestion from your Planning staff; we had looked at the drainage pattern, we don't think it's going to be muddy ever or anything like that. If it is, of course it's up to us as a business to make sure we have ground protection. So, we're looking at ground protection mats in the high-traffic areas or like in that throat between the parking lot. At that suggestion, we started looking into products like that, and it's a system that ends up being; you know, you wait until a soft ground time, and you have that grid system that's rolled directly into your surface, and over time, it just settles to right below, however far below the surface, and it ends up being a stabilization system to ensure that you don't get ruts and mud and things like that. I'm not an engineer, I don't know exactly how it works.

EDA Vice President Olsen said we know a couple, so, yeah, you're okay.

Ben replied, yeah. So, at the Planning staff's and Engineering staff's suggestion, we looked into that, and great, if we can preserve as much pervious area as we can, we're going to do whatever we can. I think that overflow parking area isn't going to be a problem, especially with a system like that in place.

EDA Vice President Olsen said yeah, I was excited to hear you guys talk about that, and of course, with all of the various demands of the Met Council and then you have the Watershed District and things, I think that's going to make them happy as well. The last thing that I wanted to just touch on is our City Administrator mentioned Night to Unite last Tuesday; I will tell you and I got the chance to travel to the parties that I went to with Jennifer, she was part of my group, the feedback from the neighbors on this project specifically was overwhelmingly positive. They're very enthusiastic; in fact, one of the neighbors had mentioned they had just been to an event in Chaska and how impressed they were, and they actually had some conversation with one of your staff members at this event about Cottage Grove and what was coming. Your staff was excited about it, too, which I think said an awful lot to this individual. So, I want to thank you guys for taking the interest that you have; hopefully, we'll be able to bring this thing to a head pretty quickly and get you moving on your construction plans and really move this project along so that August 2026 is a reality because people are very, very enthusiastic about it. As the mayor mentioned, the idea of preserving this vs. really changing the overall character of it with the retail and the housing that was proposed by the previous developer, I think has people really fired up. So, you guys are definitely tracking the right way, keep moving forward. Thank you very much. Ben replied thank you, great to hear.

EDA Member Latack said thank you for your presentation. So, regarding the out-of-town guests, do you have any plans to build relationships with Cottage Grove hotels?

Ben replied we do. I don't know the Cottage Grove hotels specifically, it's not my department, but we do have at each of our venues partnerships with local hotels. So, I don't anticipate this being any different. We need to make sure we get through the entitlements and closed on the property first, but this year to build up to those first events is when those kind of agreements happen. Similarly, we like to utilize shuttle services from those hotels if we can because we talk about parking an awful lot; so, that is the goal, that is the plan, and I'm sure we can work with staff to sort of find those right partners.

EDA Member Latack replied all right, cool, thank you.

EDA President Bailey said all right and asked if the EDA Members had any other questions. None were asked. EDA President Bailey said all right, thank you, Ben, we appreciate it.

EDA President Bailey said so, what we've got before us then for the EDA are we're looking for a motion that's on the screen, which is a $100,000 business subsidy, which would be a forgivable loan; obviously, that is coming from the EDA to use towards this project in preserving Cedarhurst Mansion.

EDA Member Khambata made a motion to approve the business subsidy agreement with Bellagala to provide a forgivable loan in the amount of $100,000 to be used for the project. Motion was seconded by EDA Member Jean-Baptiste. Motion passed unanimously (5-to-0 vote).

Mayor Bailey told Ben we're looking forward to seeing you next week. Thank you.

6. PUBLIC HEARINGS - None.

7. OTHER BUSINESS - None.

8. WORKSHOP - None.

9. PRESENTATIONS - None.

10. ADJOURNMENT

EDA Vice President Olsen made a motion to adjourn. Motion was seconded by EDA Member Khambata. Motion passed unanimously (5-to-0 vote). The meeting was adjourned at 8:13 a.m.

Respectfully submitted,

Jaime Mann
Assistant to the City Administrator

JM/jag

Cottage Grove Economic Development

TO: Economic Development Authority

FROM: Emily Schmitz, Community Development Director

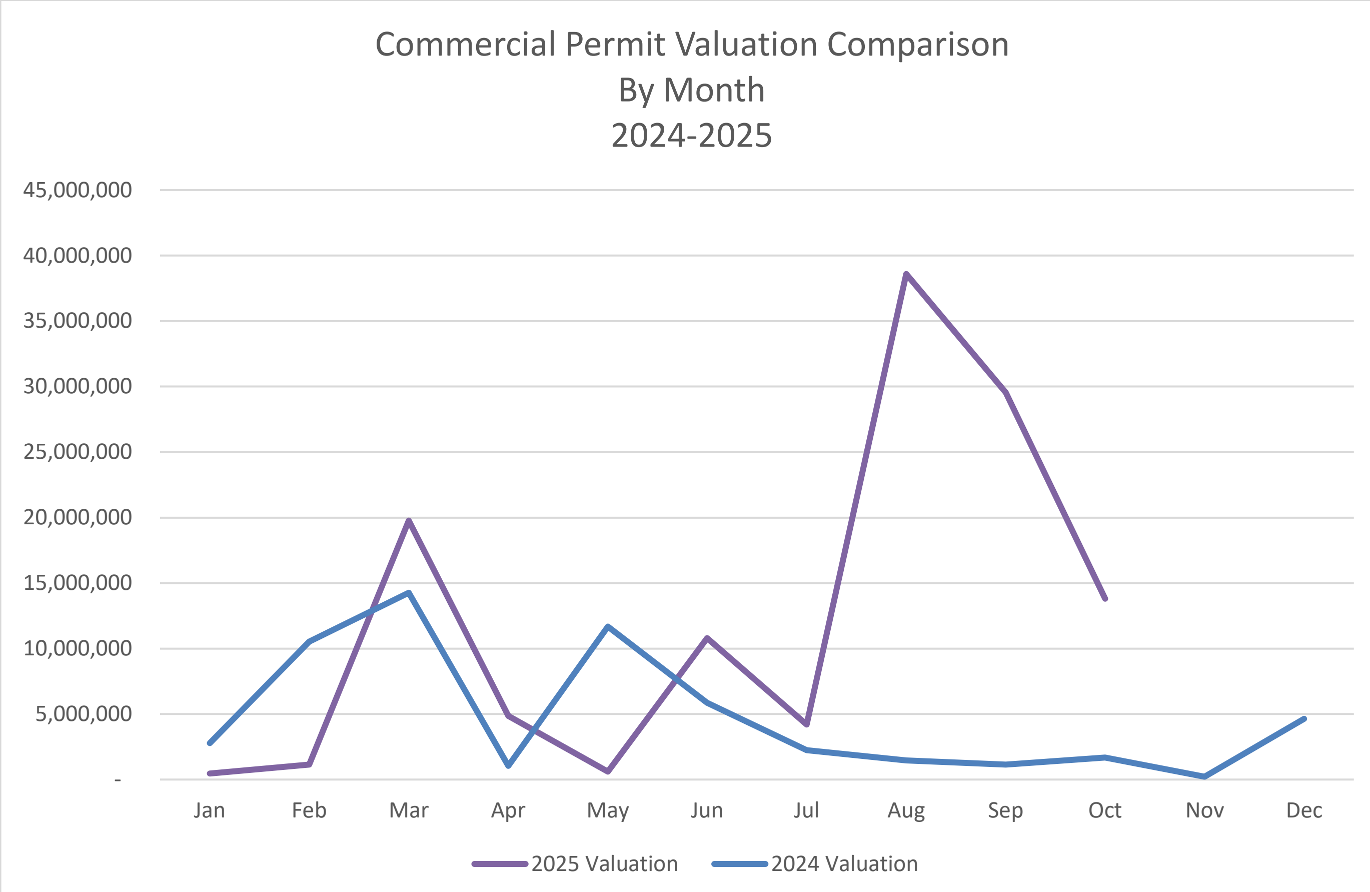
DATE: November 3, 2025

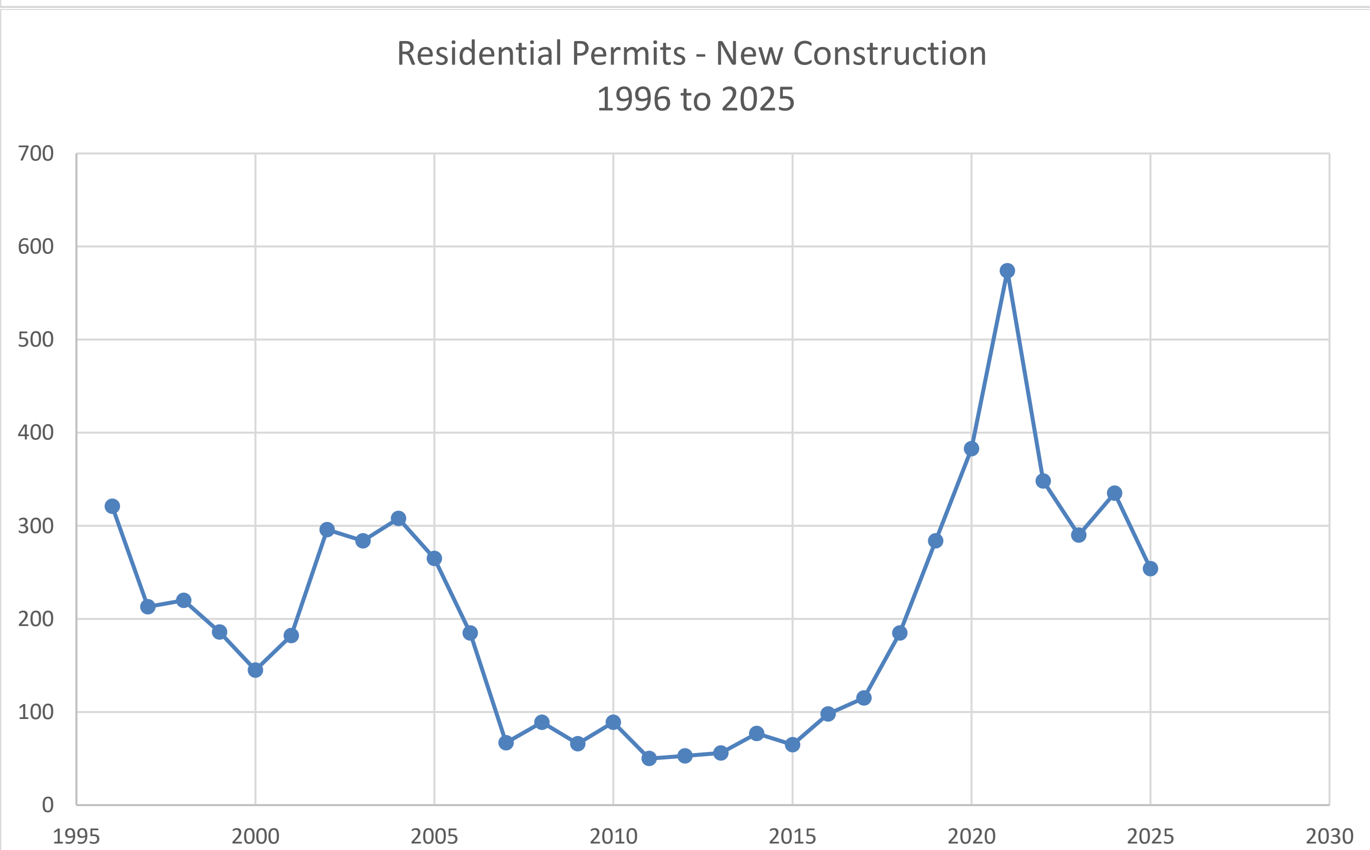
RE: Development Update

Building Permits

Building Permit Statistics:

Between October 1 and October 31, 2025, there were 424 building permits issued with a total valuation of $26,632,666, including 25 single-family homes valued at $8,802,194; 5 townhomes valued at $1,192,704; and 52 commercial permits with a valuation of $13,804,554.


Commercial Permit Valuation Comparison
By Month
2024-2025
45,000,000
40,000,000
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2025 Valuation
2024 Valuation


Residential Permits - New Construction
1996 to 2025
700
600
500
400
300
200
100
0
1995
2000
2005
2010
2015
2020
2025
2030

Current Project Updates

<u>Building Construction Projects</u>

<u>Green Thumb Industries (formerly Leafline), 8235 97th Street):</u> The installation of the HVAC ductwork and interior walls is underway.

<u>Cottage Grove Armory (8180 Belden Boulevard):</u> Replacement of the roof and exterior remodel is ongoing.

<u>Roers Cottage Grove Apartments (6850 East Point Douglas Road):</u> Permit issuance is waiting on approval from Engineering of the retaining walls.

<u>Norris Square (6993 80th Street):</u> Due to structural failure, replacement of the floor system is underway. Replacement of the subfloor on the second level has been completed, and installation of the new flooring is underway.

<u>Speedway (7162 East Point Douglas Road):</u> A demolition permit to remove the gas canopy was issued, and a permit application to remove the underground fuel storage tanks has been received.

<u>Almar Village Parking Lot (7155 Jorgensen Lane):</u> The permit was issued for the expansion of the parking lot at Almar Village that added 19 parking spaces on the east side of the property. The paving and striping are completed, and the project has passed its final inspection.

<u>Mi Pueblo Restaurant (7155 Jorgensen Lane, #100):</u> Plumbing, mechanical, and electrical work are in their final stages, and the interior finish work is continuing.

<u>Casa Mia Restaurant (7420 80th Street, #101):</u> A building permit was issued for a new restaurant to be in the former Tom Moy location.

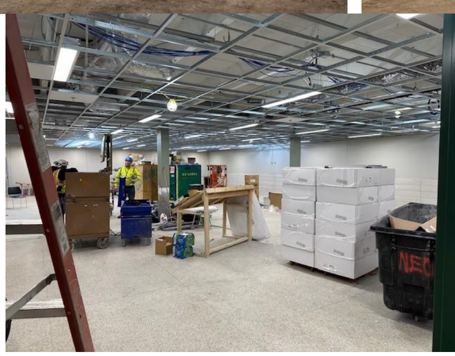
<u>Walmart (9300 East Point Douglas Road):</u> The final plumbing and mechanical inspections were approved, with the final building inspection scheduled for November 12.

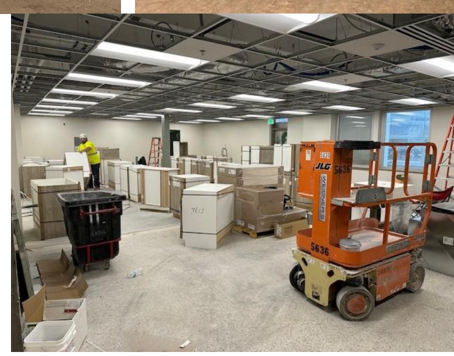
<u>US Bank (7200 80th Street):</u> A building permit was issued for a nonstructural interior remodel project for the upper and lower levels that includes bathroom remodel and new carpet and finishes.

<u>Cottage Grove Middle School (9775 Indian Boulevard):</u> Steel columns and beams have been installed for the new addition.

Oltman Middle School Addition (6625 Goodview Avenue): Concrete floors are being poured for the storm shelter. Blockwork, steel columns, beam, and roof bar joist installation have started for the new classroom addition.

Park High School (8040 80th Street): The ceiling grid has been installed in Areas H and G for offices near the front entrances after the above ceiling inspections of electrical, mechanical, and fire suppression systems were passed. Underground plumbing and electrical work are underway while insulation and roofing material are being installed in the new addition.



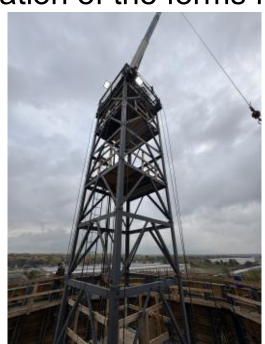
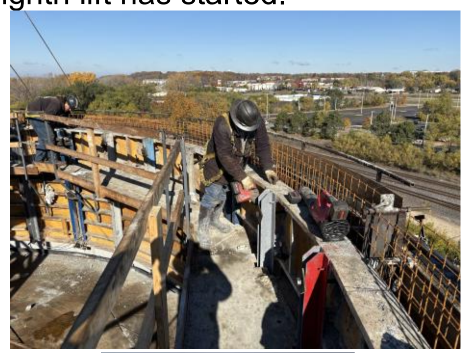


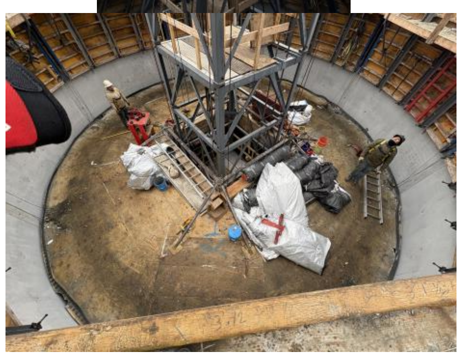
SoWashCo Schools Transition Program Building (7000 Jamaica Avenue): Demolition of the roof over the existing building and blockwork for the new additions have been completed.

Intermediate Zone Water Treatment Plant (8540 81st Street): The installation of the plumbing underground and the wall forms for the Clearwell continues, while the installation of the wall forms for the Backwash Tanks has started.



Cottage Grove Water Tower (7550 95th Street): The installation of the concrete for the fifth, sixth, and seventh lift is complete. The installation of the forms for the eighth lift has started.




Planning Division

October 27, 2025, Planning Commission Meeting

The Planning Commission met on October 27, 2025, and reviewed the following application:

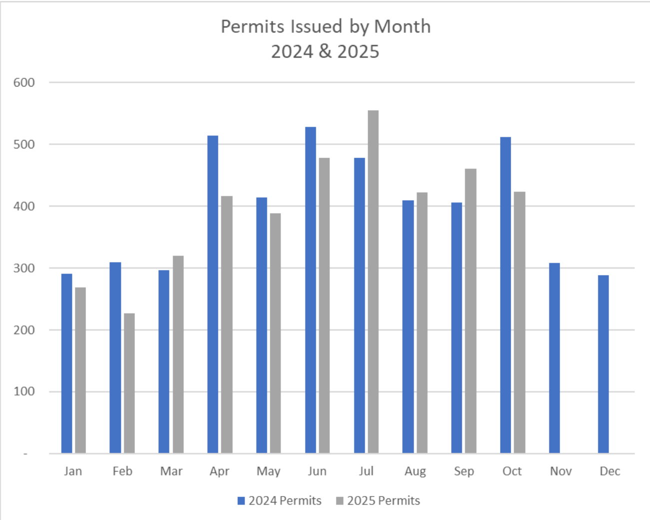
Capital Improvement Program 2026-2030 – Planning Case CP2025-027: The City of Cottage Grove has applied for a Comprehensive Plan Amendment to amend the Capital Improvement Program (CIP) for 2026-2030. The Planning Commission held the public hearing at their October 27 meeting, and no public testimony was received. The Commissioners had questions regarding the Kingston Park building; the replacement schedule for the Highlands Park tennis courts; replacing two Zambonis; resurfacing of the Woodridge Park playground; the types of road repairs the city uses – total reconstruction, mill and overlay, and thin overlay; future intersection controls for Ravine Parkway and the Shoppes at Cottage View; the proposed citywide water softening; and funding for reconstruction of 80th Street. The Planning Commission, on unanimous 6-to-0 vote, recommended approval of the CIP for 2026-2030. The City Council will take final action at their meeting on November 19.

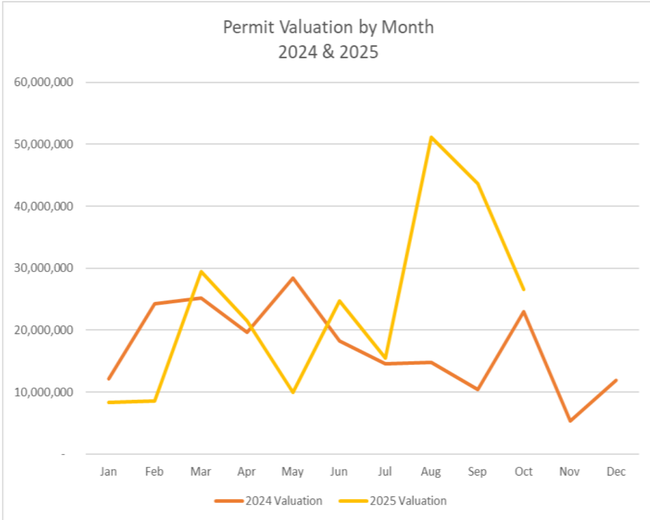
November 24, 2025, Planning Commission Meeting

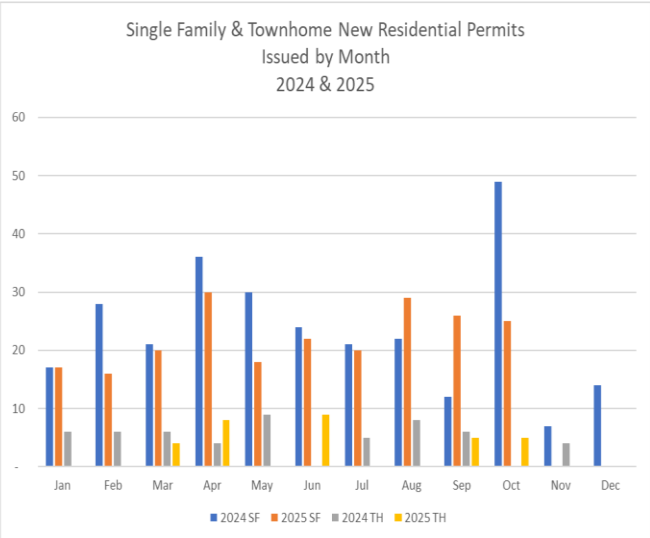
The following applications were received for the November 24, 2025, Planning Commission Meeting:

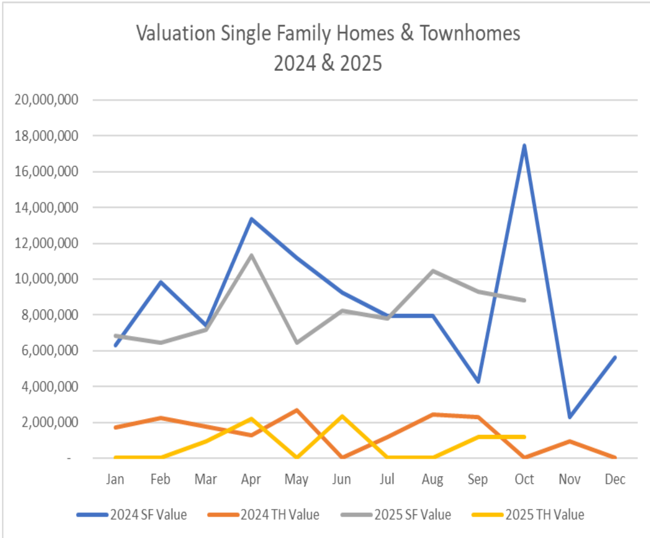
- Yellow Tree Multi-Family Building – Planned Unit Development and Site Plan Review
- MoonSoon Low Potency Dispensary – Conditional Use Permit
- Low Potency Distribution/Warehouse & Wholesale – Conditional Use Permit

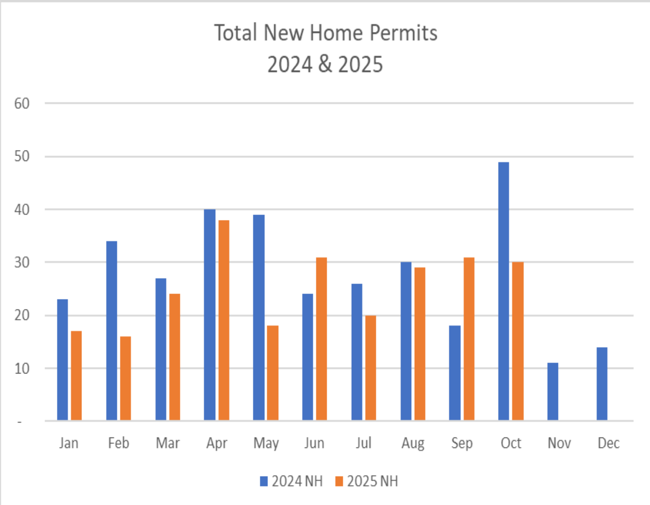
Building Permit Graphs

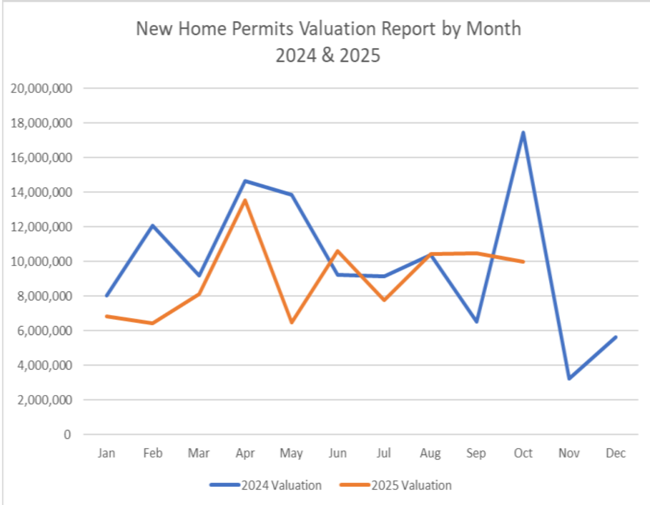












Federal Reserve Bank of Minneapolis

Summary of Economic Activity

Ninth District economic activity was slightly down since the previous report. Employment was flat to slightly down, and wage growth was moderate. Prices increased modestly. Manufacturing and commercial real estate were flat; consumer spending, tourism, construction, residential real estate, and energy activity decreased; and agricultural conditions weakened. Activity among minority- and women-owned business enterprises continued to decline.

Labor Markets

Employment was down slightly since the last report. Surveys found softening labor demand among District employers, as well as declining head count, though seasonality played a role. A staffing firm with multiple offices saw hiring decline at the end of summer after an earlier uptick. A staffing contact in Michigan's Upper Peninsula noted healthy labor demand in manufacturing, construction, and mining, but acknowledged that "the uncertainty in the market has spurred more temp and temp-to-hire work in our area," rather than direct hiring. Hospitality and tourism firms reported that they were predominantly hiring to replace turnover; only one in ten were hiring new full-time employees, and a comparable share was cutting workers. However, recent unemployment claims across the District remained low overall. Montana employers reported healthy labor demand, but a contact said that "most hiring is to replace vacancies rather than support business expansion." Artificial intelligence was expected to have a slight dampening effect on future labor demand. A Minnesota advertising firm said there "will be a smaller need for entry-level folks" because AI tools "get this work done faster."

Wage growth was modest to moderate. Recent surveys suggested that wage pressure was easing slightly, and payroll contacts suggested that median wages were rising, but more slowly than earlier in the year. However, nearly three-quarters of hospitality and tourism firms reported wage increases of three percent or more.

Prices

Prices increased modestly over the reporting period, but input price pressures were greater. One-fifth of District firms increased the prices they charged to customers in September from a month earlier, and a similar share anticipated increasing their prices in the month ahead. More than half of respondents reported increased input prices over the previous month. Contacts noted significant increases in electricity rates and employee health care premiums for the coming year. Several manufacturers reported that they recently increased prices in response to tariffs or planned future increases. Retail fuel prices in District states decreased slightly on balance since the last report. Prices received by farmers increased in August from a year earlier for corn, sugar beets, potatoes, canola, sunflowers, cattle, hogs, and turkeys; prices for soybeans, wheat, pulse crops, hay, chickens, eggs, and milk decreased from a year earlier.

Worker Experience

Workers and job seekers in the region experienced an overall slower labor market. A job fair in Grand Forks, North Dakota, had the lowest employer registration numbers in a decade, and career services professionals were strongly advising clients not to quit their jobs before having another opportunity lined up. A labor contact in Minnesota observed that several grocery stores were reducing head count down to “skeleton crews,” and workers were experiencing reduced hours “ranging from 15 to 18 hours down from 20 to 30 hours in 2024.” Several contacts concurred that hiring had decelerated but also noted that terminations were infrequent.

Consumer Spending

Consumer spending was slightly lower. Retail, hospitality, and tourism firms reported lower foot traffic, revenue, and profits relative to a year ago. They also expected these trends to continue through the end of the year, with increasing pressure on margins. A contact from a northern Minnesota resort said that “growing labor and expense costs coupled with flat revenue has led to decreased profits.” Another contact reported an unexpected drop in fall bookings after a solid summer and added that economic uncertainties “seem to create an air of caution among many and vacation spending seems to be curtailed” as a result. Hotel occupancy and average revenue per room were lower across most of the District. A mall contact said that “one message we are picking up from our consumers and tenants is that the consumer is looking for value, deals, and ways to stretch their dollars.”

Construction and Real Estate

Construction activity decreased slightly, but the real value of construction permits rose moderately, driven by proposed new projects in Rochester, Minnesota and alterations and repairs elsewhere. Permits for new residential projects were notably lower. Contacts in Minnesota reported strong activity in infrastructure and had a positive outlook, mostly due to several proposals for large data centers. Contacts in North Dakota reported increased competition for projects and shrinking backlogs. They noted that the rise in input prices had plateaued, but they were concerned that requirements to build and assemble products in the U.S. could be more costly and cause inflation to accelerate.

Commercial real estate was flat. Lack of new construction across most sectors provided some stability for existing properties but little growth for the overall market. Industrial space was reportedly seeing increased subleasing, but overall vacancies remained low. Sales of office buildings continued to see steep price discounts. But office leasing improved, and landlords with the capacity to improve properties continued to have greater leasing success. Residential real estate fell. Recent home sales varied widely among larger District markets but were lower overall.

Manufacturing

Manufacturing activity in the District was flat on balance since the last report. Roughly equal numbers of industry contacts reported decreased orders and increased orders in September from the previous month, but relatively few reported no change. An index of regional manufacturing conditions indicated activity decreased in Minnesota and South Dakota in September from the previous month, while activity in North Dakota increased. Metal fabricators and producers of parts for equipment manufacturers noted a slowdown in orders, while contacts in home furnishings were more mixed.

Agriculture, Energy, and Natural Resources

Agricultural conditions weakened since the previous report. Corn production in District states was expected to set new records, and soybean harvests were very strong as well, but low crop prices and elevated expenses were weighing down producer incomes. Contacts were extremely concerned about the impacts of China's decision not to order soybeans from U.S. producers. District oil and gas exploration activity decreased since the last report. Contacts in the sector reported that higher input costs, particularly for metals, were raising the breakeven price for crude oil in the region.

Minority- and Women-Owned Business Enterprises

Activity among minority- and women-owned business enterprises (MWBE) continued to decline. A manufacturer and retailer in Wisconsin described the downturn in demand as "drastic," adding that consumers appeared to be cutting back on nonnecessities. Head counts were lower on balance, and labor demand ticked up slightly but remained on the lower end. A lower share of contacts reported higher final prices for their products or services. Fewer contacts were also increasing average compensation compared with last period.

For more information about District economic conditions visit: https://www.minneapolisfed.org/region-and-community.

Cottage Grove
Where Pride and Prosperity Meet

TO: Economic Development Authority

FROM: Jennifer Levitt, Executive Director of the EDA
Brenda Malinowski, Finance Director

DATE: November 14, 2025

RE: TIF Agreement Amendment for Roers Cottage Grove Apartments, LLC

Background

The City of Cottage Grove received a public financial assistance request from Roers Development (the “Developer”) seeking tax increment financing (TIF) for their proposed development at 6850 East Point Douglass Rd South. The Developer originally proposed to construct a 144-unit, mixed-income, multi-family apartment project with 29 units (20.1%) at 50% AMI. The developer presented the project to the City Council at a workshop session on October 18, 2023 and based on the desire of the city to have more affordability, the affordability in the project was increased to include eight units (5.6%) 60% AMI units, along with some naturally affordable 70% AMI and 80% AMI units.

Because the city council wanted more affordability, the city’s financial consultant at Ehlers then conducted a revised analysis based on a revised proforma. The results of the second analysis concluded that, with the new affordability requirements, TIF assistance for no more than 15 years, with a present value of $1.96 million, is warranted.

On December 18, 2023 the Planning Commission approved the proposed project subject to certain conditions as outlined in the project memo as presented by the city planning staff.

On January 9, 2024, the EDA approved the creation of TIF District 1-21 (Roers) along with the contract for private development by and between the Cottage Grove Economic Development Authority and Roers Cottage Grove Apartments, LLC

Discussion

Due to unforeseen delays in the purchase of the property, Roers has asked for an amendment to the TIF agreement. No changes are being made to the amount of TIF. Roers has asked for the timeline in the agreement to be updated based on the new purchase date of the property. The dates have been changed by two years to reflect the delays. The revised financial analysis from Ehlers is exhibit H in the attached Amended and Restated Contract for Private Development with Roers. The construction costs have not changed in these exhibits, but the dates have changed two years to reflect the delays.

The revisions to the Amended and Restated Contract for Private Development and the Assignment of Tax Increment Financing Agreement can be found on the redlined versions which are attached.

Recommendation

1. Approve the Amended and Restated Contract for Private Development by and between The Cottage Grove Economic Development Authority and Roers Cottage Grove Apartments LLC.

2. Approve the Assignment of Tax Increment Financing Agreement.

Attachments

Roers Amended and Restated Contract for Private Development Signed
Roers Amended and Restated Contract for Private Development Redlined
Roers Assignment of Tax Increment Financing Agreement V2 Signed
Roers Assignment of Tax Increment Financing Agreement Redlined
Roers Site Plan

Execution Copy

AMENDED AND RESTATED CONTRACT

FOR

PRIVATE DEVELOPMENT

By and Between

THE COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

and

ROERS COTTAGE GROVE APARTMENTS LLC

This document drafted by:

KENNEDY & GRAVEN, CHARTERED (RHB)
150 South Fifth Street
Suite 700
Minneapolis, MN 55402
(612) 337-9300

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AMENDED AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT

This Amended and Restated Contract for Private Development (the "Agreement") is made this _____ day of ______________, 2025, by and between the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, having its principal office at 12800 Ravine Parkway South, Cottage Grove, MN 55016 (the "EDA"), and Roers Cottage Grove Apartments LLC, a limited liability company under the laws of Delaware, having its principal office at Two Carlson Parkway #400, Plymouth, Minnesota 55447 (the "Developer").

WITNESSETH:

WHEREAS, the EDA has established Development District No. 1 (the "Development District") and adopted a Redevelopment Plan to encourage development and redevelopment in the Development District; and

WHEREAS, the EDA finds that it is in the public interest, helpful for the tax base and beneficial for the health, safety and welfare of the community as a whole to promote redevelopment of the Development District with, among other uses, projects which include both market rate and affordable housing in locations where it is compatible with surrounding land uses; and

WHEREAS, the EDA finds that, due to market conditions which exist today and are likely to persist for the foreseeable future, the private sector alone is not able to accomplish construction of affordable housing and, therefore, such will not occur without public intervention; and

WHEREAS, to foster the redevelopment described above, the EDA has also established Tax Increment Financing District No. 1-21 (the "TIF District") within the Development District, and adopted a tax increment financing plan related thereto (the "TIF Plan"), all pursuant to Minnesota Statutes, sections 469.174 through 469.1794, as amended (the "TIF Act"); and

WHEREAS, the Developer has proposed to develop the property generally located at 6850 East Point Douglas Road South and defined in this Agreement as the Development Property, through construction of a project consisting of approximately 144 multifamily rental apartments and approximately 216 parking spaces, of which 133 will be structured parking (collectively, the "Minimum Improvements"), as more fully described herein; and

WHEREAS, the EDA believes the Developer's proposal is in the vital and best interests of the City and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements for which the Development District and the TIF District were established.

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

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement the following terms shall have the meanings given below unless a different meaning clearly appears from the context:

"Administrative Costs" means the administrative expenses incurred by the EDA regarding the TIF District as defined in section 469.174, subd. 14 of the TIF Act.

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

"Assessment Agreement" means the agreement establishing a Minimum Market Value for the Development Property and Minimum Improvements substantially in the form attached hereto as Exhibit G.

"Assessor" means the Washington County assessor.

"Authorizing Resolution" means the resolution, in substantially the form attached hereto as Exhibit D, which authorizes the issuance of the Note by the EDA Executive Director upon satisfaction of the conditions precedent specified in Section 3.3 of this Agreement.

"Available Tax Increment" means 90 percent of the Tax Increment paid to the EDA by the County with respect to the Development Property and the Minimum Improvements.

"Business Subsidy Act" means Minnesota Statutes, sections 116J.993 through 116J.995, as amended.

"Certificate of Completion" means the certificate, in substantially the form attached hereto as Exhibit C, which will be provided by the EDA to the Developer pursuant to Article IV of this Agreement.

"Certificate of Occupancy" means the certificate issued by the City's building official under the State building code authorizing occupancy of the Minimum Improvements.

"City" means the city of Cottage Grove, a municipal corporation under the laws of Minnesota.

"City Approvals" means, collectively, the preliminary and final plat of Camel's Hump Addition, planned unit development, site plan review and any other land use approvals or entitlements required by the City prior to the Developer being authorized to construct the Minimum Improvements.

"Construction Plans" means the final plans for construction of the Minimum Improvements which will be submitted by the Developer pursuant to section 4.2 of this Agreement.

"County" means Washington County, Minnesota.

"Declaration" means the Declaration of Restrictive Covenants concerning the Minimum Improvements substantially in the form attached hereto as Exhibit F.

"Developer" means Roers Cottage Grove Apartments LLC, a limited liability company under the laws of Delaware.

"Development District" means the EDA's Development District No. 1.

"Development Property" means the property generally located at 6850 East Point Douglas Road South. The Development Property is legally described in Exhibit A attached hereto.

"Economic Development Authorities Act" or "EDA Act" means Minnesota Statutes, sections 469.090 through 469.108, as amended.

"Economic Development Authority" or "EDA" means the Cottage Grove Economic Development Authority.

"Event of Default" means an action by the Developer or the EDA listed in Article VIII of this Agreement.

"Final Payment Date" means the earliest of (i) the date on which the entire principal of and accrued interest on the Note have been paid in full; or (ii) February 1, 2043 or (iii) the date this Agreement or the Note is terminated or cancelled in accordance with the terms hereof or deemed paid in full; or (iv) the February 1 following the date the TIF District is terminated in accordance with the TIF Act.

"Housing and Redevelopment Authority Act" or "HRA Act" means Minnesota Statutes, sections 469.001 through 469.047, as amended.

"Investment Letter" means the investment letter in substantially the form attached hereto as Exhibit E to be delivered by the Developer to the EDA prior to the issuance of the Note.

"Material Change" means a substantial change in the Construction Plans which requires new or revised City Approvals or one which will adversely affect the generation of Tax Increment from the Development Property or Minimum Improvements. Minor changes in the Construction Plans which do not change the building footprint, number of total units or parking spaces, or the number of affordable units will not constitute a Material Change. Exterior building materials shall be substantially the same as approved by the City but City staff may approve minor deviations.

"Minimum Improvements" means the construction of approximately 144 units of market rate and affordable housing and approximately 216 parking spaces, of which 133 will be structured parking. After completion of the Minimum Improvements, the term shall mean the Development Property as improved by the Minimum Improvements.

"Minimum Market Value" means a minimum market value for real estate tax purposes of $32,400,000 with respect to the Development Property and Minimum Improvements as of January 2, 2029 for taxes payable beginning in 2030 through the Termination Date.

"Note" means the taxable Tax Increment Revenue Note, in substantially the form set forth in the Authorizing Resolution, to be delivered by the EDA to the Developer to reimburse the Developer for the Qualifying Costs pursuant to Article III of this Agreement.

"Payment Date" means August 1, 2028 and each February 1 and August 1 thereafter to and including the Final Payment Date.

"Preliminary Plans" means the plans of the Minimum Improvements referenced in Exhibit B attached hereto.

"Public Assistance" means the financial assistance to be offered by the EDA to the Developer through issuance of the Note.

"Qualifying Costs" means the actual cost, in an amount not exceeding $1,960,000, of site acquisition, demolition of existing structures, public infrastructure, site preparation, site improvements, utilities, structured parking and other qualifying expenditures made by the Developer related to completion of the Minimum Improvements which the EDA intends to partially reimburse through the Note.

"Qualifying Tenants" shall have the meaning given to it in the Declaration.

"Redevelopment Plan" means the redevelopment plan for the Development District, as amended.

"Rental Housing Unit" means one of the 144 rental housing units constructed as part of the Minimum Improvements.

"Sale" means any conveyance of fee simple title in and to the Minimum Improvements or the Development Property, as more fully defined in Article VII of this Agreement. For the purposes of section 3.5, the term has the meaning given it in that section.

"State" means the state of Minnesota.

"Substantial Completion" means completion of the Minimum Improvements to a degree allowing the issuance of at least a temporary certificate of occupancy for the Minimum Improvements by the City's building official.

"Tax Increment" means the tax increment, as that term is defined in Minnesota Statutes, section 469.174, subd. 25, which is paid to the EDA by the County with respect to the Minimum Improvements and the Development Property.

"Tax Increment Financing Act" or "TIF Act" means Minnesota Statutes, sections 469.174 through 469.1794, as amended.

"Tax Increment Financing District" or "TIF District" means Tax Increment Financing District No. 1-21 within Development District No. 1, a housing district within the meaning of section 469.174, subd. 11 of the TIF Act.

"Tax Increment Financing Plan" or "TIF Plan" means the tax increment plan for the TIF District which was approved by the EDA and the City on January 17, 2024.

"Tax Official" means the Assessor, County auditor, County or state board of equalization, the commissioners of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

"Termination Date" means the earlier of: (i) the date the TIF District is terminated in accordance with the TIF Act; or (ii) the date the Note is paid in full.

"Unavoidable Delays" means a failure or delay in a party's performance of its obligations under this Agreement, or during any cure period specified in this Agreement which does not entail the mere payment of money, not within the party's reasonable control including but not limited to acts of God; pandemic or other public health emergency; delays which are the direct result of adverse weather conditions; strikes or other labor troubles; problems with supply chain or materials pricing; fire or other casualty to the Minimum Improvements; litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays; or, except those of the EDA reasonably contemplated by this Agreement, any acts or omissions of any federal, State or local governmental unit, including delays in permitting not caused by the inaction of the Developer, which directly result in delays in construction of the Minimum Improvements; or any other cause beyond the reasonable control of a party.

Section 1.2. Exhibits. The following exhibits are attached to and by reference made a part of this Agreement:

Exhibit A.	Legal Description of Development Property
Exhibit B.	List of Preliminary Plans
Exhibit C.	Form of Certificate of Completion
Exhibit D.	Form of Authorizing Resolution with Note
Exhibit E.	Form of Investment Letter
Exhibit F.	Form of Declaration of Restrictive Covenants
Exhibit G.	Form of Assessment Agreement
Exhibit H.	Proforma, Lookback, And Total Development Costs

Section 1.3. Rules of Interpretation. (a) This Agreement shall be interpreted in accordance with and governed by the laws of Minnesota.

(b) The words "herein" and "hereof" and words of similar import, without reference to any particular section or subdivision, refer to this Agreement as a whole rather than any particular section or subdivision hereof.

(c) References herein to any particular section or subdivision hereof are to the section or subdivision of this Agreement as originally executed.

(d) Any titles of the several parts, articles and sections of this Agreement are inserted for convenience and reference only and shall be disregarded in construing or interpreting any of its provisions.

ARTICLE II

Representations and Warranties

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

(a) The EDA is a public body corporate and politic under the laws of Minnesota. The EDA has the authority to enter into this Agreement and carry out its obligations hereunder.

(b) The EDA has approved execution of this Agreement. The individuals executing this Agreement and related agreements and documents on behalf of the EDA have the authority to do so and to bind the EDA by their actions.

(c) The Development District is a redevelopment project which was created, adopted, approved and revised in accordance with the EDA Act.

(d) The TIF District is a housing district within the meaning of Section 469.174, Subd. 11 of the TIF Act and was created, adopted and approved in accordance with the TIF Act.

(e) There are no previous agreements currently in effect to which the EDA is a party pertaining to the Development Property which would preclude the parties from entering into this Agreement or which would impede the fulfillment of the terms and conditions of this Agreement.

(f) The activities of the EDA pursuant to this Agreement are undertaken pursuant to the Redevelopment Plan and the TIF Plan and are for the purpose of development of the Development Property with a housing project.

(g) The EDA will act in a timely manner to consider all approvals required under this Agreement and will cooperate with the Developer in seeking consideration of any approvals which must be granted by the City and other public entities.

(h) To the best of the EDA's knowledge, there is no pending or threatened suit, action or proceeding against the EDA before any court, arbitrator, administrative agency or other governmental authority that materially and adversely affects the validity of any of the transactions contemplated hereby, the ability of the EDA to perform its obligations hereunder, or the validity or enforcement of this Agreement.

Section 2.2. Representations and Warranties by the Developer. The Developer makes the following representations and warranties as the basis for the undertaking on its part herein contained:

(a) The Developer is a limited liability company validly existing and in good standing under the laws of the state of Delaware. The Developer has the authority to enter into this Agreement and carry out its obligations hereunder.

(b) The persons executing this Agreement and related agreements and documents on behalf of the Developer have the authority to do so and to bind the Developer by their actions.

(c) The Developer will construct the Minimum Improvements in substantial accordance with the terms of this Agreement, the Redevelopment Plan, the TIF Plan, the Construction Plans, the City Approvals and all local, State and federal laws and regulations, including, but not limited to, environmental, zoning, building code and public health laws and regulations.

(d) The Developer will apply for and use all reasonable efforts to obtain, in a timely manner, all other required permits, licenses and approvals from the City, and will meet, in a timely manner, the requirements of all applicable local, State and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed or used for their intended purpose.

(e) The Developer has analyzed the economics of acquisition of the Development Property, the cost of site preparation, site improvements, utilities and construction of the Minimum Improvements and concluded that, absent the Public Assistance to be offered under this Agreement, it would not undertake this project.

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

ARTICLE III

Ownership of Development Property; Public Assistance

Section 3.1. Ownership of Development Property. The Developer is the fee owner of the Development Property. The EDA makes no representations to the Developer regarding the suitability of the Development Property for the use and purpose intended by the Developer.

Section 3.2. Issuance of Pay-As-You-Go Note. (a) In consideration of the Developer incurring the Qualifying Costs while constructing the Minimum Improvements, the EDA will issue to the Developer the Note in the principal amount up to $1,960,000 in substantially the form set forth in the Authorizing Resolution attached hereto as Exhibit D. The EDA and the Developer agree that the consideration from the Developer for the purchase of the Note will consist of the Developer's payment of the Qualifying Costs which are eligible for reimbursement with Tax Increment and which are incurred by the Developer in at least the principal amount of the Note. The Authorizing Resolution will authorize delivery of the Note by the EDA's Executive Director upon satisfaction by the Developer of all the conditions precedent specified in section 3.3 of this Agreement and interest will begin accruing on the date of delivery of the Note. Any statement or estimate of Qualifying Costs will not be treated as a limitation on reimbursement for any single category of Qualifying Costs provided the Qualifying Costs in total do not exceed the principal amount of the Note.

(b) Subject to the provisions thereof, the Note shall bear simple, non-compounding interest at the lesser of i) 7.75% per annum; ii) the actual rate of interest paid if the Developer finances the Note separately from the construction loan or first mortgage; or iii) the actual rate of interest paid by the Developer on the construction financing for the Minimum Improvements. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Principal and interest on the Note will be payable on each Payment Date; however, the sole source of funds required to be used for payment of the EDA's obligations under this Agreement and under the Note shall be the Available Tax Increment received in the 6-month period preceding each Payment Date. On each Payment Date the Available Tax Increment shall be credited against the accrued interest then due on the Note and then applied to reduce the principal. In the event the Available Tax Increment is not sufficient to pay the accrued interest, the unpaid accrued interest shall be carried forward without interest. All Tax Increment in excess of the Available Tax Increment necessary to pay the principal and accrued interest on the Note is not subject to this Agreement, and the EDA retains full discretion as to any authorized application thereof. To the extent that the Available Tax Increment is insufficient through the Final Payment Date to pay all amounts otherwise due on the Note, said unpaid amounts shall then cease to be any debt or obligation of the EDA whatsoever. No interest will accrue during any period in which payments have been suspended pursuant to this Agreement unless it is determined that the suspension of payments was not warranted under this Agreement either by the EDA or by adjudication.

(c) The Developer understands and acknowledges that the EDA 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 Note. Any estimates of Tax Increment prepared by the EDA or its municipal advisors in connection with the TIF District or this Agreement are for the benefit of the EDA and are not intended as representations on which the Developer may rely.

(d) The EDA acknowledges that the Developer may assign the Note to a lender that provides the financing for the acquisition of the Development Property or the construction of the Minimum Improvements. The EDA consents to this type of assignment, conditioned upon receipt of an investment letter from the lender in a form reasonably acceptable to the EDA.

Section 3.3. Conditions Precedent to Issuance of the Note. Notwithstanding anything in this Agreement to the contrary, the EDA's Executive Director is authorized to issue the Note to the Developer only after all of the following conditions precedent have been satisfied:

(a) The Developer has executed this Agreement and it has been recorded against the Development Property;

(b) The Developer has executed the Declaration and it has been recorded against the Development Property;

(c) The Developer and the Assessor have executed the Assessment Agreement and it has been recorded against the Development Property;

(d) The Developer has paid the fees provided for in section 9.12 of this Agreement;

(e) The Developer has achieved Substantial Completion of all elements the Minimum Improvements and the EDA has issued the Certificate of Completion;

(f) The Developer has submitted evidence, including paid receipts and lien waivers, it has incurred and paid for the Qualifying Costs in an amount not less than the principal amount of the Note;

(g) The Developer has submitted the Investment Letter in the general form attached hereto as Exhibit E;

(h) The Developer has complied with section 3.5(c) of this Agreement;

(i) The EDA has adopted the Authorizing Resolution; and

(j) There has been no Event of Default on the part of the Developer which has not been cured.

Section 3.4. Records. The EDA and its representatives will have the right at all reasonable times after reasonable notice to inspect, examine and copy invoices paid by the Developer and/or its general contractor relating to the Minimum Improvements and the Qualifying Costs for which the Developer will be reimbursed under the Note.

Section 3.5. Lookback Provisions and Reduction of Note.

(a) The Public Assistance offered by the EDA to the Developer under this Agreement is based on certain assumptions regarding likely performance of the Minimum Improvements including operating revenues, expenses and development costs of construction. The EDA and the Developer agree that the actual financial performance of the Minimum Improvements will be reviewed at the times described in this section 3.5, and that the Note may be adjusted accordingly. The Developer shall provide the EDA and its municipal advisor (the "Consultant") with the Pro Forma Financial Statements showing a target Yield on Cost Average Annual Return of 6.5%.

(b) For the purposes of this section 3.5, the following terms have the following meanings:

1. "Calculation Date" means the earlier of (A) 90 days after the earlier of (i) the date of Stabilization; (ii) two years after the date of completion, as evidenced by the EDA's issuance of a Certificate of Completion, or; (B) at least 30 days prior to sale of the Minimum Improvements

2. "Yield on Cost" means NOI divided by the Total Development Costs less any grants, calculated as set forth in the sample lookback calculation attached hereto as Exhibit H.

3. "Yield on Cost Average Annual Return" means the average of each annual Yield on Cost beginning at the time that the Certificate of Occupancy is issued, as set forth in the sample lookback calculation attached hereto as Exhibit H.

4. "Net Operating Income" or "NOI" means total annual income and other project-derived annual revenue, including payments under the Note, less Operating Expenses, which exclude debt service payments. For purposes of the Yield on Cost Average Annual Return calculation on the Calculation Date, (i) revenue shall be based upon 95% occupancy regardless of whether the average occupancy for the measured period is higher or lower than 95%; (ii) revenue for periods after the Calculation Date shall be inflated by 2.5% annually, and (iii) Operating Expenses for periods after the Calculation Date, shall be inflated by 2.5% annually.

5. "Operating Expenses" means reasonable and customary expenses actually incurred in operating the Minimum Improvements and any other expenses actually incurred by the Developer pursuant to its obligations under this Agreement, determined in the same manner as shown in the Pro Forma Financial Statement, which excludes expenses after debt service, and includes administrative, payroll, marketing, insurance, property management fees, utilities, maintenance, deposits to commercially reasonable capital replacement reserves and payment of real estate taxes, but subject to final review and acceptance by the Consultant.

6. "Pro Forma Financial Statement" means the cash flow pro forma model financial statement projecting future returns, a summary of which is attached to this Agreement as Exhibit H.

7. "Stabilization" means the calendar month-end date on which the Minimum Improvements have first achieved an average occupancy of 90% during the preceding 12 calendar months, or such earlier date as may be requested by the Developer but, for purposes of the Yield on Cost calculation, assuming 95% occupancy notwithstanding actual occupancy rate as of such date.

8. "Sale" means the transfer and/or assignment of more than 51 percent of the Developer's interest in the Minimum Improvements to an entity which is not an affiliate of the Developer.

9. “Total Development Costs” means the total expenditures to complete the Minimum Improvements inclusive of land acquisition, hard construction costs, soft costs and financing costs as approved by Developer’s senior construction debt lender.

(c) Lookback at Completion of Construction: After completion of the Minimum Improvements but prior to issuance of the Note, the Developer agrees to submit evidence of its actual Total Development Costs to the EDA for comparison with the estimated Total Development Costs listed on Exhibit H. If the actual Total Development Costs are less than the estimated Total Development Costs, the Note will be reduced by the amount by which the estimated costs exceed the actual costs. The Note will not be issued until the EDA has compared actual with estimated Total Development Costs as described herein and adjusted the principal amount of the Note, if necessary.

(d) Lookback on Stabilization: Upon Stabilization, the Developer shall deliver to the EDA and Consultant, at a minimum: (i) the Developer’s actual financial statement, in the same form as the Pro Forma Financial Statement submitted to the EDA pursuant to clause (b) 6 above and showing NOI, and such other financial information as the Consultant shall reasonably require, and (ii) evidence, satisfactory to the EDA, of its actual Total Development Costs.

1. The Yield on Cost Average Annual Return shall be calculated by the Consultant based on the financial statement submitted to the EDA pursuant to clause (d) above (in the manner the Consultant determines is consistent with the sample lookback calculation attached as Exhibit H, as approved by the EDA).

2. If the Yield on Cost Average Annual Return does not exceed 6.5% over the term of the Note, the Note will not be revised for Lookback on Stabilization.

3. If the Consultant determines, based on such review, that the Yield on Cost Average Annual Return over the term of the Note exceeds 6.5% (to be calculated in a manner comparable to the sample attached as Exhibit H), then the principal balance of the Note will be reduced as determined by the Consultant below:

(A) First, by determining the period over which the Note needs to be outstanding to achieve a 6.5% Yield on Cost Average Annual Return over the term of the Note based on the Consultant’s calculation of the Yield on Cost Average Annual Return.

(B) Second, by determining the present value of actual or projected (with respect to future payments) bi-annual Note payments over the life of the Note through the year determined in clause (A) using the interest rate on the Note as the present value discount rate.

(C) Third, by determining the amount equal to 50% of the difference between the original principal amount of the Note and the present value number calculated in clause (B).

(D) Finally, the new principal amount of the Note will then be determined by adding the amounts in clauses (B) and (C) and rounding to the nearest $1,000 (the "Revised Note Principal Amount").

(E) Such Revised Note Principal Amount will be effective upon delivery to the Developer of a written notice stating the Revised Note Principal Amount as determined by the Consultant in accordance with this section 3.5, accompanied by the Consultant's report. The Developer shall, thereupon, deliver the Note in exchange for a new Note in the Revised Note Principal Amount.

(e) Lookback Upon Sale: If the Developer sells the Minimum Improvements to an unrelated third party or refinances (provided, however, the placement of permanent debt on the Minimum Improvements will not constitute a refinance giving rise to the review as described in this subsection (e)) during the term of the Note, the Developer agrees to provide to the Consultant the Pro Forma Financial Statements for the period from the date of the Certificate of Occupancy through such anticipated Sale or refinance date (provided that the Developer and the EDA agree that the calculation will occur prior to the actual transfer or refinancing). If the Consultant determines, based on such review, that the actual cash flows realized by the Developer have exceeded a Yield on Cost Average Annual Return of 6.5%, then the Note shall be reduced by 50% of the excess amount of such actual cash flows, including a reduction to $0.00, if applicable. Such reduction will be effective upon delivery to Developer of a written notice stating the amount of such excess amount as determined by the EDA in accordance with this subsection (e), accompanied by the Consultant's report.

Section 3.6. No Business Subsidy. All of the Public Assistance offered by the EDA to the Developer under this Agreement is related to housing. Accordingly, this project qualifies for the exception under Minnesota Statutes, section 116J.993, subd. 3(7) and the Public Assistance is not a business subsidy within the meaning of the Business Subsidy Act.

ARTICLE IV

Construction of Minimum Improvements; Public Improvements; Income Restrictions

Section 4.1. Construction of Minimum Improvements. The Developer agrees that it will construct the Minimum Improvements on the Development Property substantially in accordance with the Preliminary Plans and the Construction Plans. The Developer acknowledges that, in addition to the requirements of this Agreement, construction of the Minimum Improvements will necessitate compliance with the City Approvals and possible approvals by other governmental agencies. To the extent such approvals have not already been obtained, the Developer agrees to submit in a timely manner all applications for and pursue to their conclusion all other approvals needed prior to constructing the Minimum Improvements.

Section 4.2. Preliminary Plans and Construction Plans. (a) The Developer has submitted and the EDA has approved the Preliminary Plans listed in Exhibit B attached hereto. Prior to beginning construction on the Minimum Improvements, the Developer shall submit dated Construction Plans to the EDA. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in substantial conformity with the Preliminary Plans and this

Agreement. The EDA will approve the Construction Plans, if they (1) are substantially consistent with the Preliminary Plans; (2) conform to all applicable federal, State and local laws, ordinances, rules and regulations; (3) are adequate to provide for the construction of the Minimum Improvements; (4) conform to the State building code; and (5) if there has occurred no uncured Event of Default on the part of the Developer. Except as otherwise set forth herein, no approval by the EDA shall relieve the Developer of the obligation to comply with the terms of this Agreement and the terms of all applicable federal, State and local laws, ordinances, rules and regulations in the construction of the Minimum Improvements. Except as otherwise set forth herein, no approval by the EDA shall constitute a waiver of an Event of Default. The EDA shall use good faith efforts to review the Construction Plans and either approve or reject them in writing within 15 business days after receipt. Any rejection, in whole or in part, shall set forth in detail the reasons for rejection.

(b) If the Developer desires to make any Material Change in the Construction Plans after approval, the Developer shall submit the proposed change to the EDA for its approval. If the proposed change is consistent with the Preliminary Plans or is otherwise acceptable to the EDA and meets all other requirements of section 4.2(a) above, the EDA shall approve the proposed change. Such change in the Construction Plans shall be deemed approved by the EDA unless rejected, in whole or in part, by written notice by the EDA to the Developer, setting forth in detail the reasons for rejection. Such rejection shall be made within 15 business days after receipt by the EDA of the written notice of such change from the Developer.

Section 4.3. Commencement and Completion of Construction; Repair. (a) Subject to Unavoidable Delays, the Developer agrees to commence construction of the Minimum Improvements by April 1, 2026. All work with respect to the Minimum Improvements to be constructed or provided by the Developer on the Development Property shall be in substantial conformity with the Construction Plans, as may be modified in accordance with this Agreement. The Developer shall make such periodic reports to the EDA regarding construction of the Minimum Improvements as the EDA deems necessary or helpful in order to monitor progress on construction of the Minimum Improvements. Subject to Unavoidable Delays, the Developer agrees to have achieved Substantial Completion of the Minimum Improvements by April 30, 2028.

(b) The Developer agrees to notify the EDA immediately in the case of damage exceeding $250,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In the event this type of damage or destruction occurs, the Developer will forthwith repair, reconstruct and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing the damage and, to the extent necessary to accomplish the repair, reconstruction and restoration, subject to the rights of Developer's senior construction lender, the Developer will apply the net proceeds of any insurance relating to the damage received by the Developer to the payment or reimbursement of the costs thereof. The Developer will complete the repair, reconstruction and restoration of the Minimum Improvements, regardless of whether the net proceeds of insurance received by the Developer is sufficient to pay for the same. Any net proceeds remaining after completion of the repairs, construction and restoration will be the property of the Developer.

(c) Notwithstanding anything to the contrary contained in this Agreement, in the event of damage to the Minimum Improvements in excess of $250,000 and the Developer fails to complete repair, reconstruction or restoration of the Minimum Improvements within 18 months from the date of damage, the EDA may, at its option, terminate the Note as provided in Section 8.2 hereof. If the EDA terminates the Note, the termination will constitute the EDA's sole remedy under this Agreement as a result of the Developer's failure to repair, reconstruct or restore the Minimum Improvements. Thereafter, the EDA will have no further obligations to make any payments under the Note.

Section 4.4. Certificate of Completion. (a) After Substantial Completion of the Minimum Improvements in accordance with the Construction Plans and at the written request of the Developer, the EDA will, within 20 days thereafter, furnish the Developer with a Certificate of Completion in the form of Exhibit C attached hereto. Such Certificate of Completion by the EDA shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with respect to the obligations of the Developer to construct the Minimum Improvements and the dates for the beginning and completion thereof.

(b) The Certificate of Completion shall be in the form set forth in Exhibit C and will enable it to be recorded in the proper County office for the recordation of deeds and other instruments pertaining to the Development Property. If the EDA shall refuse to provide a Certificate of Completion in accordance with the provisions of this section 4.4, the EDA shall promptly notify Developer within the same 20 day period following receipt of request by the Developer for the Certificate of Completion, and such notification from the EDA shall include a written statement, indicating in clear detail in what respects the Developer has failed to complete the Minimum Improvements substantially in accordance with the Construction Plans and what measures or acts will be necessary, in the opinion of the EDA, for the Developer to take or perform in order to obtain such certification. If the EDA fails to issue such a written statement within such 20-day period, the EDA shall be deemed to have waived its right to do so and shall be deemed to have issued a Certificate of Completion to the Developer. The Developer shall have 90 days following receipt of the EDA's written response to cure or agree to terms with the EDA regarding issues to be resolved prior to the Developer obtaining a Certification of Completion from the EDA.

Section 4.5. City Approvals. Construction of the Minimum Improvements will require obtaining and complying with the City Approvals.

Section 4.6. Declaration Regarding Income Restrictions. The Developer agrees that the Minimum Improvements will be subject to the following tenant income restrictions:

(a) The Developer will cause at least 29 units (20.1 percent) of the Rental Housing Units in the Minimum Improvements to be occupied by Qualifying Tenants whose household income is 50 percent or less of the area median gross income, and at least another eight units (5.6 percent) of the Rental Housing Units to be occupied by Qualifying Tenants whose household income is 60 percent or less of area median income, as further described in the Declaration attached hereto as Exhibit F. The Rental Housing Units which will be made available to Qualifying Tenants will include 13 one-bedroom units, 13 two-bedroom units and 11 three-bedroom units. Prior to any payment under the Note, the Developer will deliver the executed Declaration to the EDA in recordable form. The Declaration shall be in effect for a minimum of 26 years from the date of issuance of Certificate of Completion for the Minimum Improvements.

(b) As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant will be required annually to sign and deliver to the Developer a certification in which the prospective Qualifying Tenant certifies as to his or her income. In addition, the person will be required to provide whatever other information, documents, or certifications are reasonably deemed necessary by the EDA's Executive Director to substantiate his or her income, on an ongoing annual basis, and to verify that the tenant continues to be a Qualifying Tenant. Certifications will be maintained on file by the Developer with respect to each Qualifying Tenant who resides in a Rental Housing Unit or resided therein during the immediately preceding calendar year.

(c) The form of lease to be utilized by the Developer in renting any Rental Housing Unit to any person who is intended to be a Qualifying Tenant must provide for termination of the lease and consent by the person to immediate eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by the person with respect to income.

(d) On or before April 15 of each year during the term of the Declaration, commencing on the first April 15 after issuance of the Certificate of Completion for the Minimum Improvements, the Developer must submit evidence of tenant incomes, showing that tenants of at least 37 of the Rental Housing Units meet the income restrictions set forth in the Declaration or that such Rental Housing Units are being held open for tenants meeting the income restrictions set forth in the Declaration.

(e) While the covenants in this section 4.6 are in effect, the EDA and its representatives will have the right at all reasonable times, and after reasonable notice, to inspect and to examine and copy all books and records of the Developer and its successors and assigns relating to the tenant income covenants described in this section 4.6 and in the Declaration.

(f) The Developer acknowledges that the primary purpose for requiring compliance by the Developer with the rental restrictions provided in this Agreement and the Declaration is to ensure compliance of the Minimum Improvements with the income covenants required under the TIF Act for a housing tax increment financing district. If prior to the Termination Date the EDA reasonably determines, based on the reports submitted by the Developer or otherwise that the residential portion of the project no longer meets the requirements of a housing tax increment financing district, such event will be deemed an Event of Default by the Developer under this Agreement; provided, however, that the EDA may not terminate this Agreement so long as the determination is being contested in good faith and has not been finally adjudicated.

(g) The Developer covenants and agrees that the Developer will cause or require as a condition precedent to any conveyance, transfer, assignment, or any other disposition of the Minimum Improvements prior to the Termination Date that the transferee assume in writing, in a form acceptable to the EDA, all duties and obligations of the Developer under this section 4.6 and the Declaration regarding income restrictions and verification of Qualified Tenants by means of an assumption agreement acceptable to the EDA. The Developer will deliver an executed copy of the assumption agreement to the EDA prior to the transfer.

ARTICLE V

Insurance

Section 5.1. Insurance. The Developer or its general contractor will provide and maintain, at all times during the process of constructing the Minimum Improvements, a Special Form Basis Insurance Policy and, from time to time during that period, at the request of the EDA no more frequently than once annually, furnish the EDA with proof of payment of premiums on policies covering the following:

(1) Builder's risk insurance, written on the so-called "Builder's Risk – Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the applicable portion of the Minimum Improvements at the date of completion, and with coverage available in reporting form on the so-called "special" form of policy;

(2) Commercial general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) with limits against bodily injury and property damage of not less than $1,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used); and

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

Section 5.2. Evidence of Insurance. All insurance required in this Article V of this Agreement must be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of Minnesota to assume the risks covered thereby. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein. Upon written request by the EDA, the Developer agrees to deposit with the EDA a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect.

ARTICLE VI

Payment of Taxes; Assessment Agreement; Use of Tax Increment

Section 6.1. Taxes. The Developer agrees that prior to the Termination Date: (i) it will not seek administrative or judicial review of the applicability of any tax statute determined by any Tax Official to be applicable to the Minimum Improvements or the Development Property or raise the inapplicability of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; (ii) it will not seek administrative or judicial review of the constitutionality of any tax statute determined by any Tax Official to be applicable to the Minimum Improvements or the Development Property or raise the unconstitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; and (iii) it will not cause a reduction in the assessed value of the Minimum Improvements or the Development Property below the Minimum Market Value described in section 6.2(a) of this Agreement through:

(a) willful destruction of the Minimum Improvements or any part thereof;

(b) failure to reconstruct damaged or destroyed property pursuant to Section 4.3 of this Agreement;

(c) a request to the Assessor to reduce the assessed value of all or any portion of the Minimum Improvements or the Development Property below the Minimum Market Value ;

(d) a petition to the board of equalization of the County to reduce the assessed value of all or any portion of the Minimum Improvements or the Development Property below the Minimum Market Value;

(e) a petition to the board of equalization of the State or the commissioner of revenue of the State to reduce the assessed value of all or any portion of the Minimum Improvements or the Development Property below the Minimum Market Value;

(f) an action in a district court of the State or the tax court of the State seeking a reduction in the assessed value of the Minimum Improvements or the Development Property below the Minimum Market Value;

(g) an application to the commissioner of revenue of the State or to any local taxing jurisdiction requesting an abatement or deferral of real estate taxes on the Minimum Improvements or the Development Property;

(h) a transfer of the Minimum Improvements or the Development Property, or any part thereof, to an entity exempt from the payment of real estate taxes under State law and that entity applies for tax exemption; or

(i) any other proceedings, whether administrative, legal or equitable, with any administrative body within the County or the State or with any court of the State or the federal government.

Section 6.2. Assessment Agreement. (a) At the time of execution of this Agreement, the EDA and the Developer shall execute an Assessment Agreement for the Development Property and Minimum Improvements. The Assessment Agreement shall specify a Minimum Market Value of $32,400,000 as of January 2, 2029 for taxes payable beginning in 2030 through the Termination Date, notwithstanding any failure to start or complete the Minimum Improvements by said date or any failure to reconstruct the Minimum Improvements after damage or destruction before the Termination Date.

(b) The Assessment Agreement shall be substantially in the form attached hereto as Exhibit G. Nothing in the Assessment Agreement shall limit the discretion of the Assessor to assign a market value to the Minimum Improvements or the Development Property in excess of the Minimum Market Value nor prohibit the Developer from seeking through the exercise of legal or administrative remedies a reduction in any increase in the market value established pursuant to section 6.2(a) of this Agreement; provided, however, that the Developer shall not seek a reduction of such market value below the Minimum Market Value set forth in the Assessment Agreement in any year so long as such Assessment Agreement shall remain in effect. The Assessment Agreement shall remain in effect until the Termination Date; provided that if at any time before the Termination Date the Assessment Agreement is found to be terminated or unenforceable by any Tax Official or court of competent jurisdiction, the Minimum Market Value described in this section 6.2 shall remain an obligation of the Developer or its successors and assigns (whether or not such value is binding on the Assessor), it being the intent of the parties that the obligation of the Developer to maintain, and not seek reduction of, the Minimum Market Value specified in this Section 6.2 is an obligation under this Agreement as well as under the Assessment Agreement, and is enforceable by the EDA against the Developer, its successors and assigns, in accordance with the terms of this Agreement and the Assessment Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Developer shall not be precluded from contesting the market value of the Minimum Improvements or the Development Property, or any substantial portion thereof, if the Minimum Improvements or the Development Property is acquired by a public entity through eminent domain prior to the Termination Date.

Section 6.3. <u>Suspension or Reduction of Payment on Note</u>. a) The Developer may, at any time following the issuance of the Certificate of Completion, seek through petition or other means to have the Assessor's estimated market value for the Minimum Improvements or Development Property reduced to not less than the Minimum Market Value. Such activity must be preceded by written notice from the Developer to the EDA indicating its intention to do so.

b) Upon receiving notice that the Developer seeks a reduction in the Assessor's estimated market value of all or any portion of the Minimum Improvements or Development Property, or otherwise learning of the Developer's intentions, the EDA may suspend or reduce payments due under the Note except for the portion of such payments from Available Tax Increment, based on the Minimum Market Value, or the Assessor's estimated market value for the year in which the Minimum Improvements have been completed, if less than Minimum Market Value, until the actual amount of the reduction in market value is determined, whereupon the EDA will make the suspended payments less any amount that the EDA is required to repay the County as a result any retroactive reduction in market value of the Minimum Improvements or Development Property. During the period that the payments are subject to suspension, the EDA may make partial payments on the Note, from the amounts subject to suspension, if it determines, in its sole and absolute discretion, that the amount retained will be sufficient to cover any repayment which the County may require. The EDA's suspension or reduction of payments of the Note pursuant to this Section 6.3 shall not be considered a default under section 8.1 hereof.

Section 6.4. <u>Right to Collect Delinquent Taxes and Special Assessments</u>. The Developer acknowledges that at all times prior to the Termination Date the EDA shall have the right to sue the Developer or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and special assessments due on the Development Property or the Minimum Improvements and to pay over the same as a tax payment to the County auditor. In any such suit in which the EDA prevails, the EDA shall also be entitled to recover its reasonable out-of-pocket costs and expenses, including attorney fees.

Section 6.5. Use of Tax Increment. The TIF District is a housing district within the meaning of section 469.174, subd. 11 of the TIF Act. Except for payments to the Developer as provided for in this Agreement and the Note, the EDA shall be free to use any Tax Increment it receives from the County with respect to the TIF District for any purpose for which such increment may lawfully be used under the TIF Act and the EDA shall have no obligations to the Developer with respect to the use of such Tax Increment.

ARTICLE VII

Restrictions on Sale of Minimum Improvements; Termination of Agreement

Section 7.1. Prohibition Against Sale of Minimum Improvements.

(a) The Developer represents and agrees that its use of the Development Property and its other undertakings pursuant to the Agreement, are, and will be, used for the purpose of construction of the Minimum Improvements on the Development Property and not for speculation in land holding. The Developer represents and agrees that, prior to the issuance of a Certificate of Completion regarding the Minimum Improvements, there shall be no Sale of all or any portion of the Development Property or the Minimum Improvements constructed thereon nor shall the Developer suffer any such Sale to be made, without the prior written approval of the EDA, which approval shall not be unreasonably withheld; provided however, notwithstanding the foregoing, the Developer shall be entitled to lease Rental Housing Units to third parties without the prior written approval of the EDA. As a condition of approval of any such Sale, the EDA shall require, at a minimum, that the proposed transferee shall have entered into an agreement whereby the transferee expressly assumes all of the Developer's obligations under this Agreement. Any such agreement shall include the EDA as a party and otherwise be in form and substance reasonably acceptable to the EDA.

(b) Notwithstanding anything in this Agreement to the contrary, Developer is authorized, without the approval of EDA, to obtain construction and permanent financing for the Minimum Improvements and to mortgage the Development Property and collaterally assign payments under the Note to provide security for the construction and permanent financing, and the EDA shall subordinate this Agreement to such mortgage. The Assessment Agreement will not be subordinated in connection with any such mortgage.

(c) After a Certificate of Completion has been issued, Developer or other transferor may freely, without the approval of EDA, sell or transfer the Minimum Improvements or the Development Property to any person at any time. In connection with such a sale or transfer, Developer may assign its interest in this Agreement and the Note to the buyer or transferee, provided that such buyer or transferee assumes and agrees to perform the obligations of Developer hereunder. In the event that the Developer or other transferor enters into an agreement to sell or transfer the Minimum Improvements or the Development Property or any portion to any person, then, within 15 days after request, the EDA shall acknowledge and certify certain facts in connection with this Agreement and the status of obligations of Developer/transferor under this Agreement. The EDA shall provide this certification to Developer/transferor and any potential buyer or transferee of the Minimum Improvements or the Development Property or any portion thereof. The certification shall reference the following: (1) that the Developer/transferor and transferee may rely on the representations and agreements made by the EDA in the certification; (2) the status of the completion of the construction obligations of the Minimum Improvements; (3) the amount of payments made under the Note and the outstanding principal balance of the Note, if any, and that any amounts owed under the Note will be paid to Developer and not the transferee unless the rights under the Note are specifically assigned to the transferee; (4) whether or not there exists any defaults, events of default, or conditions which with the passage of time or giving of notice would constitute a default under this Agreement; (5) that the Note is subject to the Lookback Upon Sale provisions of section 3.5(e) of this Agreement; and (6) such other matters as may be reasonably requested by the Developer or the transferee.

Notwithstanding the foregoing, prior written approval from the EDA shall not be required for any transfer or assignment prior to or after issuance of the Certificate of Completion: (i) to any entity controlling, controlled by or under common control with the Developer; (ii) to any entity in which the majority equity interest is owned by the parties that have a majority equity interest in the Developer; or (iii) that after giving effect to such transfer or assignment does not result in a change in control of the Developer.

Section 7.2. Termination of Agreement. Upon the occurrence of the Termination Date, the parties agree to execute and record a document terminating this Agreement.

ARTICLE VIII

Events of Default

Section 8.1. Events of Default Defined. Each and every one of the following shall be an Event of Default under this Agreement:

(a) Failure by the Developer to seek such approvals or permits from the EDA and the City and other entities which are necessary to construct the Minimum Improvements;

(b) Failure by the Developer to pay real estate taxes or special assessments on the Minimum Improvements or the Development Property as they become due;

(c) Failure by the Developer to commence and complete construction of the Minimum Improvements pursuant to the terms, conditions and limitations of Article IV of this Agreement, including the timing thereof, unless such failure is caused by an Unavoidable Delay or waived by the Developer and the EDA;

(d) If the Developer shall file a petition in bankruptcy, or shall make an assignment for the benefit of its creditors or shall consent to the appointment of a receiver;

(e) If there is a violation by the Developer of the Declaration with regard to the required number or income limitations of the Qualifying Tenants or if the Developer fails to deliver the annual rent and income reports required by the Declaration;

(f) Prior to the Termination Date, an appeal or challenge by the Developer to the Minimum Market Value under this Agreement or the Assessment Agreement, except as otherwise permitted under section 6.3 of this Agreement;

(g) Sale of the Minimum Improvements or the Development Property, or any portion thereof, by the Developer in violation of section 3.5 or Article VII of this Agreement; or

(h) Failure by either party to observe or perform any material covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, including but not limited to any action necessary for the establishment of the TIF District.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in section 8.1 of this Agreement occurs, the non-defaulting party may take any one or more of the following actions after providing 30 days written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said 30 days from the receipt of Notice or, if the Event of Default is by its nature incurable within 30 days, the defaulting party does not provide assurances to the non-defaulting party reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend its performance under this Agreement until it receives assurances from the defaulting party, deemed adequate by the non-defaulting party, that the defaulting party will cure its default and continue its performance under this Agreement;

(b) Prior to issuance of the Certificate of Completion, cancel and rescind or terminate this Agreement;

(c) If the default occurs after issuance of a Certificate of Completion, the EDA may suspend payments under the Note, subject to the provisions of section 8.3 of this Agreement; and

(d) Take whatever action, including legal or administrative action, which may appear necessary or desirable to the non-defaulting party to collect any payments due under this Agreement, including reimbursement of the Public Assistance previously granted, or to enforce performance and observance of any obligation, agreement, or covenant of the defaulting party under this Agreement.

The EDA recognizes and agrees that any lender who is the beneficiary of a mortgage recorded against the Development Property, shall have the opportunity, but not the obligation, to cure any default by the Developer under the same terms as the Developer, and any cure by such lender shall be accepted or rejected as if made by the Developer.

Section 8.3. Remedies after Certificate of Completion. The EDA may exercise its rights under section 8.2(c) only for the following Events of Default:

(a) the Developer fails to pay real estate taxes or special assessments on the Minimum Improvements or the Development Property or any part thereof when due and the taxes or special assessments have not been paid, or provision satisfactory to the EDA made for their payment, within 45 days after written demand by the EDA to do so; or

(b) the Developer takes or permits an action prohibited by section 6.1 of this Agreement; or

(c) the Developer transfers the Minimum Improvements or the Development Property, or any part thereof, to an entity exempt from the payment of real estate taxes under State law; or

(d) the Developer fails to comply with the income restrictions or to deliver annual rent and income reports as provided in Section 4.6 of this Agreement and the Declaration; provided that, upon the Developer's failure to provide annual reports, if uncured after 30 days' written notice to the Developer of the failure, the EDA may only suspend payments under the Note until the Developer delivers said reports. If the Developer fails to deliver rent and income reports for a period of six months following the date the reports are due after written notice to the Developer of the failure, the EDA may terminate the Note and the TIF District; or

(e) the Developer fails to comply with the Lookback Upon Sale provisions of section 3.5(e) of this Agreement; or

(f) a final determination by the State or a court of competent jurisdiction that the TIF District does not or no longer qualifies as a housing tax increment financing district under the TIF Act.

Section 8.4. No Remedy Exclusive. No remedy conferred herein or reserved to the parties is intended to be exclusive of any other available remedy or remedies, but each and every 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. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the EDA or the Developer to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required under this Agreement.

Section 8.5. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

ARTICLE IX

Additional Provisions

Section 9.1. Conflict of Interests; Representatives Not Individually Liable. No member, official, or employee of the EDA shall have any personal financial 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 or her personal financial interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested. No member, official, or employee of the EDA shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach or for any amount which may become due or on any obligations under the terms of this Agreement.

Section 9.2. Equal Employment Opportunity. The Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in this Agreement, it will comply with all applicable equal employment and nondiscrimination laws and regulations.

Section 9.3. Restrictions on Use. The Developer agrees that through the Termination Date it will use the Minimum Improvements for only such uses as permitted under the City's land use regulations and in compliance with the City Approvals.

Section 9.4. Notices and Demands. Except as otherwise expressly provided in this Agreement, any notice, demand, or other communication under the Agreement or any related document by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified United States mail, postage prepaid, return receipt requested, or delivered personally to:

(a) in the case of the Developer:

Roers Cottage Grove Apartments LLC
Two Carlson Parkway #400
Plymouth, Minnesota 55447
Attn: Brian Roers and Logan Schmidt

and with a copy to:

Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
Attention: Joseph Phelps

(b) in the case of the EDA:

Cottage Grove Economic Development Authority
12800 Ravine Parkway South
Cottage Grove, MN 55016
Attn: Executive Director

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

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this section 9.4.

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. Disclaimer of Relationships. The Developer acknowledges that nothing contained in this Agreement nor any act by the EDA or the Developer shall be deemed or construed by the Developer or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the EDA and the Developer.

Section 9.7. Amendment. This Agreement may be amended only by the written agreement of the parties.

Section 9.8. Recording; Agreement Runs with the Land. The EDA intends to record this Agreement among the County land records and the Developer agrees to pay for the cost of recording same. This Agreement runs with the Development Property and shall bind the successors and assigns of the EDA and the Developer.

Section 9.9. Release and Indemnification Covenants. a) Except for any negligent act or willful misconduct of the following named parties, the Developer hereby releases from and covenants and agrees that the EDA, and its governing body members, officers, agents, servants, and employees (the "Indemnified Parties") shall not be liable for, and hereby agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements.

b) The aforesaid indemnification shall not apply to willful misrepresentation or any willful or wanton misconduct or negligence of the EDA.

c) Except for any negligent or willful act of the EDA, the Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Developer or its partners, officers, agents, servants or employees or any other person who may be about the Minimum Improvements or the Development Property due to any act of negligence of any person.

Section 9.10. Titles of Articles and Sections. Any titles of the several parts, articles, and sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 9.11. Governing Law; Venue. This Agreement shall be construed in accordance with the laws of Minnesota. Any dispute arising from this Agreement shall be heard in the State or federal courts of Minnesota, and all parties waive any objection to the jurisdiction thereof, whether based on convenience or otherwise.

Section 9.12. Fees and Charges. The Developer agrees to reimburse the EDA for all reasonable fees or costs for legal, municipal advisory, engineering, planning or other staff time for modification of the Redevelopment Plan and preparation of the TIF Plan and related documents; the analysis, drafting or negotiating this Agreement and related documents and the recording thereof; and for reviewing any plans regarding the Minimum Improvements submitted in satisfaction of this Agreement. The Developer also agrees to reimburse the City for all reasonable fees and costs incurred by the City in connection with construction of the Minimum Improvements and the City Approvals. The Developer and its representatives will have the right at all reasonable times after reasonable notice to inspect, examine and copy invoices and supporting documents relating to the fees and charges to be reimbursed pursuant to this Section.

Section 9.13. Notice of Unavoidable Delays. Within ten (10) days after a party impaired by an Unavoidable Delay has knowledge of the delay it shall give the other party notice of the delay and the estimated length of the delay, and shall give the other party notice of the actual length of the delay within ten (10) days after the cause of the delay has ceased to exist. The parties shall pursue with reasonable diligence the avoidance and removal of any such delay. Unavoidable Delay shall not extend performance of any obligation required under this Agreement unless the notices required in this section are given as herein required.

* * * * ** * *

IN WITNESS WHEREOF, the EDA and the Developer have caused this Agreement to be duly executed in their names and behalves on or as of the date first above written.

COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY

By:________________________________

Myron Bailey, President

By:________________________________

Jennifer Levitt, Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument as acknowledged before me this _____ day of ____________, 2025, by Myron Bailey, the President of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the Economic Development Authority.

____
Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument as acknowledged before me this _____ day of ____________, 2025, by Jennifer Levitt, the Executive Director of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the Economic Development Authority.

____
Notary Public

ROERS COTTAGE GROVE
APARTMENTS LLC, a Delaware limited liability company

By: Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company
Its: Manager

By: Roers Companies Project Holdings LLC, a Minnesota limited liability company
Its: Manager

By: ______________________
Name: Shane E. LaFave
Its: Chief Operating Officer

STATE OF MINNESOTA)
) ss.
COUNTY OF Hennepin)

The foregoing instrument was executed before me this 13th day of November, 2025, by Shane E. LaFave, the Chief Operating Officer of Roers Companies Project Holdings LLC, a Minnesota limited liability company, the Manager of Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company, the Manager of Roers Cottage Grove Apartments LLC, a Delaware limited liability company, on behalf of the company.

PAIGE CATHERINE WEBSTER
NOTARY PUBLIC - MINNESOTA
My Commission Expires Jan. 31, 2030

____
Notary Public

EXHIBIT A TO
CONTRACT FOR PRIVATE DEVELOPMENT

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

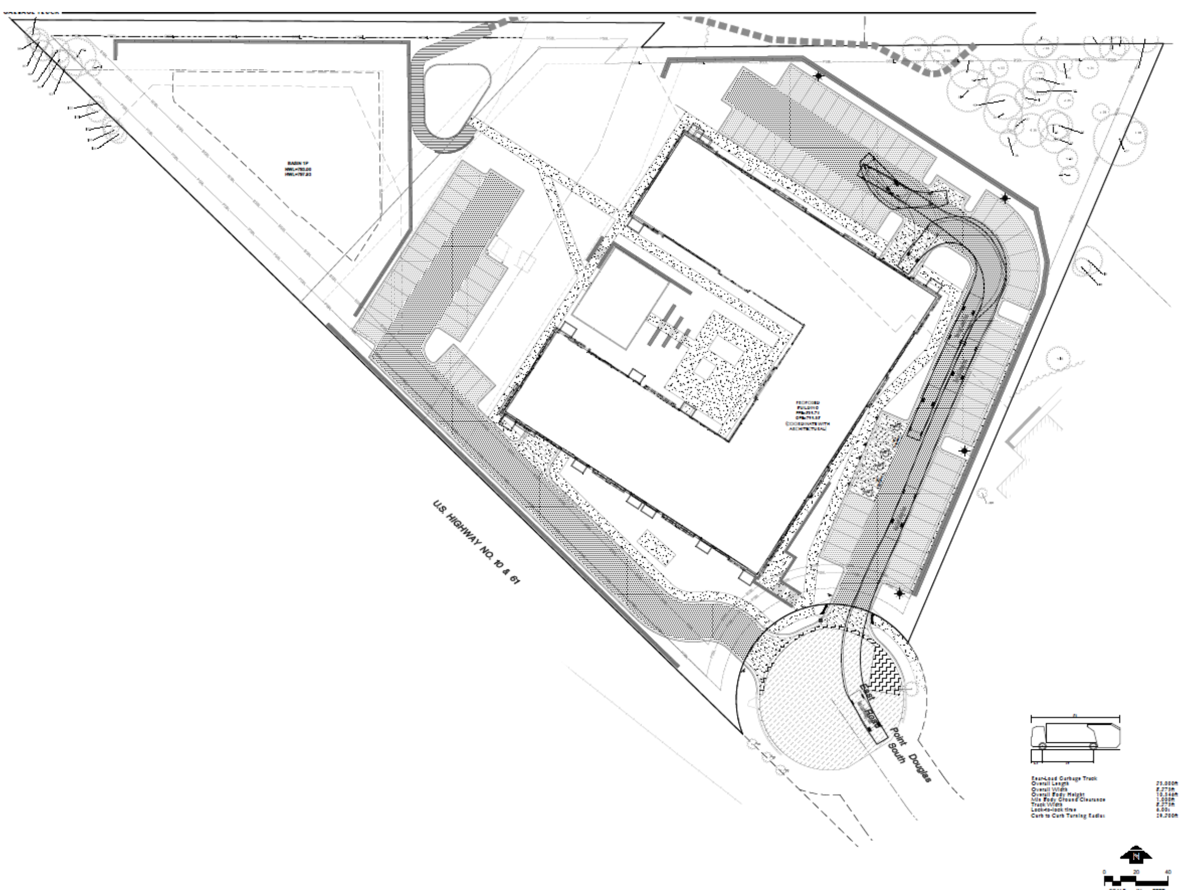
The Development Property is legally described as follows:

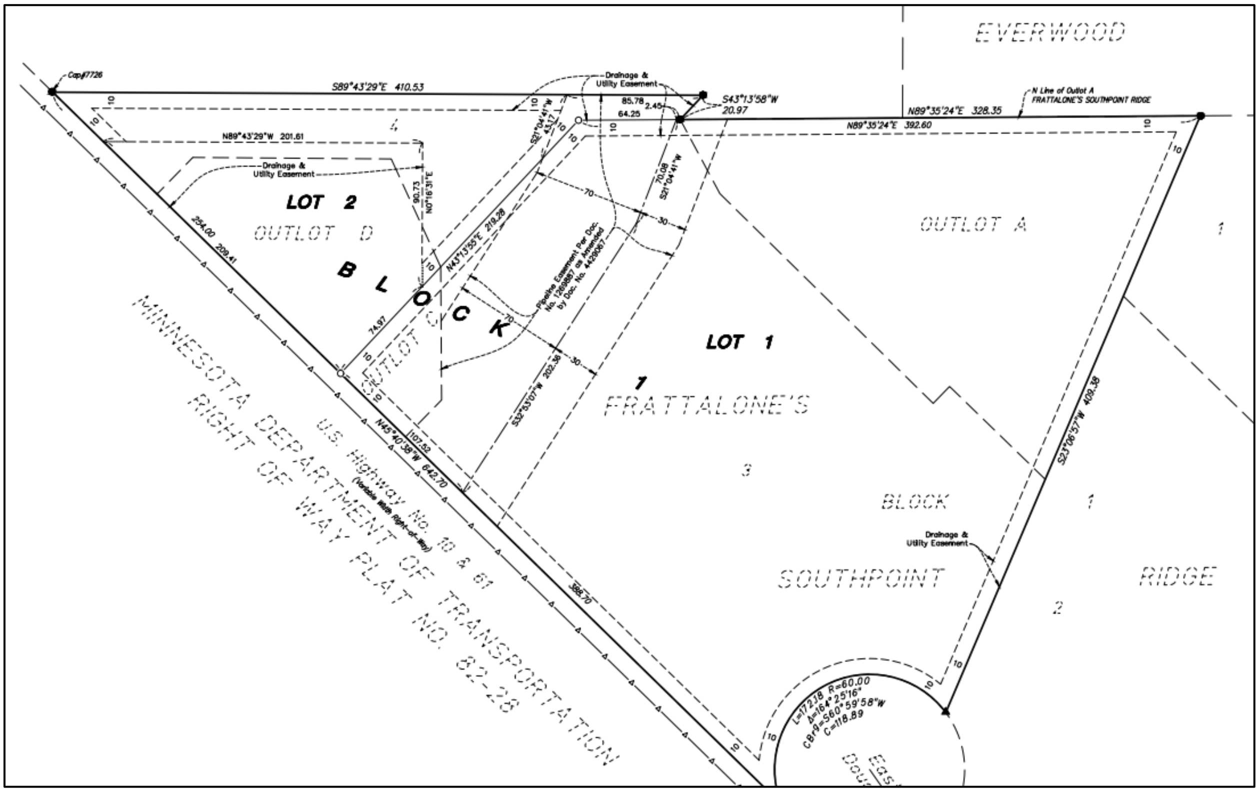
Lots 1 and 2, Block 1, Camels Hump Addition, Washington County, Minnesota.

EXHIBIT B TO
CONTRACT FOR PRIVATE DEVELOPMENT

LIST OF PRELIMINARY PLANS

The following constitute the Preliminary Plans of the Minimum Improvements:




EVERWOOD
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N89°43'29"W 201.61
Drainage & Utility Easement
S43°13'58"W
20.97
N89°35'24"E 328.35
N89°35'24"E 392.60
N Line of Outlot A FRATTALONE'S SOUTHPOINT RIDGE
LOT 2
OUTLOT D
B L O C K
OUTLOT A
LOT 1
1
FRATTALONE'S
BLOCK
SOUTHPOINT
RIDGE
S23°06'57"W 409.38
N45°40'38"W 642.70
U.S. Highway No. 10 & 61
MINNESOTA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY PLAT NO. 82-28
L=172.28 R=60.00
Δ=164°25'16"
CB=S60°59'58"W
C=118.89

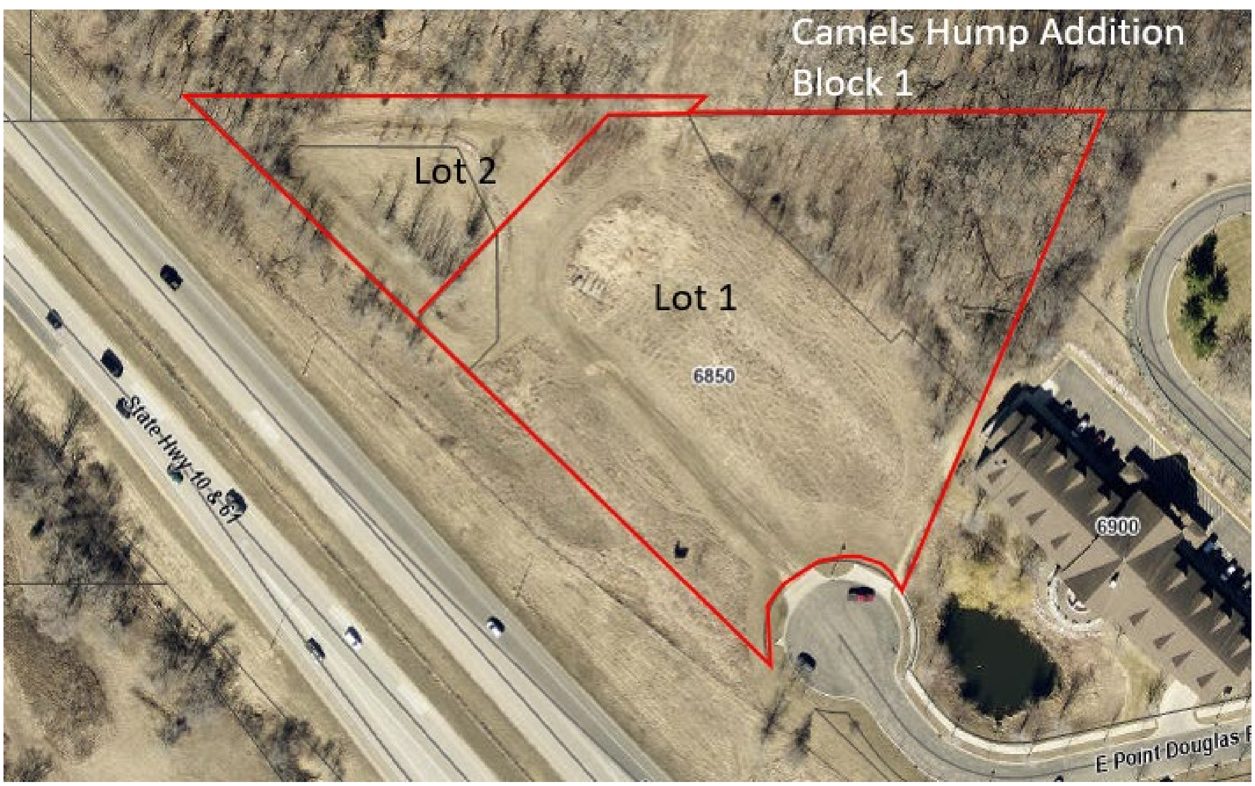
Camels Hump Addition
Block 1
Lot 2
Lot 1
6850
6900
State Hwy 10 & 61
E Point Douglas

EXHIBIT C TO
CONTRACT FOR PRIVATE DEVELOPMENT

FORM OF
CERTIFICATE OF COMPLETION

WHEREAS, the Cottage Grove Economic Authority, a public body corporate and politic under the laws of Minnesota (the "EDA"), and Roers Cottage Grove Apartments LLC, a limited liability company under the laws of Delaware (the "Developer"), have entered into a certain Contract for Private Development (the "Agreement") dated the ____ day of ____________, 2025, and recorded in the office of the ____________ in Washington County, Minnesota, as Document No. __________, which Agreement contained certain covenants and restrictions regarding completion of the Minimum Improvements, as defined in the Agreement; and

WHEREAS, the Developer has performed said covenants and conditions in a manner deemed sufficient by the EDA to permit the execution and recording of this certification.

NOW, THEREFORE, this is to certify that all construction of the Minimum Improvements specified to be done and made by the Developer has been completed and the ___________ in Washington County, Minnesota, is hereby authorized to accept for recording and to record the filing of this instrument, to be a conclusive determination of the satisfactory termination of the covenants and conditions relating to completion of the Minimum Improvements.

Dated: _______________.

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

By:

_________, President

By:

_________, Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument as acknowledged before me this _____ day of ____________, 202__, by __________________, the President of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the EDA.

____
Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument as acknowledged before me this _____ day of ____________, 202__`, by __________________, the Executive Director of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the EDA.

____
Notary Public

This Instrument was Drafted by:
KENNEDY & GRAVEN, CHARTERED (RHB)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300

EXHIBIT D TO
CONTRACT FOR PRIVATE DEVELOPMENT

FORM OF AUTHORIZING RESOLUTION WITH NOTE

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. ______

RESOLUTION APPROVING THE ISSUANCE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS TAXABLE TAX INCREMENT REVENUE NOTE, SERIES 202__ IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $1,960,000

BE IT RESOLVED BY the Cottage Grove Economic Development Authority (the "EDA"), as follows:

Section 1. Authorization; Award of Sale.

1.01. Authorization. The EDA has heretofore approved the establishment of Tax Increment Financing District No. 1-21 (the "TIF District"), located in Development District No. 1 (the "Development District"), and has adopted a tax increment financing plan for the purpose of financing certain improvements within the Development District.

Pursuant to Minnesota Statutes, Section 469.178, the EDA is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Minimum Improvements and Development Property in the Development District. The bonds are payable from all or any portion of revenues derived from the Minimum Improvements and the Development Property (each as defined in the Agreement (defined below)) in the TIF District and pledged to the payment of the bonds. The EDA hereby finds and determines that it is in the best interests of Cottage Grove that it issue and sell its taxable Tax Increment Revenue Note, Series 202__ (the "Note"), in the aggregate principal amount up to $1,960,000, for the purpose of financing certain public costs of the Development District.

1.02. Agreement Approved; Issuance, Sale and Terms of the Note. The EDA has previously approved the Amended and Restated Contract for Private Development (the "Agreement") between the EDA and Roers Cottage Grove Apartments LLC, a limited liability company under the laws of Delaware (the "Owner"), and authorized the President and Executive Director to execute the Agreement. Pursuant to the Agreement, the Note will be issued to the Owner. The Note will be dated as of the date of delivery and will bear interest at the rate of at the lesser of i) 7.75% per annum; ii) the actual rate of interest paid if the Developer finances the Note separately from the construction loan or first mortgage; or iii) the actual rate of interest paid by the Developer on the construction financing for the Minimum Improvements. In exchange for the

EDA's issuance of the Note to the Owner, the Owner will pay certain costs related to the Minimum Improvements (the Qualifying Costs, as defined in the Agreement) pursuant to Section 3.2 of the Agreement. The Note will be delivered in the principal amount up to $1,960,000 for reimbursement of the Owner's costs in accordance with the terms of Sections 3.2 and 3.3 of the Agreement.

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

UNITED STATE OF AMERICA
STATE OF MINNESOTA
WASHINGTON COUNTY
COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

No. R-1 $1,960,000

TAXABLE TAX INCREMENT REVENUE NOTE
SERIES 202__

Rate	Date of Original Issue

[lesser of i) 7.75% per annum; ii) the actual rate of interest paid if the Developer finances the Note separately from the construction loan or first mortgage; or iii) the actual rate of interest paid by the Developer on the construction financing for the Minimum Improvements]

The Cottage Grove Economic Development Authority (the "EDA"), for value received, certifies that it is indebted and hereby promises to pay to Roers Cottage Grove Apartments LLC, a Delaware limited liability company, or registered assigns (the "Owner"), the principal sum of $1,960,000 with interest thereon at the rate specified below, as and to the extent set forth herein.

1. Payments. Principal and interest payments ("Payments") will be paid on August 1, 2028, and each February 1 and August 1 thereafter until the earlier of payment in full or February 1, 2043 ("Payment Dates"), in the amounts and from the sources set forth in Section 3 herein.

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

2. Interest. Interest shall be simple, non-compounding interest at the lesser of i) 7.75% per annum; ii) the actual rate of interest paid if the Developer finances the Note separately from the construction loan or first mortgage; or iii) the actual rate of interest paid by the Developer on the construction financing for the Minimum Improvements. Interest shall be computed on the basis of a 360-day year consisting of 12 30-day months.

3. Available Tax Increment. Payments on this Note are payable on each Payment Date in the amount of and solely payable from "Available Tax Increment," which will mean, on each Payment Date, 90 percent of the Tax Increment attributable to the Development Property and Minimum Improvements (as defined in the Agreement) and paid to the EDA by Washington County, Minnesota in the six months preceding the Payment Date, all as the terms are defined in the Amended and Restated Contract for Private Development between the EDA and Owner dated as of ______________, 2025 (the "Agreement"). Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default by the Owner under the Agreement.

The EDA will have no obligation to pay principal or interest on this Note on each Payment Date from any source other than Available Tax Increment, and the failure of the EDA to pay the entire amount of principal and interest on this Note on any Payment Date will not constitute a default hereunder as long as the EDA pays principal and interest to the extent of Available Tax Increment. If on any Payment Date there is insufficient Available Tax Increment to pay accrued and unpaid interest on this Note on such date, the amount of such deficiency shall be deferred and paid, without interest thereon, on the next Payment Date on which the EDA has Available Tax Increment in excess of the amount necessary to pay the accrued and unpaid interest on this Note on such subsequent Payment Date. The EDA will have no obligation to pay any unpaid balance of principal or interest that may remain after the Final Payment Date of February 1, 2043.

4. Optional Prepayment. The principal sum and accrued interest payable under this Note is pre-payable in whole or in part at any time by the EDA without premium or penalty. No partial prepayment will affect the amount or timing of any other regular payment otherwise required to be made under this Note.

5. Suspension of Payment. At the EDA's option, the EDA's obligation to make any payments under this Note will be suspended upon the occurrence of an Event of Default on the part of the Developer as defined in Section 8.1 of the Agreement, but only if the Event of Default has not been cured in accordance with Section 8.2 of the Agreement. The EDA may also suspend payments under this Note in accordance with Section 6.3 of the Agreement.

6. Nature of Obligation. This Note is a single note in the total principal amount of $1,960,000 issued to aid in financing certain public costs of a Development District undertaken by the EDA pursuant to Minnesota Statutes, Sections 469.090 through 469.108, as amended, and is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the EDA on ______________, 202__, pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.1794, as amended. This Note is a limited obligation of the EDA which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution. This Note will not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Cottage Grove Economic Development Authority or the City of Cottage Grove. Neither the State of Minnesota, nor any political subdivision thereof will be obligated to pay the principal of or interest on this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or

any political subdivision thereof is pledged to the payment of the principal of and interest on this Note or other costs incident hereto.

7. Estimated Tax Increment Payments. Any estimates of Tax Increment prepared by the EDA or its municipal advisors in connection with the TIF District or the Agreement are for the benefit of the EDA, and are not intended as representations on which the Owner may rely.

THE EDA MAKES NO REPRESENTATION OR WARRANTY THAT THE AVAILABLE TAX INCREMENT WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF OR INTEREST ON THIS NOTE.

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

This Note may be transferred without the approval of the EDA; provided that this Note will not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the EDA has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the EDA, that the transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. This Note may be assigned with the consent of the EDA, which will not be unreasonably withheld or delayed. Notwithstanding anything to the contrary in this Note, in no event will a lender providing funds to the Developer and taking an assignment of the Note as security for such funds be required to sign an investment letter at either the time of execution of an assignment or transfer of the Note as a result of the assignment.

This Note is subject to the Lookback provisions of section 3.5 of 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 exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the EDA according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the board of commissioners of the Cottage Grove Economic Development Authority, has caused this Note to be executed with the manual signatures of its President and Executive Director, all as of the Date of Original Issue specified above.

COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY

President

____
Executive Director

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the EDA's Executive Director, in the name of the person last listed below.

Date of Registration	Registered Owner	Signature of Executive Director
	____________________________ ____________________________ ____________________________ ____________________________ Attn: ________________ Federal Tax ID #___________	

[End of Form of Note]

Section 3. Terms, Execution and Delivery.

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

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

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

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

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

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

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

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

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

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

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

3.04. Preparation and Delivery. The Note will be prepared under the direction of the Executive Director and will be executed on behalf of the EDA by the signatures of its Chair and Executive Director. In case any officer whose signature appears on the Note ceases to be the officer before the delivery of the Note, the signature will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. When the Note has been so executed, it will be delivered by the EDA to the Owner following the delivery of the necessary items delineated in Section 3.3 of the Agreement.

Section 4. Security Provisions.

4.01. Pledge. The EDA hereby pledges to the payment of the principal and interest of the Note all Available Tax Increment as defined in the Note. Available Tax Increment will be applied to payment of accrued interest first, then the principal of the Note in accordance with the terms of the form of Note set forth in Section 2 of this resolution.

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

Section 5. Certification of Proceedings.

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

Section 6. Effective Date. This resolution will be effective upon execution by the President and Executive Director following authorization by the board of commissioners of the Cottage Grove Economic Development Authority.

Adopted by the Cottage Grove Economic Development Authority, this ____ day of ________, 202___.

President

Executive Director

EXHIBIT E TO
CONTRACT FOR PRIVATE DEVELOPMENT

FORM OF INVESTMENT LETTER

To the Cottage Grove Economic Development Authority (the "EDA")
Attention: Executive Director

Dated: __________________, 202__

Re: $1,960,000 Tax Increment Revenue Note (_________________ Project)

The undersigned, as Purchaser of $1,960,000 in principal amount of the above-captioned Tax Increment Revenue Note (_______________________ Project) (the "Note"), approved by the Cottage Grove Economic Development Authority on ______________, 202__, hereby represents to you and to Kennedy & Graven, Chartered, Minneapolis, Minnesota, as legal counsel to the EDA, as follows:

1. We understand and acknowledge that the Note is delivered to the Purchaser on this date pursuant to the Amended and Restated Contract for Private Development by and between the EDA and the Purchaser dated __________________, 2025 (the "Agreement").

2. The Note is payable solely from Available Tax Increment pledged to the Note, as defined therein.

3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the above-stated principal amount of the Note.

4. We acknowledge that no offering statement, prospectus, offering circular or other comprehensive offering document or disclosure containing material information with respect to the EDA and the Note has been issued or prepared by the EDA, and that, in due diligence, we have made our own inquiry and analysis with respect to the EDA, the Note and the security therefor, and other material factors affecting the security and payment of the Note.

5. We acknowledge that we have either been supplied with or have access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the EDA, the Note and the security therefor, and that as reasonable investors we have been able to make our decision to purchase the above-stated principal amount of the Note.

6. We have been informed that the Note (i) is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, or under federal securities laws or regulations, (ii) will not be listed on any stock or other securities exchange, and (iii) will carry no rating from any rating service.

7. We acknowledge that the EDA and Kennedy & Graven, Chartered, as legal counsel to the EDA, have not made any representations or warranties as to the status of payments on the Note for the purpose of federal or state income taxation.

8. We represent to you that we are purchasing the Note for our own account and not for resale or other distribution thereof, except to the extent otherwise provided in the Note or as otherwise approved in writing by the EDA.

9. All capitalized terms used herein have the meaning provided in the Agreement unless the context clearly requires otherwise.

10. The Purchaser's federal tax identification number is #_________.

11. We acknowledge receipt of the Note on the date hereof.

IN WITNESS WHEREOF, the undersigned has executed this Investment Letter as of the date and year first written above.

____

By: ____________________________

STATE OF MINNESOTA)
) ss.
COUNTY OF___________)

The foregoing instrument was executed before me this _____ day of _______________, 202__, by ______________, the _________________ of ________________________, a __________________________ under the laws of ______________, on behalf of the ________________.

____
Notary Public

EXHIBIT F TO
CONTRACT FOR PRIVATE DEVELOPMENT

FORM OF DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS, dated this ___ day of _____________, 202__ (the "Declaration"), by Roers Cottage Grove Apartments LLC, a limited liability company under the laws of Delaware (the "Developer"), is given for the benefit of the Cottage Grove Economic Development Authority, a body corporate and politic under the laws of Minnesota (the "EDA").

RECITALS

WHEREAS, the EDA and the Developer entered into that certain Amended and Restated Contract for Private Development, dated __________, 2025, (the "Agreement"); and

WHEREAS, pursuant to the Agreement, the Developer is obligated to cause construction of approximately 144 units of market rate and affordable housing, and all related amenities and improvements (the "Project") to be located on the property described in Exhibit A attached hereto (the "Development Property"), and to cause compliance with certain affordability covenants described in Section 4.6 of the Agreement; and

WHEREAS, Section 4.6 of the Agreement requires that the Developer cause to be executed an instrument in recordable form substantially reflecting the covenants set forth in that section of the Agreement; and

WHEREAS, the Developer intends, declares, and covenants that the restrictive covenants set forth herein will be and are covenants running with the Development Property for the term described herein and binding upon all subsequent owners of the Development Property for the term described herein, and are not merely personal covenants of the Developer; and

WHEREAS, capitalized terms in this Declaration have the meaning provided in the Agreement unless otherwise defined herein.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Developer agrees as follows:

1. Term of Restrictions.

(a) Occupancy and Rental Restrictions. The term of the Occupancy Restrictions set forth in Section 3 of this Declaration will commence on the date the Certificate of Completion is issued for the Minimum Improvements on the Development Property and continue for 26 years thereafter (the "Qualified Project Period").

(b) Termination of Declaration. This Declaration shall terminate upon expiration of the Qualified Project Period. In the event of foreclosure or transfer of title by deed in lieu of foreclosure, upon completion of the foreclosure and expiration of the applicable mortgagee redemption period, or recording of a deed in lieu of foreclosure, any mortgagee (or any assignee of the mortgagee) or any purchasers at or after foreclosure thereof, by the successful bidder at the sale, to the title to the Development Property, may terminate this Declaration, by providing written notice to the EDA by filing a termination document in the applicable real property records in Washington County, Minnesota and thereafter this Declaration shall be of no further force and effect; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of this Declaration as the result of the foreclosure, or the delivery of a deed in lieu of foreclosure, or a similar event, the Developer or any related person (within the meaning of Section 1.103-10(e) of the Treasury Regulations) obtains an ownership interest in the Project for federal income tax purposes. The events set forth in this Section 1(b) are referred to individually and collectively herein as the "Declaration Termination Date." The EDA will terminate the Note if this Declaration is terminated prior to expiration of the Qualified Project Period.

(c) Removal from Real Estate Records. After the Declaration Termination Date of this Declaration, the EDA will, upon request by the Developer or its assigns, file any document appropriate to remove this Declaration from the real estate records of Washington County, Minnesota.

2. Project Restrictions.

(a) The Developer represents, warrants, and covenants that:

(i) All leases of Rental Housing Units to Qualifying Tenants (as defined in Section 3(a) hereof) will contain clauses, among others, wherein each individual lessee:

(1) Certifies the accuracy of the statements made in its application and Eligibility Certification (as defined in Section 3(b) hereof); and

(2) Agrees that the family income at the time the lease is executed will be deemed a substantial and material obligation of the lessee's tenancy; that the lessee will comply promptly with all requests for income and other information relevant to determining income status from the Developer or the EDA, and that the lessee's failure or refusal to comply with a request for information with respect thereto will be deemed a violation of a substantial obligation of the lessee's tenancy.

(b) The Developer will permit any duly authorized representative of the EDA at all reasonable times and after reasonable prior notice to inspect the books and records of the Developer pertaining to the income of Qualifying Tenants residing in the Project.

3. Occupancy Restrictions. The Developer represents, warrants, and covenants that:

(a) Qualifying Tenants and Rent. Throughout the Qualified Project Period, 37 units (25.7 percent) of the Rental Housing Units shall be administered in accordance with 42 USC Section 3607(b) and Minnesota Statutes, Section 363A.21, subdivision 2 and shall be occupied (or treated as occupied as provided herein) or held vacant and available for occupancy by Qualifying Tenants. "Qualifying Tenants" means, with respect to eight Rental Housing Units (5.6 percent), those persons and families who are determined from time to time by the Developer to have combined adjusted income that does not exceed 60%, and with respect to an additional 29 Rental Housing Units (20.1 percent), those persons and families who are determined from time to time by the Developer to have combined adjusted income that does not exceed 50% of the median income for the standard metropolitan statistical area which includes Cottage Grove, Minnesota, as that figure is determined and announced from time to time by HUD, as adjusted for family size (the "Median Income") for the applicable calendar year. For purposes of this definition, the occupants of a Rental Housing Unit will not be deemed to be Qualifying Tenants if all the occupants of such Rental Housing Unit at any time are "students," as defined in Section 152(f)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), not entitled to an exemption under the Code. The determination of whether an individual or family is a Qualifying Tenant will be made at the time the tenancy commences and on an ongoing basis thereafter, determined at least annually. If during their tenancy a Qualifying Tenant's income exceeds 140% of the Median Income, the next available Rental Housing Unit (determined in accordance with the Code and applicable regulations) (the "Next Available Unit Rule") must be leased to a Qualifying Tenant or held vacant and available for occupancy by a Qualifying Tenant. If the Next Available Unit Rule is violated, the Rental Housing Unit will not continue to be treated as a Qualifying Unit.

(b) Certification of Tenant Eligibility. As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant will be required annually to sign and deliver to the Developer a Certification of Tenant Eligibility substantially in the form attached as Exhibit B hereto, or in any other form as may be reasonably approved by the EDA (the "Eligibility Certification"), in which the prospective Qualifying Tenant certifies as to having a qualifying low or moderate income. The Qualifying Tenant will be required to provide whatever other information, documents, or certifications are deemed necessary by the EDA to substantiate the Eligibility Certification, on an ongoing annual basis, and to verify that the tenant continues to be a Qualifying Tenant within the meaning of Section 3(a) hereof. Eligibility Certifications will be maintained for the duration of the Qualified Project Period on file by the Developer with respect to each Qualifying Tenant who resides in a Rental Housing Unit or resided therein during the Qualified Project Period.

(c) Lease. The form of lease to be utilized by the Developer in renting any Rental Housing Units in the Project to any person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by the person to immediate eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by the person with respect to the Eligibility Certification.

(d) Annual Report. The Developer covenants and agrees that during the term of this Declaration, it will prepare and submit to the City on or before July 1 of each year of the Qualified Project Period, a certificate substantially in the form of Exhibit C attached hereto, executed by the Developer, (a) identifying the tenancies and the dates of occupancy (or vacancy) for all Qualifying

Tenants in the Project, including the number and percentage of the Rental Housing Units of the Project which were occupied by Qualifying Tenants (or held vacant and available for occupancy by Qualifying Tenants) at all times during the year preceding the date of the certificate; (b) describing all transfers or other changes in ownership of the Project or any interest therein; and (c) stating, that to the best knowledge of the person executing the certificate after due inquiry, all the Rental Housing Units were rented or available for rental on a continuous basis during the year to members of the general public and that the Developer was not otherwise in default under this Declaration during the year.

(e) Notice of Non-Compliance. The Developer will immediately notify the EDA if at any time during the term of this Declaration fewer than 37 of the Rental Housing Units in the Project are occupied or available for occupancy by Qualifying Tenants as required by the terms of this Declaration. The 37 Rental Housing Units reserved for Qualifying Tenants will include 13 one-bedroom units, 13 two-bedroom units and 11 three-bedroom units.

4. Transfer Restrictions. The Developer covenants and agrees that the Developer will cause or require as a condition precedent to any conveyance, transfer, assignment, or any other disposition of the Project prior to the termination of the Occupancy Restrictions provided herein (the “Transfer”) that the transferee of the Project pursuant to the Transfer assume in writing, in a form acceptable to the EDA, all duties and obligations of the Developer under this Declaration, including this Section 4, in the event of a subsequent Transfer by the transferee prior to expiration of the Qualified Project Period (the “Assumption Agreement”). The Developer will deliver the Assumption Agreement to the EDA prior to the Transfer.

5. Enforcement.

(a) The Developer will permit, during normal business hours and upon reasonable notice, any duly authorized representative of the EDA to inspect any books and records of the Developer regarding the Project with respect to the incomes of Qualifying Tenants.

(b) The Developer will submit any other information, documents or certifications requested by the EDA which the EDA deems reasonably necessary to substantiate the Developer’s continuing compliance with the provisions specified in this Declaration.

(c) The Developer acknowledges that the primary purpose for requiring compliance by the Developer with the restrictions provided in this Declaration is to ensure compliance of the Project with the housing affordability covenants set forth in Section 4.6 of the Agreement, and by reason thereof, the Developer, in consideration for assistance provided by the EDA under the Agreement that makes possible the construction of the Project on the Development Property, hereby agrees and consents that the EDA will be entitled, for any breach of the provisions of this Declaration, and in addition to all other remedies provided by law or in equity, to enforce specific performance by the Developer of its obligations under this Declaration in a state court of competent jurisdiction. The Developer hereby further specifically acknowledges that the EDA cannot be adequately compensated by monetary damages in the event of any default hereunder.

(d) The Developer understands and acknowledges that, in addition to any remedy set forth herein for failure to comply with the restrictions set forth in this Declaration, the EDA may exercise any remedy available to it under Article VIII of the Agreement.

6. Indemnification. The Developer hereby indemnifies, and agrees to defend and hold harmless, the EDA from and against all liabilities, losses, damages, costs, expenses (including attorneys' fees and expenses), causes of action, suits, allegations, claims, demands, and judgments of any nature arising from the consequences of a legal or administrative proceeding or action brought against them, or any of them, on account of any failure by the Developer to comply with the terms of this Declaration, or on account of any representation or warranty of the Developer contained herein being untrue.

7. Agent of the City. The EDA will have the right to appoint an agent to carry out any of its duties and obligations hereunder, and will inform the Developer of any agency appointment by written notice.

8. Severability. The invalidity of any clause, part or provision of this Declaration will not affect the validity of the remaining portions thereof.

9. Notices. All notices to be given pursuant to this Declaration must be in writing and will be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to any other place as a party may from time to time designate in writing. The Developer and the EDA may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications are sent. The initial addresses for notices and other communications are as follows:

To the EDA: Cottage Grove Economic Development Authority
12800 Ravine Parkway South
Cottage Grove, MN 55016
Attn: Executive Director

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

To the Developer:	Roers Cottage Grove Apartments LLC Two Carlson Parkway #400 Plymouth, Minnesota 55447 Attn: Brian Roers and Logan Schmidt
and with a copy to:	Winthrop & Weinstine, P.A. 225 South Sixth Street, Suite 3500 Minneapolis, Minnesota 55402 Attn: Joseph Phelps

10. Governing Law. This Declaration is governed by the laws of the State of Minnesota and, where applicable, the laws of the United States of America.

11. Attorneys' Fees. In case any action at law or in equity in which the EDA prevails, including an action for declaratory relief, is brought against the Developer to enforce the provisions of this Declaration, the Developer agrees to pay the reasonable attorneys' fees and other reasonable expenses paid or incurred by the EDA in connection with the action.

12. Declaration Binding. This Declaration and the covenants contained herein will run with the Development Property and will bind the Developer and its successors and assigns and all subsequent owners of the Development Property or any interest therein, and the benefits will inure to the EDA and its successors and assigns until the Declaration Termination Date of this Declaration as provided in Section 1(b) hereof.

* * * * * *

IN WITNESS WHEREOF, the Developer has caused this Declaration of Restrictive Covenants to be signed by its respective duly authorized representatives, as of the day and year first written above.

ROERS COTTAGE GROVE APARTMENTS LLC,
a limited liability company under the laws of Delaware

By: Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company
Its: Manager

By: Roers Companies Project Holdings LLC, a Minnesota limited liability company
Its: Manager

By: ____________________________
Name: Shane E. LaFave
Its: Vice President of Development

STATE OF MINNESOTA)
) SS.
COUNTY OF ________)

The foregoing instrument was executed before me this _____ day of _______________, 2025, by Shane E. LaFave, the Vice President of Development of Roers Companies Project Holdings LLC, a Minnesota limited liability company, the Manager of Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company, the Manager of Roers Cottage Grove Apartments LLC, a Delaware limited liability company, on behalf of the company.

____
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
Kennedy & Graven, Chartered (RHB)
150 South Fifth Street
Suite 700
Minneapolis, MN 55402
(612) 337-9300

This Declaration is acknowledged and consented to by:

COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY

By: ______________________________
Myron Bailey, President

By: ______________________________
Jennifer Levitt, Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____________, 2025, by Myron Bailey, the President of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the EDA.

____
Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____________, 2025, by Jennifer Levitt, the Executive Director of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the EDA.

____
Notary Public

Exhibit A to Declaration of Restrictive Covenants

Description

The land subject to the foregoing Restrictive Covenants is legally described as follows:

Lots 1 and 2, Block 1, Camels Hump Addition, Washington County, Minnesota.

Exhibit B to Declaration of Restrictive Covenants

Certification of Tenant Eligibility

TENANT INCOME CERTIFICATION Initial Certification ☐ Recertification ☐ Other ________________	Effective Date: ___________________________ Move-in Date: ____________________________ (MM/DD/YY): ___________________________

PART I. DEVELOPMENT DATA		
Property Name: _____________ Apartments Address: _______________, Cottage Grove, Minnesota	County: Washington Unit Number: _________________	BIN #: ________________ # Bedrooms: ____________

PART II. HOUSEHOLD COMPOSITION						
HH Br #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YY)	F/T Student (Y or N)	Social Security or Alien Reg. No.
1			HEAD			
2						
3						
4						
5						
6						

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)				
HH Br #	(A) Employment or Wages	(B) Soc. Security / Pensions	(C) Public Assistance	(D) Other Income
TOTAL	$	$	$	$
Add totals from (A) through (D) above			TOTAL INCOME (E):	$

PART IV. INCOME FROM ASSETS				
HH Mbr#	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			$	$
Enter Column (H) Total if over $5,000 $_________________ x 2.00 % =		Passbook Rate	(J) Imputed Income	$
Enter the greater of the total column I, or J: imputed income TOTAL INCOME FROM ASSETS (K)				$
(L) Total Annual Household Income from all sources [Add (E) + (K)]				$

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full-time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____ Signature	(Date)	_____ Signature	(Date)
_____ Signature	(Date)	_____ Signature	(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY			
TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES From Item (L) on page 1	$	Household Meets Income Restriction at:	RECERTIFICATION ONLY: Current Income Limit x 140%

Current Income Limit per Family Size: $ ____________________ Household Income at Move-in $____________________	☐ 60% ☐ 50% ☐ 40% ☐ 30% ☐ ___%	$ ____________________________________ Household income exceeds 140% at recertification: ☐ Yes ☐ No Household Size at Move-in: ______________

PART VI. RENT
Not Applicable

PART VII. STUDENT STATUS		
ARE ALL OCCUPANTS FULL-TIME STUDENTS? ☐ yes ☐ no	If yes, enter student explanation** (also attach documentation) Enter 1-4	Student explanation: 1. TANF assistance 2. Job training program 3. Single parent/dependent child 4. Married/joint return*

*__Exception for married/joint return is the only exception available for units necessary to qualify tax-exempt bonds.__

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification

a. Tax Credit ☐	b. HOME ☐	c. Tax Exempt ☐	d. AHDP ☐	e. ____________ ☐ (Name of Program)
See Part V above.	Income Status ☐ ≤ 50% AMGI ☐ ≤ 60% AMGI ☐ ≤ 80% AMGI ☐ ≤ 0I **	Income Status ☐ 50% AMGI ☐ 60% AMGI ☐ 80% AMGI ☐ 0I **	Income Status ☐ ≤ 50% AMGI ☐ ≤ 80% AMGI ☐ ≤ 0I **	Income Status ☐ __________ ☐ __________ ☐ ≤ 0I **

** Upon recertification, household was determined over income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER / REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Regulatory Agreement (if applicable), to live in a unit in this Project.

____ __________________

SIGNATURE OF OWNER / REPRESENTATIVE DATE

INSTRUCTIONS FOR COMPLETING
TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I – Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Move-in Date	Enter the date the tenant has or will take occupancy of the unit.
Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification.
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
BIN #	Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
Address	Enter the street address.
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.

Part II – Household Composition

List all occupants of the unit. State each household member's relationship to the head of the household by using one of the following coded definitions:

H	Head of household	S	Spouse
A	Adult co-tenant	O	Other family member
C	Child	F	Foster child
L	Live-in caretaker	N	None of the above

Enter the date of birth, student status, and Social Security number or alien registration number for each occupant.

If there are more than seven occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III – Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third-party verification forms obtained from each income source, enter the gross amount anticipated to be received for the 12 months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List the respective household member number from Part II.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.)
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D) above. Enter this amount.

Part IV – Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the 12 months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).

TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than $5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K)	Enter the Greater of the total in Column (I) or (J)
Row (L)	Total Annual Household Income from All Sources Add (E) and (K) and enter the total

Exhibit C to Declaration of Restrictive Covenants

Certificate of
Continuing Program Compliance

Date: ___________________

The following information with respect to the Project located at ____________________, Cottage Grove, Minnesota (the “Project”), is being provided by ____________________ (the “Owner”) to the Cottage Grove Economic Development Authority (the “EDA”), pursuant to that certain Declaration of Restrictive Covenants, dated the ____ day of ____________, 202_ (the “Declaration”), with respect to the Project:

(A) The total number of Rental Housing Units which are available for occupancy is 144. The total number of these units occupied is _________________.

(B) The following Rental Housing Units (identified by unit number) are currently occupied by “Qualifying Tenants” as the term is defined in the Declaration (for a total of 37 units):

One bedroom apartment
Two bedroom apartment
Three bedroom apartment

(C) The following Rental Housing Units which are included in (B) above, have been re-designated as Rental Housing Units for Qualifying Tenants since _______________, 202_, the date on which the last “Certificate of Continuing Program Compliance” was filed with the EDA by the Owner:

Unit Number	Previous Designation of Unit (if any)	Replacing Unit Number
____________	___________________	___________________
____________	___________________	___________________

(D) The following Rental Housing Units are considered to be occupied by "Qualifying Tenants", as the term is defined in the Declaration based on the information set forth below (for a total of at least 37 units):

	Unit Number	Last Name of Tenant	Number of Persons Residing in the Unit	Number of Bedrooms	Total Adjusted Gross Income	Date of Initial Occupancy	Age	Date Vacated and Held for Qualifying Tenants, if Applicable
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								

(E) The Owner has obtained a "Certification of Tenant Eligibility," in the form provided as Exhibit B to the Declaration, from each Tenant named in (D) above, and each such Certificate is being maintained by the Owner in its records with respect to the Project. Attached hereto is the most recent "Certification of Tenant Eligibility" for each Tenant named in (D) above who signed such a Certification since ______________, 202__, the date on which the last "Certificate of Continuing Program Compliance" was filed with the EDA by the Owner.

(F) In renting the Rental Housing Units in the Project, the Owner has not given preference to any particular group or class of persons (except for persons who qualify as Qualifying Tenants and persons meeting the minimum age restrictions); and none of the units listed in (D) above has been rented for occupancy entirely by students, no one of which is entitled to file a joint return for federal income tax purposes. All of the Rental Housing Units in the Project have been rented pursuant to a written lease, and the term of each lease is at least 12 months.

(G) The information provided in this "Certificate of Continuing Program Compliance" is accurate and complete, and no matters have come to the attention of the Owner which would indicate that any of the information provided herein, or in any "Certification of Tenant Eligibility" obtained from the Tenants named herein, is inaccurate or incomplete in any respect.

(H) The Project is in continuing compliance with the Declaration.

(I) The Owner certifies that as of the date hereof at least 37 of the residential dwelling units in the Project are occupied or held open for occupancy by Qualifying Tenants, as defined and provided in the Declaration.

(J) The Project is in continuing compliance with the Declaration.

IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of the Owner, on ____________________, 202__.

____

By: ______________________________
Its: ______________________________

EXHIBIT G TO CONTRACT FOR PRIVATE DEVELOPMENT

FORM OF
ASSESSMENT AGREEMENT

and

ASSESSOR'S CERTIFICATION

By and among

THE COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY

and

ROERS COTTAGE GROVE APARTMENTS LLC

and

COUNTY ASSESSOR FOR WASHINGTON COUNTY, MINNESOTA

This Document was drafted by:

KENNEDY & GRAVEN, Chartered (RHB)
150 South Fifth Street Suite 700
Minneapolis, MN 55402
(612) 337-9300

THIS ASSESSMENT AGREEMENT, dated as of this ___ day of __________, 2025, by and between the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota (the "EDA"), and Roers Cottage Grove Apartments LLC, a limited liability company under the laws of Delaware (the "Owner").

WITNESSETH:

WHEREAS, on or before the date hereof, the EDA and the Owner have entered into an Amended and Restated Contract for Private Development (the "Agreement") concerning the property legally described on Exhibit A hereto, (the "Development Property"); and

WHEREAS, pursuant to the Agreement, the Owner will construct a rental housing facility consisting of approximately 144 Rental Housing Units (the "Minimum Improvements"); and

WHEREAS, the EDA and the Owner desires to establish a minimum market value for the Development Property and the Minimum Improvements to be constructed thereon, pursuant to Minnesota Statutes, section 469.177, Subd. 8; and

WHEREAS, the EDA and the County Assessor for Washington County, Minnesota have reviewed the Plans for the Minimum Improvements which the Owner has agreed to construct on the Development Property pursuant to the Agreement.

NOW, THEREFORE, the parties to this Assessment Agreement, in consideration of the promises, covenants and agreements made herein and in the Agreement by each to the other, do hereby agree as follows:

1. The Minimum Market Value for the Development Property with the Minimum Improvements shall be Thirty-Two Million Four Hundred Thousand Dollars ($32,400,000). The parties agree that this Minimum Market Value shall be placed against the Development Property as of January 2, 2029, for taxes payable beginning in 2030 notwithstanding any failure to start or complete construction of such Minimum Improvements by that date.

2. The Minimum Market Value herein established shall be of no further force and effect and this Assessment Agreement shall terminate on the Termination Date. The Termination Date has the meaning given to it under the Agreement.

3. This Assessment Agreement shall be promptly recorded by the Owner. The Owner shall pay all costs of recording this Assessment Agreement.

4. Neither the preambles nor the provisions of this Assessment Agreement are intended to, nor shall they be construed as, modifying the terms of the Agreement. Unless the context indicates clearly to the contrary, the terms used in this Assessment Agreement shall have the same meaning as the terms used in the Agreement.

5. This Assessment Agreement shall inure to the benefit of and be binding upon the parties and their successors and assigns.

6. Each of the parties has authority to enter into this Assessment Agreement and to take all actions required of it and has taken all actions necessary to authorize the execution and delivery of this Assessment Agreement.

7. In the event any provision of this Assessment Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

8. The parties hereto agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements, amendments and modifications hereto, and such further instruments as may reasonably be required for correcting any inadequate, or incorrect, or amended description of the Development Property, or for carrying out the expressed intention of this Assessment Agreement.

9. Except as provided in Section 8 hereof, this Assessment Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by all parties hereto.

10. This Assessment Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

11. This Assessment Agreement shall be governed by and construed in accordance with the laws of Minnesota.

****

COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY

By: ____________________________________
Myron Bailey, President

And by: __________________________________
Jennifer Levitt, Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF ___________)

The foregoing instrument as acknowledged before me this ____ day of ____________, 2025, by Myron Bailey, the President of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the Economic Development Authority.

____
Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF ___________)

The foregoing instrument as acknowledged before me this ____ day of ____________, 2025, by Jennifer Levitt, the Executive Director of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the Economic Development Authority.

____
Notary Public

ROERS COTTAGE GROVE APARTMENTS LLC,
a limited liability company under the laws of Delaware

By: Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company
Its: Manager

By: Roers Companies Project Holdings LLC, a Minnesota limited liability company
Its: Manager

By: ___________________________
Name: Shane E. LaFave
Its: Vice President of Development

STATE OF MINNESOTA)
) SS.
COUNTY OF ________)

The foregoing instrument was executed before me this _____ day of _______________, 2025, by Shane E. LaFave, the Vice President of Development of Roers Companies Project Holdings LLC, a Minnesota limited liability company, the Manager of Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company, the Manager of Roers Cottage Grove Apartments LLC, a Delaware limited liability company, on behalf of the company.

CERTIFICATION BY ASSESSOR

The undersigned, having reviewed the plans and specifications for the improvements to be constructed and the market value assigned to the land upon which the improvements are to be constructed, and being of the opinion that the minimum market value contained in the foregoing Agreement appears reasonable, hereby certify as follows: The undersigned Assessor being legally responsible for the assessment of the described property, hereby certifies that the market value assigned to such land and improvements at the property, legally described on Exhibit A attached hereto, shall be not less than Thirty-Two Million Four Hundred Thousand Dollars ($32,400,000) as of January 2nd, 2029, for taxes payable beginning in 2030, until termination of this Agreement.

____
County Assessor for
Washington County, Minnesota

STATE OF MINNESOTA)
) ss.
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me this ______ day of __________, 2025, by __________________________, the County Assessor, Washington County, Minnesota.

____
Notary Public

EXHIBIT A
TO ASSESSMENT AGREEMENT

The Development Property is legally described as follows:

Lots 1 and 2, Block 1, Camels Hump Addition, Washington County, Minnesota.

EXHIBIT H TO CONTRACT FOR PRIVATE DEVELOPMENT

PROFORMA, LOOKBACK, AND TOTAL DEVELOPMENT COSTS

EHLERS PUBLIC FINANCE ADVISORS

Roers WF Housing
City of Cottage Grove
Total Development Costs
144 Mixed-Income Apts

USES		Amount	% of Cost	Per Unit
ACQUISITION COSTS		**1,318,000**	**3.0%**	**9,153**
Land Cost	$7.80 psf	1,318,000	3.0%	9,153
CONSTRUCTION COSTS		**32,274,000**	**74.0%**	**224,125**
Residential Building		26,316,000	60.3%	182,750
General Requirements		1,836,000	4.2%	12,750
Builder's Overhead		612,000	1.4%	4,250
Builder's Profit		1,836,000	4.2%	12,750
Contractor Fee		144,000	0.3%	1,000
Construction Contingency		1,530,000	*5.0%*	10,625
PERMITS/FEES		**1,433,856**	**3.3%**	**9,957**
Park Dedication		259,200	0.6%	1,800
Permits/Inspection		480,000	1.1%	3,333
Local SAC/WAC Connection Fees		619,656	1.4%	4,303
Special Inspections		75,000	0.2%	521
PROFESSIONAL SERVICES		**1,529,800**	**3.5%**	**10,624**
Appraisals		40,000	0.1%	278
Architectural & Engineering Fees		821,000	1.9%	5,701
Environmental Assessment Consultant		25,000	0.1%	174
FF&E		288,000	0.7%	2,000
Market Research		5,800	0.0%	40
Soft Cost Contingency		250,000	0.6%	1,736
Survey		25,000	0.1%	174
TIF Lender Counsel		25,000	0.1%	174
City TIF Fees		50,000	0.1%	347
FINANCING COSTS		**4,053,119**	**9.3%**	**28,147**
Construction Period Interest		1,975,296	4.5%	13,717
Const Period Interest TIF Mort		409,497	0.9%	2,844
Inspections - Lenders		30,000	0.1%	208
Insurance - Builder's Risk		535,500	1.2%	3,719
Insurance - Hazard/Liability		125,000	0.3%	868
Lender Legal		75,000	0.2%	521
Loan Origination Fees		245,475	0.6%	1,705
TIF Loan Orig Fee		39,851	0.1%	277
Security Cameras During Const		125,000	0.3%	868
Real Estate Taxes During Construction		100,000	0.2%	694
Title & Recording		267,500	0.6%	1,858
Borrower Counsel - Partnership		100,000	0.2%	694
Loan Costs		25,000	0.1%	174
DEVELOPER FEE		**2,586,101**	**5.9%**	**17,959**
Developer Fee		2,586,101	5.9%	17,959
CASH ACCOUNTS/ESCROWS/RESERVES		**414,569**	**1.0%**	**2,879**
Operating Reserves		270,570	0.6%	1,879
Marketing Reserve		144,000	0.3%	1,000
		43,609,445	100%	302,843

12/5/2023

EHLERS PUBLIC FINANCE ADVISORS

Roers WF Housing
City of Cottage Grove
144 Mixed-Income Apts
Multi-Year Operating Proforma

					Stabilized													
			2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Income			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
Rental Income		Inflator																
Gross Potential Rent		2.5%	2,956,051	3,029,952	3,105,701	3,183,343	3,262,927	3,344,500	3,428,113	3,513,815	3,601,661	3,691,702	3,783,995	3,878,595	3,975,560	4,074,949	4,176,822	4,281,243
Less: 5.0% Stabilized Vacancy			(147,803)	(151,498)	(155,285)	(159,167)	(163,146)	(167,225)	(171,406)	(175,691)	(180,083)	(184,585)	(189,200)	(193,930)	(198,778)	(203,747)	(208,841)	(214,062)
Less: Additional Pre-stabilization Vacancy			(2,726,321)	(289,392)														
Total Rental Income			**81,927**	**2,589,062**	**2,950,416**	**3,024,176**	**3,099,781**	**3,177,275**	**3,256,707**	**3,338,125**	**3,421,578**	**3,507,117**	**3,594,795**	**3,684,665**	**3,776,782**	**3,871,201**	**3,967,981**	**4,067,181**
Other Residential Income	Vacancy Rate	Inflator																
Structured Parking	5.0%	2.5%	78,439	80,400	82,410	84,470	86,582	88,747	90,965	93,239	95,570	97,960	100,409	102,919	105,492	108,129	110,832	113,603
RUBS	5.0%	2.5%	224,780	230,400	236,160	242,064	248,116	254,318	260,676	267,193	273,873	280,720	287,738	294,931	302,305	309,862	317,609	325,549
Number used to illustrate Lookback	5.0%	0.0%	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Less: Vacancy			(25,161)	(25,540)	(25,929)	(26,327)	(26,735)	(27,153)	(27,582)	(28,022)	(28,472)	(28,934)	(29,407)	(29,893)	(30,390)	(30,900)	(31,422)	(31,958)
Less: Additional Pre-stabilization Vacancy																		
Total Other Residential Income			**478,059**	**485,260**	**492,642**	**500,208**	**507,963**	**515,912**	**524,060**	**532,411**	**540,971**	**549,746**	**558,739**	**567,958**	**577,407**	**587,092**	**597,019**	**607,195**
Effective Gross Income (EGI)			**559,986**	**3,074,322**	**3,443,057**	**3,524,384**	**3,607,743**	**3,693,187**	**3,780,767**	**3,870,536**	**3,962,549**	**4,056,863**	**4,153,534**	**4,252,623**	**4,354,188**	**4,458,293**	**4,565,000**	**4,674,375**

			2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Expenses			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
Rental Unit Expenses		Inflator																
Operating Expenses		2.50%	547,902	561,600	575,640	590,031	604,782	619,901	635,399	651,284	667,566	684,255	701,361	718,895	736,868	755,290	774,172	793,526
Management Fee: 3.8% of EGI	Fixed to EGI		126,949	116,027	129,943	133,013	136,159	139,384	142,689	146,077	149,549	153,109	156,757	160,497	164,330	168,259	172,286	176,414
Property Taxes		1.00%	17,020	300,000	360,516	364,121	367,762	371,440	375,154	378,906	382,695	386,522	390,387	394,291	398,234	402,216	406,238	410,301
Reserves: $250 PUPY	No Inflation	0.00%	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Modified Rental Expense During Stabilization			(576,534)	(27,206)														
Total Rental Unit Expenses			**151,337**	**986,421**	**1,102,099**	**1,123,165**	**1,144,703**	**1,166,725**	**1,189,242**	**1,212,266**	**1,235,810**	**1,259,886**	**1,284,506**	**1,309,683**	**1,335,432**	**1,361,765**	**1,388,697**	**1,416,241**
Total Expenses			**151,337**	**986,421**	**1,102,099**	**1,123,165**	**1,144,703**	**1,166,725**	**1,189,242**	**1,212,266**	**1,235,810**	**1,259,886**	**1,284,506**	**1,309,683**	**1,335,432**	**1,361,765**	**1,388,697**	**1,416,241**
NET OPERATING INCOME			408,649	2,087,901	2,340,958	2,401,219	2,463,040	2,526,462	2,591,525	2,658,269	2,726,739	2,796,977	2,869,028	2,942,939	3,018,756	3,096,528	3,176,304	3,258,134
Tax Increment Financing Revenue	Inflator:	1%	0	58,008	184,719	254,153	256,211	258,286	260,379	262,488	264,614	266,757	268,918	271,096	273,292	275,506	277,737	279,987
ADJUSTED NET OPERATING INCOME			408,649	2,145,909	2,525,677	2,655,371	2,719,252	2,784,749	2,851,903	2,920,757	2,991,353	3,063,734	3,137,946	3,214,035	3,292,048	3,372,034	3,454,041	3,538,121
Yield on Cost Annual Return	Cumulative	Goal 6.50%	0.9%	4.9%	5.8%	6.1%	6.2%	6.4%	6.5%	6.7%	6.9%	7.0%	7.2%	7.4%	7.5%	7.7%	7.9%	8.1%
Yield on Cost Average Annual Return	Start From:	Year 2	0.9%	4.9%	5.4%	5.6%	5.8%	5.9%	6.0%	6.1%	6.2%	6.3%	6.4%	6.5%	6.6%	6.6%	6.7%	6.8%
Yield on Cost Annual Return (w/o TIF assistance)			0.9%	4.8%	5.4%	5.5%	5.6%	5.8%	5.9%	6.1%	6.3%	6.4%	6.6%	6.7%	6.9%	7.1%	7.3%	7.5%
Yield on Cost Average Annual Return (w/o TIF assistance)			0.0%	4.8%	5.1%	5.2%	5.3%	5.4%	5.5%	5.6%	5.7%	5.8%	5.8%	5.9%	6.0%	6.1%	6.2%	6.3%

TIF Note (Net Present Value)	Payment Date		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
First Half Payment	03/01		0	29,004	92,360	127,076	128,106	129,143	130,189	131,244	132,307	133,379	134,459	135,548	136,646	137,753	138,869	139,993
Second Half Payment	02/01		0	29,004	92,360	127,076	128,106	129,143	130,189	131,244	132,307	133,379	134,459	135,548	136,646	137,753	138,869	139,993
Annual Net Present Value	First Increment	Year 1	0	52,758	208,459	407,000	592,496	765,802	927,720	1,078,999	1,220,337	1,352,387	1,475,761	1,591,027	1,698,720	1,799,336	1,893,340	1,981,167

TIF Note (Net Present Value) Difference	
Original TIF Term	15
Lookback TIF Term	11
Interest Rate for Present Value	7.75%
Principal Amt. of Original TIF Note	$ 1,960,000
Pricipal Amount of Lookback TIF Note	$ 1,591,027
Difference	**$ 368,973**
50% Difference	**$ 184,486**
Pricipal Amount of Lookback TIF Note	$ 1,591,027
Plus 50% Difference	$ 184,486
New Principal Amount of TIF Note	**$ 1,775,514**

10/28/2025

Execution Copy

AMENDED AND RESTATED CONTRACT

FOR

PRIVATE DEVELOPMENT

By and Between

THE COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

and

ROERS COTTAGE GROVE APARTMENTS LLC

This document drafted by:

KENNEDY & GRAVEN, CHARTERED (RHB)
150 South Fifth Street
Suite 700
Minneapolis, MN 55402
(612) 337-9300

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~~CT165-59-915978.v4~~CT165-59-915978.v6

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AMENDED AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT

This Amended and Restated Contract for Private Development (the "Agreement") is made this _____ day of ~~January, 2024~~_______________, 2025, by and between the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, having its principal office at 12800 Ravine Parkway South, Cottage Grove, MN 55016 (the "EDA"), and Roers Cottage Grove Apartments LLC, a limited liability company under the laws of Delaware, having its principal office at Two Carlson Parkway #400, Plymouth, Minnesota 55447 (the "Developer").

WITNESSETH:

WHEREAS, the EDA has established Development District No. 1 (the "Development District") and adopted a Redevelopment Plan to encourage development and redevelopment in the Development District; and

WHEREAS, the EDA finds that it is in the public interest, helpful for the tax base and beneficial for the health, safety and welfare of the community as a whole to promote redevelopment of the Development District with, among other uses, projects which include both market rate and affordable housing in locations where it is compatible with surrounding land uses; and

WHEREAS, the EDA finds that, due to market conditions which exist today and are likely to persist for the foreseeable future, the private sector alone is not able to accomplish construction of affordable housing and, therefore, such will not occur without public intervention; and

WHEREAS, to foster the redevelopment described above, the EDA has also established Tax Increment Financing District No. 1-21 (the "TIF District") within the Development District, and adopted a tax increment financing plan related thereto (the "TIF Plan"), all pursuant to Minnesota Statutes, sections 469.174 through 469.1794, as amended (the "TIF Act"); and

WHEREAS, the Developer has proposed to develop the property generally located ~~[~~at 6850 East Point Douglas Road ~~S]~~South and defined in this Agreement as the Development Property, through construction of a project consisting of approximately ~~[~~144 multifamily rental apartments and approximately 216 parking spaces, of which ~~134~~133 will be structured parking~~]~~ (collectively, the "Minimum Improvements"), as more fully described herein; and

~~WHEREAS, the city of Cottage Grove (the "City") will contribute to the Minimum Improvements by selling three parcels to the Developer; and~~

WHEREAS, the EDA believes the Developer's proposal is in the vital and best interests of the City and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements for which the Development District and the TIF District were established.

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

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement the following terms shall have the meanings given below unless a different meaning clearly appears from the context:

"Administrative Costs" means the administrative expenses incurred by the EDA regarding the TIF District as defined in section 469.174, subd. 14 of the TIF Act.

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

"Assessment Agreement" means the agreement establishing a Minimum Market Value for the Development Property and Minimum Improvements substantially in the form attached hereto as Exhibit G.

"Assessor" means the Washington County assessor.

"Authorizing Resolution" means the resolution, in substantially the form attached hereto as Exhibit D, which authorizes the issuance of the Note by the EDA Executive Director upon satisfaction of the conditions precedent specified in Section 3.3 of this Agreement.

"Available Tax Increment" means 90 percent of the Tax Increment paid to the EDA by the County with respect to the Development Property and the Minimum Improvements.

"Business Subsidy Act" means Minnesota Statutes, sections 116J.993 through 116J.995, as amended.

"Certificate of Completion" means the certificate, in substantially the form attached hereto as Exhibit C, which will be provided by the EDA to the Developer pursuant to Article IV of this Agreement.

"Certificate of Occupancy" means the certificate issued by the City's building official under the State building code authorizing occupancy of the Minimum Improvements.

"City" means the city of Cottage Grove, a municipal corporation under the laws of Minnesota.

"City Approvals" means, collectively, the preliminary and final plat of Camel's Hump Addition, planned unit development, site plan review and any other land use approvals or entitlements required by the City prior to the Developer being authorized to construct the Minimum Improvements.

"Construction Plans" means the final plans for construction of the Minimum Improvements which will be submitted by the Developer pursuant to section 4.2 of this Agreement.

"County" means Washington County, Minnesota.

"Declaration" means the Declaration of Restrictive Covenants concerning the Minimum Improvements substantially in the form attached hereto as Exhibit F.

"Developer" means Roers Cottage Grove Apartments LLC, a limited liability company under the laws of Delaware.

"Development District" means the EDA's Development District No. 1.

"Development Property" means the property generally located at ~~[~~6850 East Point Douglas Road ~~S], which includes three parcels currently owned by the City~~South. The Development Property is legally described in Exhibit A attached hereto.

"Economic Development Authorities Act" or "EDA Act" means Minnesota Statutes, sections 469.090 through 469.108, as amended.

"Economic Development Authority" or "EDA" means the Cottage Grove Economic Development Authority.

"Event of Default" means an action by the Developer or the EDA listed in Article VIII of this Agreement.

"Final Payment Date" means the earliest of (i) the date on which the entire principal of and accrued interest on the Note have been paid in full; or (ii) February 1, ~~2041~~2043 or (iii) the date this Agreement or the Note is terminated or cancelled in accordance with the terms hereof or deemed paid in full; or (iv) the February 1 following the date the TIF District is terminated in accordance with the TIF Act.

"Housing and Redevelopment Authority Act" or "HRA Act" means Minnesota Statutes, sections 469.001 through 469.047, as amended.

"Investment Letter" means the investment letter in substantially the form attached hereto as Exhibit E to be delivered by the Developer to the EDA prior to the issuance of the Note.

"Material Change" means a substantial change in the Construction Plans which requires new or revised City Approvals or one which will adversely affect the generation of Tax Increment from the Development Property or Minimum Improvements. Minor changes in the Construction Plans which do not change the building footprint, number of total units or parking spaces, or the number of affordable units will not constitute a Material Change. Exterior building materials shall be substantially the same as approved by the City but City staff may approve minor deviations.

"Minimum Improvements" means the construction of approximately ~~[~~144 units of market rate and affordable housing and approximately 216 parking spaces, of which ~~134~~133 will be structured parking~~]~~. After completion of the Minimum Improvements, the term shall mean the Development Property as improved by the Minimum Improvements.

"Minimum Market Value" means a minimum market value for real estate tax purposes of $32,400,000 with respect to the Development Property and Minimum Improvements as of January 2, ~~2027~~2029 for taxes payable beginning in ~~2028~~2030 through the Termination Date.

"Note" means the taxable Tax Increment Revenue Note, in substantially the form set forth in the Authorizing Resolution, to be delivered by the EDA to the Developer to reimburse the Developer for the Qualifying Costs pursuant to Article III of this Agreement.

"Payment Date" means August 1, ~~2026~~2028 and each February 1 and August 1 thereafter to and including the Final Payment Date.

"Preliminary Plans" means the plans of the Minimum Improvements referenced in Exhibit B attached hereto.

"Public Assistance" means the financial assistance to be offered by the EDA to the Developer through issuance of the Note.

"Qualifying Costs" means the actual cost, in an amount not exceeding $1,960,000, of site acquisition, demolition of existing structures, public infrastructure, site preparation, site improvements, utilities, structured parking and other qualifying expenditures made by the Developer related to completion of the Minimum Improvements which the EDA intends to partially reimburse through the Note.

"Qualifying Tenants" shall have the meaning given to it in the Declaration.

"Redevelopment Plan" means the redevelopment plan for the Development District, as amended.

"Rental Housing Unit" means one of the 144 rental housing units constructed as part of the Minimum Improvements.

"Sale" means any conveyance of fee simple title in and to the Minimum Improvements or the Development Property, as more fully defined in Article VII of this Agreement. For the purposes of section 3.5, the term has the meaning given it in that section.

"State" means the state of Minnesota.

"Substantial Completion" means completion of the Minimum Improvements to a degree allowing the issuance of at least a temporary certificate of occupancy for the Minimum Improvements by the City's building official.

"Tax Increment" means the tax increment, as that term is defined in Minnesota Statutes, section 469.174, subd. 25, which is paid to the EDA by the County with respect to the Minimum Improvements and the Development Property.

"Tax Increment Financing Act" or "TIF Act" means Minnesota Statutes, sections 469.174 through 469.1794, as amended.

"Tax Increment Financing District" or "TIF District" means Tax Increment Financing District No. 1-21 within Development District No. 1, a housing district within the meaning of section 469.174, subd. 11 of the TIF Act.

"Tax Increment Financing Plan" or "TIF Plan" means the tax increment plan for the TIF District which was approved by the EDA and the City on January 17, 2024.

"Tax Official" means the Assessor, County auditor, County or state board of equalization, the commissioners of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

"Termination Date" means the earlier of: (i) the date the TIF District is terminated in accordance with the TIF Act; or (ii) the date the Note is paid in full.

"Unavoidable Delays" means a failure or delay in a party's performance of its obligations under this Agreement, or during any cure period specified in this Agreement which does not entail the mere payment of money, not within the party's reasonable control including but not limited to acts of God; pandemic or other public health emergency; delays which are the direct result of adverse weather conditions; strikes or other labor troubles; problems with supply chain or materials pricing; fire or other casualty to the Minimum Improvements; litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays; or, except those of the EDA reasonably contemplated by this Agreement, any acts or omissions of any federal, State or local governmental unit, including delays in permitting not caused by the inaction of the Developer, which directly result in delays in construction of the Minimum Improvements; or any other cause beyond the reasonable control of a party.

Section 1.2. Exhibits. The following exhibits are attached to and by reference made a part of this Agreement:

Exhibit A.	Legal Description of Development Property
Exhibit B.	List of Preliminary Plans
Exhibit C.	Form of Certificate of Completion
Exhibit D.	Form of Authorizing Resolution with Note
Exhibit E.	Form of Investment Letter
Exhibit F.	Form of Declaration of Restrictive Covenants
Exhibit G.	Form of Assessment Agreement
Exhibit H.	Proforma, Lookback, And Total Development Costs

Section 1.3. Rules of Interpretation. (a) This Agreement shall be interpreted in accordance with and governed by the laws of Minnesota.

(b) The words "herein" and "hereof" and words of similar import, without reference to any particular section or subdivision, refer to this Agreement as a whole rather than any particular section or subdivision hereof.

(c) References herein to any particular section or subdivision hereof are to the section or subdivision of this Agreement as originally executed.

(d) Any titles of the several parts, articles and sections of this Agreement are inserted for convenience and reference only and shall be disregarded in construing or interpreting any of its provisions.

ARTICLE II

Representations and Warranties

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

(a) The EDA is a public body corporate and politic under the laws of Minnesota. The EDA has the authority to enter into this Agreement and carry out its obligations hereunder.

(b) The EDA has approved execution of this Agreement. The individuals executing this Agreement and related agreements and documents on behalf of the EDA have the authority to do so and to bind the EDA by their actions.

(c) The Development District is a redevelopment project which was created, adopted, approved and revised in accordance with the EDA Act.

(d) The TIF District is a housing district within the meaning of Section 469.174, Subd. 11 of the TIF Act and was created, adopted and approved in accordance with the TIF Act.

(e) There are no previous agreements currently in effect to which the EDA is a party pertaining to the Development Property which would preclude the parties from entering into this Agreement or which would impede the fulfillment of the terms and conditions of this Agreement.

(f) The activities of the EDA pursuant to this Agreement are undertaken pursuant to the Redevelopment Plan and the TIF Plan and are for the purpose of development of the Development Property with a housing project.

(g) The EDA will act in a timely manner to consider all approvals required under this Agreement and will cooperate with the Developer in seeking consideration of any approvals which must be granted by the City and other public entities.

(h) To the best of the EDA's knowledge, there is no pending or threatened suit, action or proceeding against the EDA before any court, arbitrator, administrative agency or other governmental authority that materially and adversely affects the validity of any of the transactions contemplated hereby, the ability of the EDA to perform its obligations hereunder, or the validity or enforcement of this Agreement.

Section 2.2. Representations and Warranties by the Developer. The Developer makes the following representations and warranties as the basis for the undertaking on its part herein contained:

(a) The Developer is a limited liability company validly existing and in good standing under the laws of the state of Delaware. The Developer has the authority to enter into this Agreement and carry out its obligations hereunder.

(b) The persons executing this Agreement and related agreements and documents on behalf of the Developer have the authority to do so and to bind the Developer by their actions.

(c) The Developer will construct the Minimum Improvements in substantial accordance with the terms of this Agreement, the Redevelopment Plan, the TIF Plan, the Construction Plans, the City Approvals and all local, State and federal laws and regulations, including, but not limited to, environmental, zoning, building code and public health laws and regulations.

(d) The Developer will apply for and use all reasonable efforts to obtain, in a timely manner, all other required permits, licenses and approvals from the City, and will meet, in a timely manner, the requirements of all applicable local, State and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed or used for their intended purpose.

(e) The Developer has analyzed the economics of acquisition of the Development Property, the cost of site preparation, site improvements, utilities and construction of the Minimum Improvements and concluded that, absent the Public Assistance to be offered under this Agreement, it would not undertake this project.

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

ARTICLE III

~~Acquisition~~Ownership of Development Property; Public Assistance

Section 3.1. ~~Acquisition~~Ownership of Development Property. The ~~Development Property is owned in part by the City and in part by a private party. The~~ Developer ~~agrees to acquire~~is the fee ~~ownership of all~~owner of the Development Property~~ by December 31, 2024.~~. The EDA makes no representations to the Developer regarding the suitability of the Development Property for the use and purpose intended by the Developer.

Section 3.2. Issuance of Pay-As-You-Go Note. (a) In consideration of the Developer incurring the Qualifying Costs while constructing the Minimum Improvements, the EDA will issue to the Developer the Note in the principal amount up to $1,960,000 in substantially the form set forth in the Authorizing Resolution attached hereto as Exhibit D. The EDA and the Developer agree that the consideration from the Developer for the purchase of the Note will consist of the Developer's payment of the Qualifying Costs which are eligible for reimbursement with Tax Increment and which are incurred by the Developer in at least the principal amount of the Note. The Authorizing Resolution will authorize delivery of the Note by the EDA's Executive Director upon satisfaction by the Developer of all the conditions precedent specified in section 3.3 of this Agreement and interest will begin accruing on the date of delivery of the Note. Any statement or estimate of Qualifying Costs will not be treated as a limitation on reimbursement for any single category of Qualifying Costs provided the Qualifying Costs in total do not exceed the principal amount of the Note.

(b) Subject to the provisions thereof, the Note shall bear simple, non-compounding interest at the lesser of i) 7.75% per annum; ii) the actual rate of interest paid if the Developer finances the Note separately from the construction loan or first mortgage; or iii) the actual rate of interest paid by the Developer on the construction financing for the Minimum Improvements. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Principal and interest on the Note will be payable on each Payment Date; however, the sole source of funds required to be used for payment of the EDA's obligations under this Agreement and under the Note shall be the Available Tax Increment received in the 6-month period preceding each Payment Date. On each Payment Date the Available Tax Increment shall be credited against the accrued interest then due on the Note and then applied to reduce the principal. In the event the Available Tax Increment is not sufficient to pay the accrued interest, the unpaid accrued interest shall be carried forward without interest. All Tax Increment in excess of the Available Tax Increment necessary to pay the principal and accrued interest on the Note is not subject to this Agreement, and the EDA retains full discretion as to any authorized application thereof. To the extent that the Available Tax Increment is insufficient through the Final Payment Date to pay all amounts otherwise due on the Note, said unpaid amounts shall then cease to be any debt or obligation of the EDA whatsoever. No interest will accrue during any period in which payments have been suspended pursuant to this Agreement unless it is determined that the suspension of payments was not warranted under this Agreement either by the EDA or by adjudication.

(c) The Developer understands and acknowledges that the EDA 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 Note. Any estimates of Tax Increment prepared by the EDA or its municipal advisors in connection with the TIF District or this Agreement are for the benefit of the EDA and are not intended as representations on which the Developer may rely.

(d) The EDA acknowledges that the Developer may assign the Note to a lender that provides the financing for the acquisition of the Development Property or the construction of the Minimum Improvements. The EDA consents to this type of assignment, conditioned upon receipt of an investment letter from the lender in a form reasonably acceptable to the EDA.

Section 3.3. Conditions Precedent to Issuance of the Note. Notwithstanding anything in this Agreement to the contrary, the EDA's Executive Director is authorized to issue the Note to the Developer only after all of the following conditions precedent have been satisfied:

~~(a) The Developer has acquired all of the Development Property in fee;~~

(a) ~~(b)~~ The Developer has executed this Agreement and it has been recorded against the Development Property;

(b) ~~(c)~~ The Developer has executed the Declaration and it has been recorded against the Development Property;

(c) ~~(d)~~ The Developer and the Assessor have executed the Assessment Agreement and it has been recorded against the Development Property;

(d) ~~(e)~~ The Developer has paid the fees provided for in section 9.12 of this Agreement;

(e) ~~(f)~~ The Developer has achieved Substantial Completion of all elements the Minimum Improvements and the EDA has issued the Certificate of Completion;

(f) ~~(g)~~ The Developer has submitted evidence, including paid receipts and lien waivers, it has incurred and paid for the Qualifying Costs in an amount not less than the principal amount of the Note;

(g) ~~(h)~~ The Developer has submitted the Investment Letter in the general form attached hereto as Exhibit E;

(h) ~~(i)~~ The Developer has complied with section 3.5(c) of this Agreement;

(i) ~~(j)~~ The EDA has adopted the Authorizing Resolution; and

(j) ~~(k)~~ There has been no Event of Default on the part of the Developer which has not been cured.

Section 3.4. Records. The EDA and its representatives will have the right at all reasonable times after reasonable notice to inspect, examine and copy invoices paid by the Developer and/or its general contractor relating to the Minimum Improvements and the Qualifying Costs for which the Developer will be reimbursed under the Note.

Section 3.5. Lookback Provisions and Reduction of Note.

(a) The Public Assistance offered by the EDA to the Developer under this Agreement is based on certain assumptions regarding likely performance of the Minimum Improvements including operating revenues, expenses and development costs of construction. The EDA and the Developer agree that the actual financial performance of the Minimum Improvements will be reviewed at the times described in this section 3.5, and that the Note may be adjusted accordingly. The Developer shall provide the EDA and its municipal advisor (the "Consultant") with the Pro Forma Financial Statements showing a target Yield on Cost Average Annual Return of 6.5%.

(b) For the purposes of this section 3.5, the following terms have the following meanings:

1. "Calculation Date" means the earlier of (A) 90 days after the earlier of (i) the date of Stabilization; (ii) two years after the date of completion, as evidenced by the EDA's issuance of a Certificate of Completion, or; (B) at least 30 days prior to sale of the Minimum Improvements

2. "Yield on Cost" means NOI divided by the Total Development Costs less any grants, calculated as set forth in the sample lookback calculation attached hereto as Exhibit H.

3. "Yield on Cost Average Annual Return" means the average of each annual Yield on Cost beginning at the time that the Certificate of Occupancy is issued, as set forth in the sample lookback calculation attached hereto as Exhibit H.

4. "Net Operating Income" or "NOI" means total annual income and other project-derived annual revenue, including payments under the Note, less Operating Expenses, which exclude debt service payments. For purposes of the Yield on Cost Average Annual Return calculation on the Calculation Date, (i) revenue shall be based upon 95% occupancy regardless of whether the average occupancy for the measured period is higher or lower than 95%; (ii) revenue for periods after the Calculation Date shall be inflated by 2.5% annually, and (iii) Operating Expenses for periods after the Calculation Date, shall be inflated by 2.5% annually.

5. "Operating Expenses" means reasonable and customary expenses actually incurred in operating the Minimum Improvements and any other expenses actually incurred by the Developer pursuant to its obligations under this Agreement, determined in the same manner as shown in the Pro Forma Financial Statement, which excludes expenses after debt service, and includes administrative, payroll, marketing, insurance, property management fees, utilities, maintenance, deposits to commercially reasonable capital replacement reserves and payment of real estate taxes, but subject to final review and acceptance by the Consultant.

6. "Pro Forma Financial Statement" means the cash flow pro forma model financial statement projecting future returns, a summary of which is attached to this Agreement as Exhibit H.

7. "Stabilization" means the calendar month-end date on which the Minimum Improvements have first achieved an average occupancy of 90% during the preceding 12 calendar months, or such earlier date as may be requested by the Developer but, for purposes of the Yield on Cost calculation, assuming 95% occupancy notwithstanding actual occupancy rate as of such date.

8. "Sale" means the transfer and/or assignment of more than 51 percent of the Developer's interest in the Minimum Improvements to an entity which is not an affiliate of the Developer.

9. "Total Development Costs" means the total expenditures to complete the Minimum Improvements inclusive of land acquisition, hard construction costs, soft costs and financing costs as approved by Developer's senior construction debt lender.

(c) Lookback at Completion of Construction: After completion of the Minimum Improvements but prior to issuance of the Note, the Developer agrees to submit evidence of its actual Total Development Costs to the EDA for comparison with the estimated Total Development Costs listed on Exhibit H. If the actual Total Development Costs are less than the estimated Total Development Costs, the Note will be reduced by the amount by which the estimated costs exceed the actual costs. The Note will not be issued until the EDA has compared actual with estimated Total Development Costs as described herein and adjusted the principal amount of the Note, if necessary.

(d) Lookback on Stabilization: Upon Stabilization, the Developer shall deliver to the EDA and Consultant, at a minimum: (i) the Developer's actual financial statement, in the same form as the Pro Forma Financial Statement submitted to the EDA pursuant to clause (b) 6 above and showing NOI, and such other financial information as the Consultant shall reasonably require, and (ii) evidence, satisfactory to the EDA, of its actual Total Development Costs.

1. The Yield on Cost Average Annual Return shall be calculated by the Consultant based on the financial statement submitted to the EDA pursuant to clause (d) above (in the manner the Consultant determines is consistent with the sample lookback calculation attached as Exhibit H, as approved by the EDA).

2. If the Yield on Cost Average Annual Return does not exceed 6.5% over the term of the Note, the Note will not be revised for Lookback on Stabilization.

3. If the Consultant determines, based on such review, that the Yield on Cost Average Annual Return over the term of the Note exceeds 6.5% (to be calculated in a manner comparable to the sample attached as Exhibit H), then the principal balance of the Note will be reduced as determined by the Consultant below:

(A) First, by determining the period over which the Note needs to be outstanding to achieve a 6.5% Yield on Cost Average Annual Return over the term of the Note based on the Consultant's calculation of the Yield on Cost Average Annual Return.

(B) Second, by determining the present value of actual or projected (with respect to future payments) bi-annual Note payments over the life of the Note through the year determined in clause (A) using the interest rate on the Note as the present value discount rate.

(C) Third, by determining the amount equal to 50% of the difference between the original principal amount of the Note and the present value number calculated in clause (B).

(D) Finally, the new principal amount of the Note will then be determined by adding the amounts in clauses (B) and (C) and rounding to the nearest $1,000 (the "Revised Note Principal Amount").

(E) Such Revised Note Principal Amount will be effective upon delivery to the Developer of a written notice stating the Revised Note Principal Amount as determined by the Consultant in accordance with this section 3.5, accompanied by the Consultant's report. The Developer shall, thereupon, deliver the Note in exchange for a new Note in the Revised Note Principal Amount.

(e) Lookback Upon Sale: If the Developer sells the Minimum Improvements to an unrelated third party or refinances (provided, however, the placement of permanent debt on the Minimum Improvements will not constitute a refinance giving rise to the review as described in this subsection (e)) during the term of the Note, the Developer agrees to provide to the Consultant the Pro Forma Financial Statements for the period from the date of the Certificate of Occupancy through such anticipated Sale or refinance date (provided that the Developer and the EDA agree that the calculation will occur prior to the actual transfer or refinancing). If the Consultant determines, based on such review, that the actual cash flows realized by the Developer have exceeded a Yield on Cost Average Annual Return of 6.5%, then the Note shall be reduced by 50% of the excess amount of such actual cash flows, including a reduction to $0.00, if applicable. Such reduction will be effective upon delivery to Developer of a written notice stating the amount of such excess amount as determined by the EDA in accordance with this subsection (e), accompanied by the Consultant's report.

Section 3.6. No Business Subsidy. All of the Public Assistance offered by the EDA to the Developer under this Agreement is related to housing. Accordingly, this project qualifies for the exception under Minnesota Statutes, section 116J.993, subd. 3(7) and the Public Assistance is not a business subsidy within the meaning of the Business Subsidy Act.

ARTICLE IV

Construction of Minimum Improvements; Public Improvements; Income Restrictions

Section 4.1. Construction of Minimum Improvements. The Developer agrees that it will construct the Minimum Improvements on the Development Property substantially in accordance with the Preliminary Plans and the Construction Plans. The Developer acknowledges that, in addition to the requirements of this Agreement, construction of the Minimum Improvements will necessitate compliance with the City Approvals and possible approvals by other governmental agencies. To the extent such approvals have not already been obtained, the Developer agrees to submit in a timely manner all applications for and pursue to their conclusion all other approvals needed prior to constructing the Minimum Improvements.

Section 4.2. Preliminary Plans and Construction Plans. (a) The Developer has submitted and the EDA has approved the Preliminary Plans listed in Exhibit B attached hereto. Prior to beginning construction on the Minimum Improvements, the Developer shall submit dated Construction Plans to the EDA. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in substantial conformity with the Preliminary Plans and this Agreement. The EDA will approve the Construction Plans, if they (1) are substantially consistent with the Preliminary Plans; (2) conform to all applicable federal, State and local laws, ordinances, rules and regulations; (3) are adequate to provide for the construction of the Minimum Improvements; (4) conform to the State building code; and (5) if there has occurred no uncured Event of Default on the part of the Developer. Except as otherwise set forth herein, no approval by the EDA shall relieve the Developer of the obligation to comply with the terms of this Agreement and the terms of all applicable federal, State and local laws, ordinances, rules and regulations in the construction of the Minimum Improvements. Except as otherwise set forth herein, no approval by the EDA shall constitute a waiver of an Event of Default. The EDA shall use good faith efforts to review the Construction Plans and either approve or reject them in writing within 15 business days after receipt. Any rejection, in whole or in part, shall set forth in detail the reasons for rejection.

(b) If the Developer desires to make any Material Change in the Construction Plans after approval, the Developer shall submit the proposed change to the EDA for its approval. If the proposed change is consistent with the Preliminary Plans or is otherwise acceptable to the EDA and meets all other requirements of section 4.2(a) above, the EDA shall approve the proposed change. Such change in the Construction Plans shall be deemed approved by the EDA unless rejected, in whole or in part, by written notice by the EDA to the Developer, setting forth in detail the reasons for rejection. Such rejection shall be made within 15 business days after receipt by the EDA of the written notice of such change from the Developer.

Section 4.3. Commencement and Completion of Construction; Repair. (a) Subject to Unavoidable Delays, the Developer agrees to commence construction of the Minimum Improvements by ~~December 31~~April 1, ~~2024~~2026. All work with respect to the Minimum Improvements to be constructed or provided by the Developer on the Development Property shall be in substantial conformity with the Construction Plans, as may be modified in accordance with this Agreement. The Developer shall make such periodic reports to the EDA regarding construction of the Minimum Improvements as the EDA deems necessary or helpful in order to monitor progress on construction of the Minimum Improvements. Subject to Unavoidable Delays, the Developer agrees to have achieved Substantial Completion of the Minimum Improvements by ~~December 31~~April 30, ~~2026~~2028.

(b) The Developer agrees to notify the EDA immediately in the case of damage exceeding $250,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In the event this type of damage or destruction occurs, the Developer will forthwith repair, reconstruct and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing the damage and, to the extent necessary to accomplish the repair, reconstruction and restoration, subject to the rights of Developer's senior construction lender, the Developer will apply the net proceeds of any insurance relating to the damage received by the Developer to the payment or reimbursement of the costs thereof. The Developer will complete the repair, reconstruction and restoration of the Minimum Improvements, regardless of whether the net proceeds of insurance received by the Developer is sufficient to pay for the same. Any net proceeds remaining after completion of the repairs, construction and restoration will be the property of the Developer.

(c) Notwithstanding anything to the contrary contained in this Agreement, in the event of damage to the Minimum Improvements in excess of $250,000 and the Developer fails to complete repair, reconstruction or restoration of the Minimum Improvements within 18 months from the date of damage, the EDA may, at its option, terminate the Note as provided in Section 8.2 hereof. If the EDA terminates the Note, the termination will constitute the EDA's sole remedy under this Agreement as a result of the Developer's failure to repair, reconstruct or restore the Minimum Improvements. Thereafter, the EDA will have no further obligations to make any payments under the Note.

Section 4.4. Certificate of Completion. (a) After Substantial Completion of the Minimum Improvements in accordance with the Construction Plans and at the written request of the Developer, the EDA will, within 20 days thereafter, furnish the Developer with a Certificate of Completion in the form of Exhibit C attached hereto. Such Certificate of Completion by the EDA shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with respect to the obligations of the Developer to construct the Minimum Improvements and the dates for the beginning and completion thereof.

(b) The Certificate of Completion shall be in the form set forth in Exhibit C and will enable it to be recorded in the proper County office for the recordation of deeds and other instruments pertaining to the Development Property. If the EDA shall refuse to provide a Certificate of Completion in accordance with the provisions of this section 4.4, the EDA shall promptly notify Developer within the same 20 day period following receipt of request by the Developer for the Certificate of Completion, and such notification from the EDA shall include a written statement, indicating in clear detail in what respects the Developer has failed to complete the Minimum Improvements substantially in accordance with the Construction Plans and what measures or acts will be necessary, in the opinion of the EDA, for the Developer to take or perform in order to obtain such certification. If the EDA fails to issue such a written statement within such 20-day period, the EDA shall be deemed to have waived its right to do so and shall be deemed to have issued a Certificate of Completion to the Developer. The Developer shall have 90 days following receipt of the EDA's written response to cure or agree to terms with the EDA regarding issues to be resolved prior to the Developer obtaining a Certification of Completion from the EDA.

Section 4.5. City Approvals. Construction of the Minimum Improvements will require obtaining and complying with the City Approvals.

Section 4.6. Declaration Regarding Income Restrictions. The Developer agrees that the Minimum Improvements will be subject to the following tenant income restrictions:

(a) The Developer will cause at least 29 units (20.1 percent) of the Rental Housing Units in the Minimum Improvements to be occupied by Qualifying Tenants whose household income is 50 percent or less of the area median gross income, and at least another eight units (5.6 percent) of the Rental Housing Units to be occupied by Qualifying Tenants whose household income is 60 percent or less of area median income, as further described in the Declaration attached hereto as Exhibit F. The Rental Housing Units which will be made available to Qualifying Tenants will include 13 one-bedroom units, 13 two-bedroom units and 11 three-bedroom units. Prior to any payment under the Note, the Developer will deliver the executed Declaration to the EDA in recordable form. The Declaration shall be in effect for a minimum of 26 years from the date of issuance of Certificate of Completion for the Minimum Improvements.

(b) As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant will be required annually to sign and deliver to the Developer a certification in which the prospective Qualifying Tenant certifies as to his or her income. In addition, the person will be required to provide whatever other information, documents, or certifications are reasonably deemed necessary by the EDA's Executive Director to substantiate his or her income, on an ongoing annual basis, and to verify that the tenant continues to be a Qualifying Tenant. Certifications will be maintained on file by the Developer with respect to each Qualifying Tenant who resides in a Rental Housing Unit or resided therein during the immediately preceding calendar year.

(c) The form of lease to be utilized by the Developer in renting any Rental Housing Unit to any person who is intended to be a Qualifying Tenant must provide for termination of the lease and consent by the person to immediate eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by the person with respect to income.

(d) On or before April 15 of each year during the term of the Declaration, commencing on the first April 15 after issuance of the Certificate of Completion for the Minimum Improvements, the Developer must submit evidence of tenant incomes, showing that tenants of at least 37 of the Rental Housing Units meet the income restrictions set forth in the Declaration or that such Rental Housing Units are being held open for tenants meeting the income restrictions set forth in the Declaration.

(e) While the covenants in this section 4.6 are in effect, the EDA and its representatives will have the right at all reasonable times, and after reasonable notice, to inspect and to examine and copy all books and records of the Developer and its successors and assigns relating to the tenant income covenants described in this section 4.6 and in the Declaration.

(f) The Developer acknowledges that the primary purpose for requiring compliance by the Developer with the rental restrictions provided in this Agreement and the Declaration is to ensure compliance of the Minimum Improvements with the income covenants required under the TIF Act for a housing tax increment financing district. If prior to the Termination Date the EDA reasonably determines, based on the reports submitted by the Developer or otherwise that the residential portion of the project no longer meets the requirements of a housing tax increment financing district, such event will be deemed an Event of Default by the Developer under this

Agreement; provided, however, that the EDA may not terminate this Agreement so long as the determination is being contested in good faith and has not been finally adjudicated.

(g) The Developer covenants and agrees that the Developer will cause or require as a condition precedent to any conveyance, transfer, assignment, or any other disposition of the Minimum Improvements prior to the Termination Date that the transferee assume in writing, in a form acceptable to the EDA, all duties and obligations of the Developer under this section 4.6 and the Declaration regarding income restrictions and verification of Qualified Tenants by means of an assumption agreement acceptable to the EDA. The Developer will deliver an executed copy of the assumption agreement to the EDA prior to the transfer.

ARTICLE V

Insurance

Section 5.1. Insurance. The Developer or its general contractor will provide and maintain, at all times during the process of constructing the Minimum Improvements, a Special Form Basis Insurance Policy and, from time to time during that period, at the request of the EDA no more frequently than once annually, furnish the EDA with proof of payment of premiums on policies covering the following:

(1) Builder's risk insurance, written on the so-called "Builder's Risk – Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the applicable portion of the Minimum Improvements at the date of completion, and with coverage available in reporting form on the so-called "special" form of policy;

(2) Commercial general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) with limits against bodily injury and property damage of not less than $1,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used); and

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

Section 5.2. Evidence of Insurance. All insurance required in this Article V of this Agreement must be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of Minnesota to assume the risks covered thereby. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein. Upon written request by the EDA, the Developer agrees to deposit with the EDA a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect.

ARTICLE VI

Payment of Taxes; Assessment Agreement; Use of Tax Increment

Section 6.1. Taxes. The Developer agrees that prior to the Termination Date: (i) it will not seek administrative or judicial review of the applicability of any tax statute determined by any Tax Official to be applicable to the Minimum Improvements or the Development Property or raise the inapplicability of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; (ii) it will not seek administrative or judicial review of the constitutionality of any tax statute determined by any Tax Official to be applicable to the Minimum Improvements or the Development Property or raise the unconstitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; and (iii) it will not cause a reduction in the assessed value of the Minimum Improvements or the Development Property below the Minimum Market Value described in section 6.2(a) of this Agreement through:

(a) willful destruction of the Minimum Improvements or any part thereof;

(b) failure to reconstruct damaged or destroyed property pursuant to Section 4.3 of this Agreement;

(c) a request to the Assessor to reduce the assessed value of all or any portion of the Minimum Improvements or the Development Property below the Minimum Market Value ;

(d) a petition to the board of equalization of the County to reduce the assessed value of all or any portion of the Minimum Improvements or the Development Property below the Minimum Market Value;

(e) a petition to the board of equalization of the State or the commissioner of revenue of the State to reduce the assessed value of all or any portion of the Minimum Improvements or the Development Property below the Minimum Market Value;

(f) an action in a district court of the State or the tax court of the State seeking a reduction in the assessed value of the Minimum Improvements or the Development Property below the Minimum Market Value;

(g) an application to the commissioner of revenue of the State or to any local taxing jurisdiction requesting an abatement or deferral of real estate taxes on the Minimum Improvements or the Development Property;

(h) a transfer of the Minimum Improvements or the Development Property, or any part thereof, to an entity exempt from the payment of real estate taxes under State law and that entity applies for tax exemption; or

(i) any other proceedings, whether administrative, legal or equitable, with any administrative body within the County or the State or with any court of the State or the federal government.

Section 6.2. Assessment Agreement. (a) At the time of execution of this Agreement, the EDA and the Developer shall execute an Assessment Agreement for the Development Property and Minimum Improvements. The Assessment Agreement shall specify a Minimum Market Value of $32,400,000 as of January 2, ~~2027~~2029 for taxes payable beginning in ~~2028~~2030 through the Termination Date, notwithstanding any failure to start or complete the Minimum Improvements by said date or any failure to reconstruct the Minimum Improvements after damage or destruction before the Termination Date.

(b) The Assessment Agreement shall be substantially in the form attached hereto as Exhibit G. Nothing in the Assessment Agreement shall limit the discretion of the Assessor to assign a market value to the Minimum Improvements or the Development Property in excess of the Minimum Market Value nor prohibit the Developer from seeking through the exercise of legal or administrative remedies a reduction in any increase in the market value established pursuant to section 6.2(a) of this Agreement; provided, however, that the Developer shall not seek a reduction of such market value below the Minimum Market Value set forth in the Assessment Agreement in any year so long as such Assessment Agreement shall remain in effect. The Assessment Agreement shall remain in effect until the Termination Date; provided that if at any time before the Termination Date the Assessment Agreement is found to be terminated or unenforceable by any Tax Official or court of competent jurisdiction, the Minimum Market Value described in this section 6.2 shall remain an obligation of the Developer or its successors and assigns (whether or not such value is binding on the Assessor), it being the intent of the parties that the obligation of the Developer to maintain, and not seek reduction of, the Minimum Market Value specified in this Section 6.2 is an obligation under this Agreement as well as under the Assessment Agreement, and is enforceable by the EDA against the Developer, its successors and assigns, in accordance with the terms of this Agreement and the Assessment Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Developer shall not be precluded from contesting the market value of the Minimum Improvements or the Development Property, or any substantial portion thereof, if the Minimum Improvements or the Development Property is acquired by a public entity through eminent domain prior to the Termination Date.

Section 6.3. Suspension or Reduction of Payment on Note. a) The Developer may, at any time following the issuance of the Certificate of Completion, seek through petition or other means to have the Assessor's estimated market value for the Minimum Improvements or Development Property reduced to not less than the Minimum Market Value. Such activity must be preceded by written notice from the Developer to the EDA indicating its intention to do so.

b) Upon receiving notice that the Developer seeks a reduction in the Assessor's estimated market value of all or any portion of the Minimum Improvements or Development Property, or otherwise learning of the Developer's intentions, the EDA may suspend or reduce payments due under the Note except for the portion of such payments from Available Tax Increment, based on the Minimum Market Value, or the Assessor's estimated market value for the year in which the Minimum Improvements have been completed, if less than Minimum Market Value, until the actual amount of the reduction in market value is determined, whereupon the EDA will make the suspended payments less any amount that the EDA is required to repay the County as a result any retroactive reduction in market value of the Minimum Improvements or

Development Property. During the period that the payments are subject to suspension, the EDA may make partial payments on the Note, from the amounts subject to suspension, if it determines, in its sole and absolute discretion, that the amount retained will be sufficient to cover any repayment which the County may require. The EDA's suspension or reduction of payments of the Note pursuant to this Section 6.3 shall not be considered a default under section 8.1 hereof.

Section 6.4. Right to Collect Delinquent Taxes and Special Assessments. The Developer acknowledges that at all times prior to the Termination Date the EDA shall have the right to sue the Developer or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and special assessments due on the Development Property or the Minimum Improvements and to pay over the same as a tax payment to the County auditor. In any such suit in which the EDA prevails, the EDA shall also be entitled to recover its reasonable out-of-pocket costs and expenses, including attorney fees.

Section 6.5. Use of Tax Increment. The TIF District is a housing district within the meaning of section 469.174, subd. 11 of the TIF Act. Except for payments to the Developer as provided for in this Agreement and the Note, the EDA shall be free to use any Tax Increment it receives from the County with respect to the TIF District for any purpose for which such increment may lawfully be used under the TIF Act and the EDA shall have no obligations to the Developer with respect to the use of such Tax Increment.

ARTICLE VII

Restrictions on Sale of Minimum Improvements; Termination of Agreement

Section 7.1. Prohibition Against Sale of Minimum Improvements.

(a) The Developer represents and agrees that its use of the Development Property and its other undertakings pursuant to the Agreement, are, and will be, used for the purpose of construction of the Minimum Improvements on the Development Property and not for speculation in land holding. The Developer represents and agrees that, prior to the issuance of a Certificate of Completion regarding the Minimum Improvements, there shall be no Sale of all or any portion of the Development Property or the Minimum Improvements constructed thereon nor shall the Developer suffer any such Sale to be made, without the prior written approval of the EDA, which approval shall not be unreasonably withheld; provided however, notwithstanding the foregoing, the Developer shall be entitled to lease Rental Housing Units to third parties without the prior written approval of the EDA. As a condition of approval of any such Sale, the EDA shall require, at a minimum, that the proposed transferee shall have entered into an agreement whereby the transferee expressly assumes all of the Developer's obligations under this Agreement. Any such agreement shall include the EDA as a party and otherwise be in form and substance reasonably acceptable to the EDA.

(b) Notwithstanding anything in this Agreement to the contrary, Developer is authorized, without the approval of EDA, to obtain construction and permanent financing for the Minimum Improvements and to mortgage the Development Property and collaterally assign payments under the Note to provide security for the construction and permanent financing, and the

EDA shall subordinate this Agreement to such mortgage. The Assessment Agreement will not be subordinated in connection with any such mortgage.

(c) After a Certificate of Completion has been issued, Developer or other transferor may freely, without the approval of EDA, sell or transfer the Minimum Improvements or the Development Property to any person at any time. In connection with such a sale or transfer, Developer may assign its interest in this Agreement and the Note to the buyer or transferee, provided that such buyer or transferee assumes and agrees to perform the obligations of Developer hereunder. In the event that the Developer or other transferor enters into an agreement to sell or transfer the Minimum Improvements or the Development Property or any portion to any person, then, within 15 days after request, the EDA shall acknowledge and certify certain facts in connection with this Agreement and the status of obligations of Developer/transferor under this Agreement. The EDA shall provide this certification to Developer/transferor and any potential buyer or transferee of the Minimum Improvements or the Development Property or any portion thereof. The certification shall reference the following: (1) that the Developer/transferor and transferee may rely on the representations and agreements made by the EDA in the certification; (2) the status of the completion of the construction obligations of the Minimum Improvements; (3) the amount of payments made under the Note and the outstanding principal balance of the Note, if any, and that any amounts owed under the Note will be paid to Developer and not the transferee unless the rights under the Note are specifically assigned to the transferee; (4) whether or not there exists any defaults, events of default, or conditions which with the passage of time or giving of notice would constitute a default under this Agreement; (5) that the Note is subject to the Lookback Upon Sale provisions of section 3.5(e) of this Agreement; and (6) such other matters as may be reasonably requested by the Developer or the transferee.

Notwithstanding the foregoing, prior written approval from the EDA shall not be required for any transfer or assignment prior to or after issuance of the Certificate of Completion: (i) to any entity controlling, controlled by or under common control with the Developer; (ii) to any entity in which the majority equity interest is owned by the parties that have a majority equity interest in the Developer; or (iii) that after giving effect to such transfer or assignment does not result in a change in control of the Developer.

Section 7.2. Termination of Agreement. Upon the occurrence of the Termination Date, the parties agree to execute and record a document terminating this Agreement.

ARTICLE VIII

Events of Default

Section 8.1. Events of Default Defined. Each and every one of the following shall be an Event of Default under this Agreement:

~~(a) Failure by the Developer to acquire all of the Development Property in fee as required by this Agreement;~~

(~~b~~a) Failure by the Developer to seek such approvals or permits from the EDA and the City and other entities which are necessary to construct the Minimum Improvements;

(~~c~~b) Failure by the Developer to pay real estate taxes or special assessments on the Minimum Improvements or the Development Property as they become due;

(~~d~~c) Failure by the Developer to commence and complete construction of the Minimum Improvements pursuant to the terms, conditions and limitations of Article IV of this Agreement, including the timing thereof, unless such failure is caused by an Unavoidable Delay or waived by the Developer and the EDA;

(~~e~~d) If the Developer shall file a petition in bankruptcy, or shall make an assignment for the benefit of its creditors or shall consent to the appointment of a receiver;

(~~f~~e) If there is a violation by the Developer of the Declaration with regard to the required number or income limitations of the Qualifying Tenants or if the Developer fails to deliver the annual rent and income reports required by the Declaration;

(~~g~~f) Prior to the Termination Date, an appeal or challenge by the Developer to the Minimum Market Value under this Agreement or the Assessment Agreement, except as otherwise permitted under section 6.3 of this Agreement;

(~~h~~g) Sale of the Minimum Improvements or the Development Property, or any portion thereof, by the Developer in violation of section 3.5 or Article VII of this Agreement; or

(~~i~~h) Failure by either party to observe or perform any material covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, including but not limited to any action necessary for the establishment of the TIF District.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in section 8.1 of this Agreement occurs, the non-defaulting party may take any one or more of the following actions after providing 30 days written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said 30 days from the receipt of Notice or, if the Event of Default is by its nature incurable within 30 days, the defaulting party does not provide assurances to the non-defaulting party reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend its performance under this Agreement until it receives assurances from the defaulting party, deemed adequate by the non-defaulting party, that the defaulting party will cure its default and continue its performance under this Agreement;

(b) Prior to issuance of the Certificate of Completion, cancel and rescind or terminate this Agreement;

(c) If the default occurs after issuance of a Certificate of Completion, the EDA may suspend payments under the Note, subject to the provisions of section 8.3 of this Agreement; and

(d) Take whatever action, including legal or administrative action, which may appear necessary or desirable to the non-defaulting party to collect any payments due under this Agreement, including reimbursement of the Public Assistance previously granted, or to enforce performance and observance of any obligation, agreement, or covenant of the defaulting party under this Agreement.

The EDA recognizes and agrees that any lender who is the beneficiary of a mortgage recorded against the Development Property, shall have the opportunity, but not the obligation, to cure any default by the Developer under the same terms as the Developer, and any cure by such lender shall be accepted or rejected as if made by the Developer.

Section 8.3. Remedies after Certificate of Completion. The EDA may exercise its rights under section 8.2(c) only for the following Events of Default:

(a) the Developer fails to pay real estate taxes or special assessments on the Minimum Improvements or the Development Property or any part thereof when due and the taxes or special assessments have not been paid, or provision satisfactory to the EDA made for their payment, within 45 days after written demand by the EDA to do so; or

(b) the Developer takes or permits an action prohibited by section 6.1 of this Agreement; or

(c) the Developer transfers the Minimum Improvements or the Development Property, or any part thereof, to an entity exempt from the payment of real estate taxes under State law; or

(d) the Developer fails to comply with the income restrictions or to deliver annual rent and income reports as provided in Section 4.6 of this Agreement and the Declaration; provided that, upon the Developer's failure to provide annual reports, if uncured after 30 days' written notice to the Developer of the failure, the EDA may only suspend payments under the Note until the Developer delivers said reports. If the Developer fails to deliver rent and income reports for a period of six months following the date the reports are due after written notice to the Developer of the failure, the EDA may terminate the Note and the TIF District; or

(e) the Developer fails to comply with the Lookback Upon Sale provisions of section 3.5(e) of this Agreement; or

(f) a final determination by the State or a court of competent jurisdiction that the TIF District does not or no longer qualifies as a housing tax increment financing district under the TIF Act.

Section 8.4. No Remedy Exclusive. No remedy conferred herein or reserved to the parties is intended to be exclusive of any other available remedy or remedies, but each and every 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. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the EDA or the Developer to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required under this Agreement.

Section 8.5. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

ARTICLE IX

Additional Provisions

Section 9.1. Conflict of Interests; Representatives Not Individually Liable. No member, official, or employee of the EDA shall have any personal financial 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 or her personal financial interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested. No member, official, or employee of the EDA shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach or for any amount which may become due or on any obligations under the terms of this Agreement.

Section 9.2. Equal Employment Opportunity. The Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in this Agreement, it will comply with all applicable equal employment and nondiscrimination laws and regulations.

Section 9.3. Restrictions on Use. The Developer agrees that through the Termination Date it will use the Minimum Improvements for only such uses as permitted under the City's land use regulations and in compliance with the City Approvals.

Section 9.4. Notices and Demands. Except as otherwise expressly provided in this Agreement, any notice, demand, or other communication under the Agreement or any related document by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified United States mail, postage prepaid, return receipt requested, or delivered personally to:

(a)	in the case of the Developer:	Roers Cottage Grove Apartments LLC Two Carlson Parkway #400 Plymouth, Minnesota 55447 Attn: Brian Roers and Logan Schmidt
	and with a copy to:	Winthrop & Weinstine, P.A. 225 South Sixth Street, Suite 3500 Minneapolis, Minnesota 55402 Attention: Joseph Phelps
(b)	in the case of the EDA:	Cottage Grove Economic Development Authority 12800 Ravine Parkway South Cottage Grove, MN 55016 Attn: Executive Director
	and with a copy to:	Kennedy & Graven, Chartered 150 South Fifth Street, Suite 700 Minneapolis, MN 55402 Attn: Ronald H. Batty

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this section 9.4.

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. Disclaimer of Relationships. The Developer acknowledges that nothing contained in this Agreement nor any act by the EDA or the Developer shall be deemed or construed by the Developer or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the EDA and the Developer.

Section 9.7. Amendment. This Agreement may be amended only by the written agreement of the parties.

Section 9.8. Recording; Agreement Runs with the Land. The EDA intends to record this Agreement among the County land records and the Developer agrees to pay for the cost of recording same. This Agreement runs with the Development Property and shall bind the successors and assigns of the EDA and the Developer.

Section 9.9. Release and Indemnification Covenants. a) Except for any negligent act or willful misconduct of the following named parties, the Developer hereby releases from and covenants and agrees that the EDA, and its governing body members, officers, agents, servants, and employees (the "Indemnified Parties") shall not be liable for, and hereby agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements.

b) The aforesaid indemnification shall not apply to willful misrepresentation or any willful or wanton misconduct or negligence of the EDA.

c) Except for any negligent or willful act of the EDA, the Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Developer or its partners, officers, agents, servants or employees or any other person who may be about the Minimum Improvements or the Development Property due to any act of negligence of any person.

Section 9.10. Titles of Articles and Sections. Any titles of the several parts, articles, and sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 9.11. Governing Law; Venue. This Agreement shall be construed in accordance with the laws of Minnesota. Any dispute arising from this Agreement shall be heard in the State or federal courts of Minnesota, and all parties waive any objection to the jurisdiction thereof, whether based on convenience or otherwise.

Section 9.12. Fees and Charges. The Developer agrees to reimburse the EDA for all reasonable fees or costs for legal, municipal advisory, engineering, planning or other staff time for modification of the Redevelopment Plan and preparation of the TIF Plan and related documents; the analysis, drafting or negotiating this Agreement and related documents and the recording thereof; and for reviewing any plans regarding the Minimum Improvements submitted in satisfaction of this Agreement. The Developer also agrees to reimburse the City for all reasonable fees and costs incurred by the City in connection with construction of the Minimum Improvements and the City Approvals. The Developer and its representatives will have the right at all reasonable times after reasonable notice to inspect, examine and copy invoices and supporting documents relating to the fees and charges to be reimbursed pursuant to this Section.

Section 9.13. Notice of Unavoidable Delays. Within ten (10) days after a party impaired by an Unavoidable Delay has knowledge of the delay it shall give the other party notice of the delay and the estimated length of the delay, and shall give the other party notice of the actual length of the delay within ten (10) days after the cause of the delay has ceased to exist. The parties shall pursue with reasonable diligence the avoidance and removal of any such delay. Unavoidable Delay shall not extend performance of any obligation required under this Agreement unless the notices required in this section are given as herein required.

* * * * ** * *

IN WITNESS WHEREOF, the EDA and the Developer have caused this Agreement to be duly executed in their names and behalves on or as of the date first above written.

COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY

By:__________________________________

~~__________~~Myron Bailey, President

By:__________________________________

~~__________~~Jennifer Levitt, Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument as acknowledged before me this _____ day of ____________, ~~2024~~2025, by ~~____________________~~Myron Bailey, the President of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the Economic Development Authority.

____
Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument as acknowledged before me this _____ day of ____________, ~~2024~~2025, by ~~____________________~~Jennifer Levitt, the Executive Director of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the Economic Development Authority.

____
Notary Public

ROERS COTTAGE GROVE APARTMENTS LLC, a Delaware limited liability company

By: Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company
Its: Manager

By: Roers Companies Project Holdings LLC, a Minnesota limited liability company
Its: Manager

By: ____________________________
Name: Shane E. LaFave
Its: Vice President of Development

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument was executed before me this _____ day of _______________, ~~2024~~2025, by Shane E. LaFave, the Vice President of Development of Roers Companies Project Holdings LLC, a Minnesota limited liability company, the Manager of Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company, the Manager of Roers Cottage Grove Apartments LLC, a Delaware limited liability company, on behalf of the company.

____
Notary Public

EXHIBIT A TO
CONTRACT FOR PRIVATE DEVELOPMENT

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

The Development Property is legally described as follows:

Lots 1 and 2, Block 1, Camels Hump Addition, Washington County, Minnesota.
~~07 027 21 44 0025~~
~~07 027 21 44 0019~~
~~07 027 21 44 0021~~
~~07 027 21 44 0022~~
~~07 027 21 44 0026~~

~~[legal descriptions to be included]~~

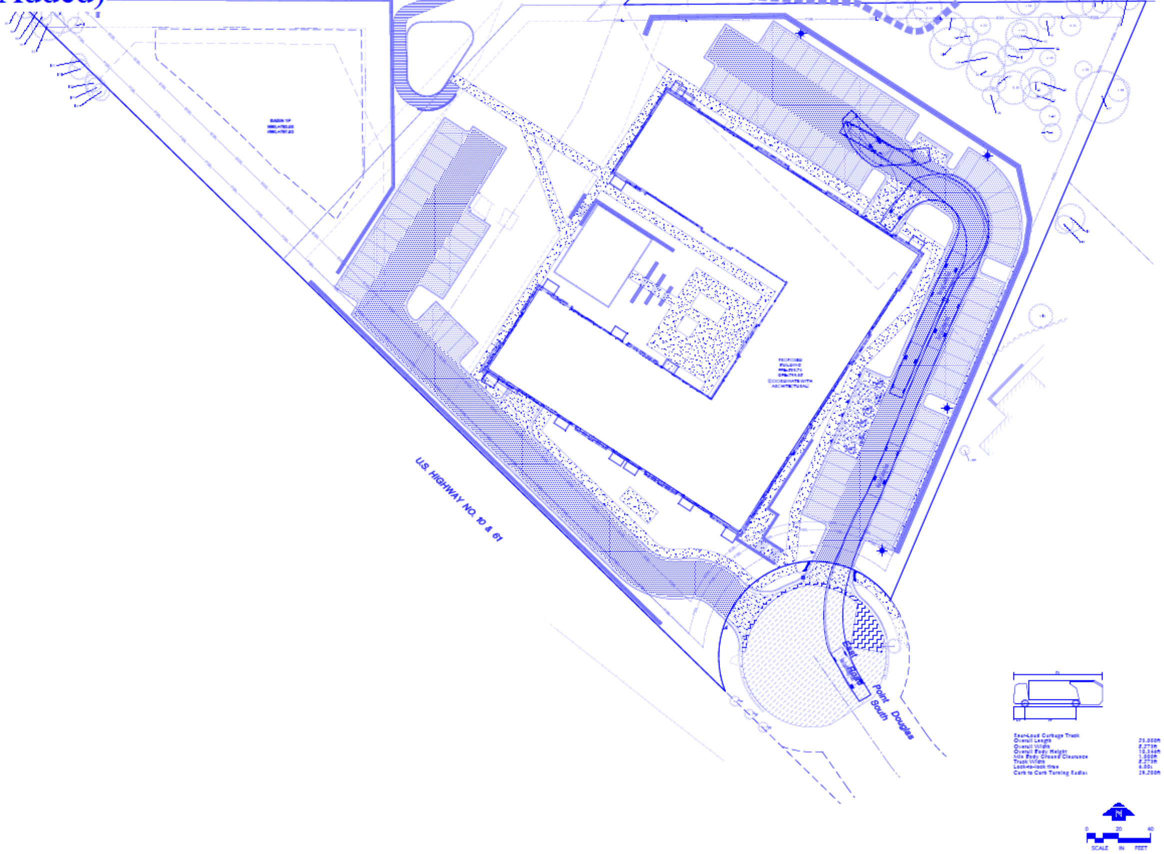
EXHIBIT B TO
CONTRACT FOR PRIVATE DEVELOPMENT

LIST OF PRELIMINARY PLANS

The following constitute the Preliminary Plans of the Minimum Improvements:

~~[to be included]~~

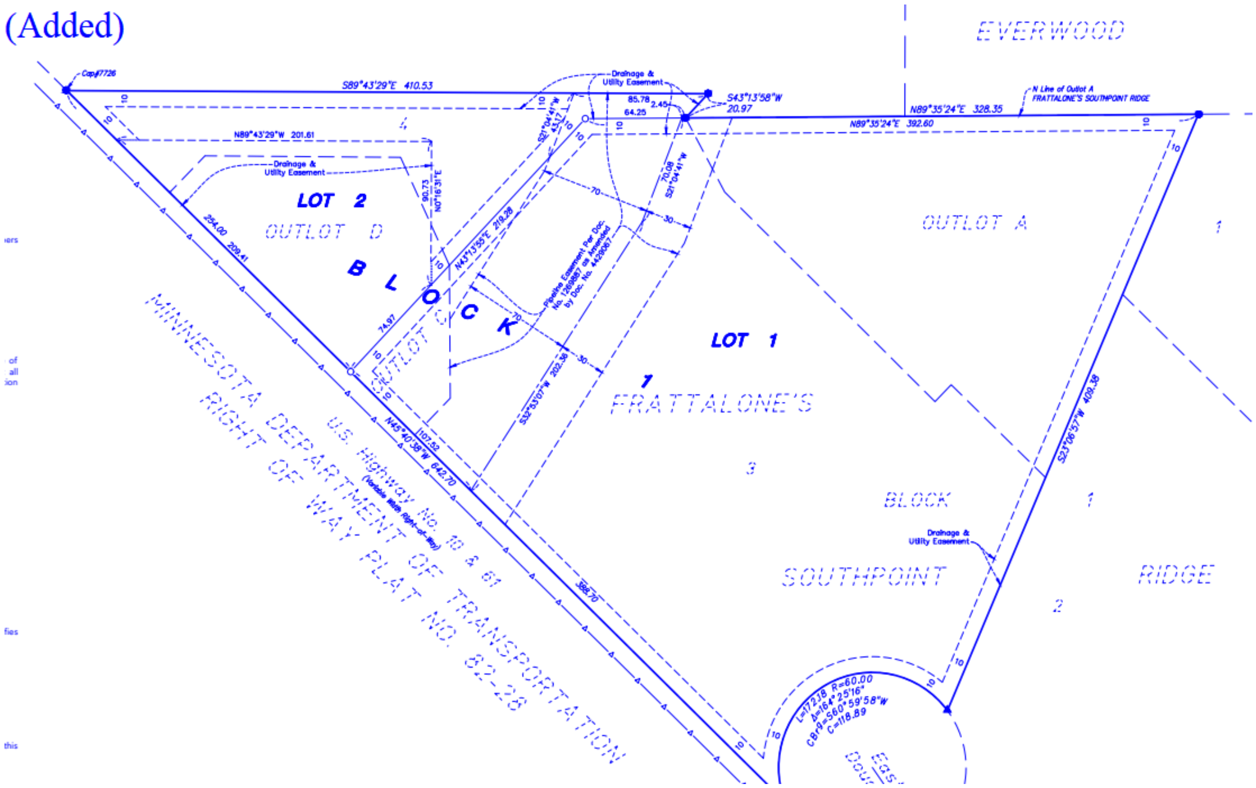
(Added)



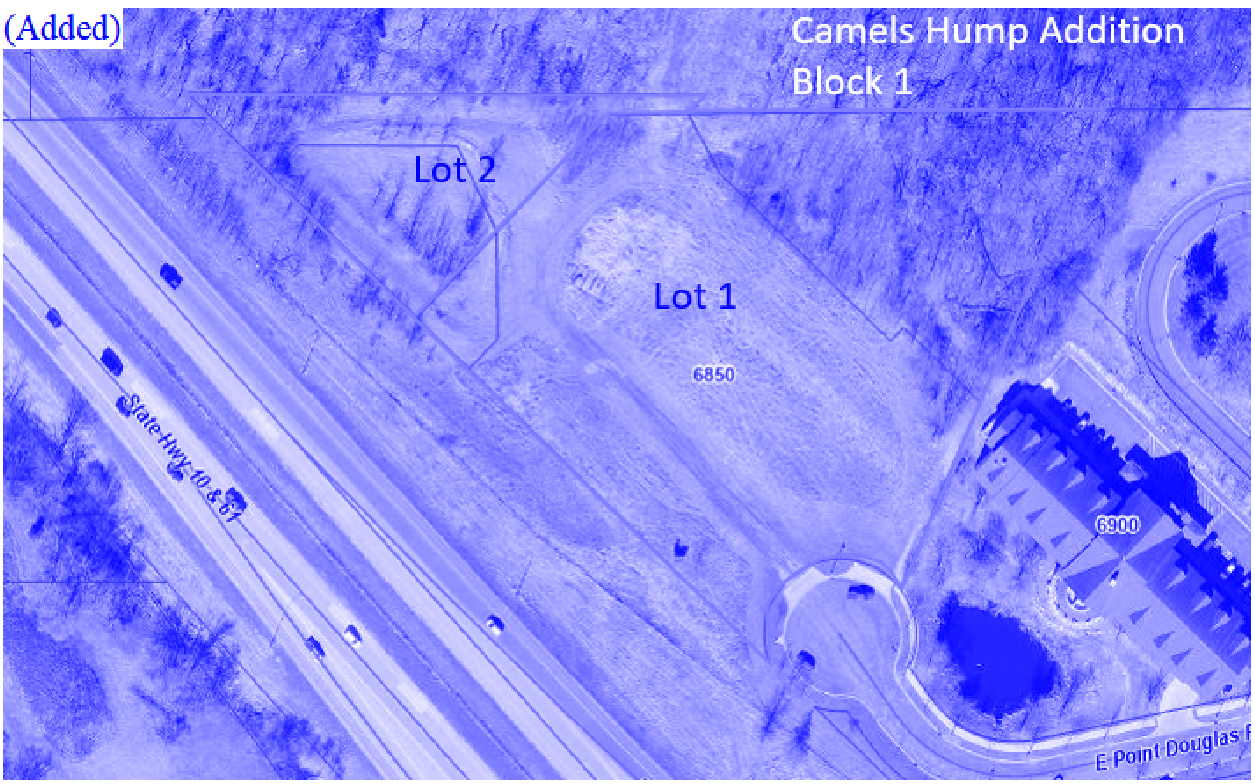
(Added)

~~CT165-59-915978.v4~~CT165-59-915978.v6

(Added)



(Added)



~~CT165-59-915978.v4~~CT165-59-915978.v6

EXHIBIT C TO
CONTRACT FOR PRIVATE DEVELOPMENT

FORM OF
CERTIFICATE OF COMPLETION

WHEREAS, the Cottage Grove Economic Authority, a public body corporate and politic under the laws of Minnesota (the "EDA"), and Roers Cottage Grove Apartments LLC, a limited liability company under the laws of Delaware (the "Developer"), have entered into a certain Contract for Private Development (the "Agreement") dated the ____ day of ____________, ~~2024~~2025, and recorded in the office of the ____________ in Washington County, Minnesota, as Document No. __________, which Agreement contained certain covenants and restrictions regarding completion of the Minimum Improvements, as defined in the Agreement; and

WHEREAS, the Developer has performed said covenants and conditions in a manner deemed sufficient by the EDA to permit the execution and recording of this certification.

NOW, THEREFORE, this is to certify that all construction of the Minimum Improvements specified to be done and made by the Developer has been completed and the ___________ in Washington County, Minnesota, is hereby authorized to accept for recording and to record the filing of this instrument, to be a conclusive determination of the satisfactory termination of the covenants and conditions relating to completion of the Minimum Improvements.

Dated: _______________.

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

By:

_________, President

By:

_________, Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument as acknowledged before me this _____ day of ____________, 202__, by __________________, the President of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the EDA.

____
Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument as acknowledged before me this _____ day of ____________, 202__`, by __________________, the Executive Director of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the EDA.

____
Notary Public

This Instrument was Drafted by:
KENNEDY & GRAVEN, CHARTERED (RHB)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300

EXHIBIT D TO
CONTRACT FOR PRIVATE DEVELOPMENT

FORM OF AUTHORIZING RESOLUTION WITH NOTE

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. ______

RESOLUTION APPROVING THE ISSUANCE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS TAXABLE TAX INCREMENT REVENUE NOTE, SERIES 202__ IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $1,960,000

BE IT RESOLVED BY the Cottage Grove Economic Development Authority (the "EDA"), as follows:

Section 1. Authorization; Award of Sale.

1.01. Authorization. The EDA has heretofore approved the establishment of Tax Increment Financing District No. 1-21 (the "TIF District"), located in Development District No. 1 (the "Development District"), and has adopted a tax increment financing plan for the purpose of financing certain improvements within the Development District.

Pursuant to Minnesota Statutes, Section 469.178, the EDA is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Minimum Improvements and Development Property in the Development District. The bonds are payable from all or any portion of revenues derived from the Minimum Improvements and the Development Property (each as defined in the Agreement (defined below)) in the TIF District and pledged to the payment of the bonds. The EDA hereby finds and determines that it is in the best interests of Cottage Grove that it issue and sell its taxable Tax Increment Revenue Note, Series 202__ (the "Note"), in the aggregate principal amount up to $1,960,000, for the purpose of financing certain public costs of the Development District.

1.02. Agreement Approved; Issuance, Sale and Terms of the Note. The EDA has previously approved the Amended and Restated Contract for Private Development (the "Agreement") between the EDA and Roers Cottage Grove Apartments LLC, a limited liability company under the laws of Delaware (the "Owner"), and authorized the President and Executive Director to execute the Agreement. Pursuant to the Agreement, the Note will be issued to the Owner. The Note will be dated as of the date of delivery and will bear interest at the rate of at the lesser of i) 7.75% per annum; ii) the actual rate of interest paid if the Developer finances the Note separately from the construction loan or first mortgage; or iii) the actual rate of interest paid by the Developer on the construction financing for the Minimum Improvements. In exchange for the

EDA's issuance of the Note to the Owner, the Owner will pay certain costs related to the Minimum Improvements (the Qualifying Costs, as defined in the Agreement) pursuant to Section 3.2 of the Agreement. The Note will be delivered in the principal amount up to $1,960,000 for reimbursement of the Owner's costs in accordance with the terms of Sections 3.2 and 3.3 of the Agreement.

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

UNITED STATE OF AMERICA
STATE OF MINNESOTA
WASHINGTON COUNTY
COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

No. R-1 $1,960,000

TAXABLE TAX INCREMENT REVENUE NOTE
SERIES 202__

Rate	Date of Original Issue

[lesser of i) 7.75% per annum; ii) the actual rate of interest paid if the Developer finances the Note separately from the construction loan or first mortgage; or iii) the actual rate of interest paid by the Developer on the construction financing for the Minimum Improvements]

The Cottage Grove Economic Development Authority (the "EDA"), for value received, certifies that it is indebted and hereby promises to pay to Roers Cottage Grove Apartments LLC, a Delaware limited liability company, or registered assigns (the "Owner"), the principal sum of $1,960,000 with interest thereon at the rate specified below, as and to the extent set forth herein.

1. Payments. Principal and interest payments ("Payments") will be paid on August 1, ~~2026~~2028, and each February 1 and August 1 thereafter until the earlier of payment in full or February 1, ~~2041~~2043 ("Payment Dates"), in the amounts and from the sources set forth in Section 3 herein.

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

2. Interest. Interest shall be simple, non-compounding interest at the lesser of i) 7.75% per annum; ii) the actual rate of interest paid if the Developer finances the Note separately from the construction loan or first mortgage; or iii) the actual rate of interest paid by the Developer on

the construction financing for the Minimum Improvements. Interest shall be computed on the basis of a 360-day year consisting of 12 30-day months.

3. Available Tax Increment. Payments on this Note are payable on each Payment Date in the amount of and solely payable from "Available Tax Increment," which will mean, on each Payment Date, 90 percent of the Tax Increment attributable to the Development Property and Minimum Improvements (as defined in the Agreement) and paid to the EDA by Washington County, Minnesota in the six months preceding the Payment Date, all as the terms are defined in the Amended and Restated Contract for Private Development between the EDA and Owner dated as of ______________, ~~2024~~2025 (the "Agreement"). Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default by the Owner under the Agreement.

The EDA will have no obligation to pay principal or interest on this Note on each Payment Date from any source other than Available Tax Increment, and the failure of the EDA to pay the entire amount of principal and interest on this Note on any Payment Date will not constitute a default hereunder as long as the EDA pays principal and interest to the extent of Available Tax Increment. If on any Payment Date there is insufficient Available Tax Increment to pay accrued and unpaid interest on this Note on such date, the amount of such deficiency shall be deferred and paid, without interest thereon, on the next Payment Date on which the EDA has Available Tax Increment in excess of the amount necessary to pay the accrued and unpaid interest on this Note on such subsequent Payment Date. The EDA will have no obligation to pay any unpaid balance of principal or interest that may remain after the Final Payment Date of February 1, ~~2041~~2043.

4. Optional Prepayment. The principal sum and accrued interest payable under this Note is pre-payable in whole or in part at any time by the EDA without premium or penalty. No partial prepayment will affect the amount or timing of any other regular payment otherwise required to be made under this Note.

5. Suspension of Payment. At the EDA's option, the EDA's obligation to make any payments under this Note will be suspended upon the occurrence of an Event of Default on the part of the Developer as defined in Section 8.1 of the Agreement, but only if the Event of Default has not been cured in accordance with Section 8.2 of the Agreement. The EDA may also suspend payments under this Note in accordance with Section 6.3 of the Agreement.

6. Nature of Obligation. This Note is a single note in the total principal amount of $1,960,000 issued to aid in financing certain public costs of a Development District undertaken by the EDA pursuant to Minnesota Statutes, Sections 469.090 through 469.108, as amended, and is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the EDA on ______________, 202__, pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.1794, as amended. This Note is a limited obligation of the EDA which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution. This Note will not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Cottage Grove Economic Development Authority or the City of Cottage Grove. Neither the State of Minnesota, nor any political subdivision thereof will be obligated to pay the

principal of or interest on this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of and interest on this Note or other costs incident hereto.

7. Estimated Tax Increment Payments. Any estimates of Tax Increment prepared by the EDA or its municipal advisors in connection with the TIF District or the Agreement are for the benefit of the EDA, and are not intended as representations on which the Owner may rely.

THE EDA MAKES NO REPRESENTATION OR WARRANTY THAT THE AVAILABLE TAX INCREMENT WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF OR INTEREST ON THIS NOTE.

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

This Note may be transferred without the approval of the EDA; provided that this Note will not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the EDA has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the EDA, that the transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. This Note may be assigned with the consent of the EDA, which will not be unreasonably withheld or delayed. Notwithstanding anything to the contrary in this Note, in no event will a lender providing funds to the Developer and taking an assignment of the Note as security for such funds be required to sign an investment letter at either the time of execution of an assignment or transfer of the Note as a result of the assignment.

This Note is subject to the Lookback provisions of section 3.5 of 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 exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the EDA according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the board of commissioners of the Cottage Grove Economic Development Authority, has caused this Note to be executed with the manual signatures of its President and Executive Director, all as of the Date of Original Issue specified above.

COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY

President

Executive Director

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the EDA's Executive Director, in the name of the person last listed below.

Date of Registration	Registered Owner	Signature of Executive Director
	______________________________ ______________________________ ______________________________ ______________________________ Attn: _________________ Federal Tax ID #____________	

[End of Form of Note]

Section 3. Terms, Execution and Delivery.

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

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

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

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

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

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

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

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

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

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

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

3.04. Preparation and Delivery. The Note will be prepared under the direction of the Executive Director and will be executed on behalf of the EDA by the signatures of its Chair and Executive Director. In case any officer whose signature appears on the Note ceases to be the officer before the delivery of the Note, the signature will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. When the Note has been so executed, it will be delivered by the EDA to the Owner following the delivery of the necessary items delineated in Section 3.3 of the Agreement.

Section 4. Security Provisions.

4.01. Pledge. The EDA hereby pledges to the payment of the principal and interest of the Note all Available Tax Increment as defined in the Note. Available Tax Increment will be applied to payment of accrued interest first, then the principal of the Note in accordance with the terms of the form of Note set forth in Section 2 of this resolution.

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

Section 5. Certification of Proceedings.

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

Section 6. Effective Date. This resolution will be effective upon execution by the President and Executive Director following authorization by the board of commissioners of the ~~Housing and Redevelopment Authority in and for the City of~~ Cottage Grove Economic Development Authority.

Adopted by the Cottage Grove Economic Development Authority, this ____ day of ________, 202___.

President

Executive Director

EXHIBIT E TO
CONTRACT FOR PRIVATE DEVELOPMENT

FORM OF INVESTMENT LETTER

To the Cottage Grove Economic Development Authority (the "EDA")
Attention: Executive Director

Dated: ___________________, 202__

Re: $1,960,000 Tax Increment Revenue Note (_________________ Project)

The undersigned, as Purchaser of $1,960,000 in principal amount of the above-captioned Tax Increment Revenue Note (________________________ Project) (the "Note"), approved by the Cottage Grove Economic Development Authority on _______________, 202__, hereby represents to you and to Kennedy & Graven, Chartered, Minneapolis, Minnesota, as legal counsel to the EDA, as follows:

1. We understand and acknowledge that the Note is delivered to the Purchaser on this date pursuant to the Amended and Restated Contract for Private Development by and between the EDA and the Purchaser dated ___________________, ~~2024~~2025 (the "Agreement").

2. The Note is payable solely from Available Tax Increment pledged to the Note, as defined therein.

3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the above-stated principal amount of the Note.

4. We acknowledge that no offering statement, prospectus, offering circular or other comprehensive offering document or disclosure containing material information with respect to the EDA and the Note has been issued or prepared by the EDA, and that, in due diligence, we have made our own inquiry and analysis with respect to the EDA, the Note and the security therefor, and other material factors affecting the security and payment of the Note.

5. We acknowledge that we have either been supplied with or have access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the EDA, the Note and the security therefor, and that as reasonable investors we have been able to make our decision to purchase the above-stated principal amount of the Note.

6. We have been informed that the Note (i) is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, or under federal securities laws or regulations, (ii) will not be listed on any stock or other securities exchange, and (iii) will carry no rating from any rating service.

7. We acknowledge that the EDA and Kennedy & Graven, Chartered, as legal counsel to the EDA, have not made any representations or warranties as to the status of payments on the Note for the purpose of federal or state income taxation.

8. We represent to you that we are purchasing the Note for our own account and not for resale or other distribution thereof, except to the extent otherwise provided in the Note or as otherwise approved in writing by the EDA.

9. All capitalized terms used herein have the meaning provided in the Agreement unless the context clearly requires otherwise.

10. The Purchaser's federal tax identification number is #_________.

11. We acknowledge receipt of the Note on the date hereof.

IN WITNESS WHEREOF, the undersigned has executed this Investment Letter as of the date and year first written above.

____

By: ____________________________

STATE OF MINNESOTA)
) ss.
COUNTY OF___________)

The foregoing instrument was executed before me this _____ day of _______________, 202__, by ______________, the _________________ of ________________________, a __________________________ under the laws of ______________, on behalf of the ________________.

____
Notary Public

EXHIBIT F TO
CONTRACT FOR PRIVATE DEVELOPMENT

FORM OF DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS, dated this ___ day of _____________, 202__ (the "Declaration"), by Roers Cottage Grove Apartments LLC, a limited liability company under the laws of Delaware (the "Developer"), is given for the benefit of the Cottage Grove Economic Development Authority, a body corporate and politic under the laws of Minnesota (the "EDA").

RECITALS

WHEREAS, the EDA and the Developer entered into that certain Amended and Restated Contract for Private Development, dated __________, ~~2024~~2025, (the "Agreement"); and

WHEREAS, pursuant to the Agreement, the Developer is obligated to cause construction of approximately 144 units of market rate and affordable housing, and all related amenities and improvements (the "Project") to be located on the property described in Exhibit A attached hereto (the "Development Property"), and to cause compliance with certain affordability covenants described in Section 4.6 of the Agreement; and

WHEREAS, Section 4.6 of the Agreement requires that the Developer cause to be executed an instrument in recordable form substantially reflecting the covenants set forth in that section of the Agreement; and

WHEREAS, the Developer intends, declares, and covenants that the restrictive covenants set forth herein will be and are covenants running with the Development Property for the term described herein and binding upon all subsequent owners of the Development Property for the term described herein, and are not merely personal covenants of the Developer; and

WHEREAS, capitalized terms in this Declaration have the meaning provided in the Agreement unless otherwise defined herein.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Developer agrees as follows:

1. Term of Restrictions.

(a) Occupancy and Rental Restrictions. The term of the Occupancy Restrictions set forth in Section 3 of this Declaration will commence on the date the Certificate of Completion is issued for the Minimum Improvements on the Development Property and continue for 26 years thereafter (the "Qualified Project Period").

(b) Termination of Declaration. This Declaration shall terminate upon expiration of the Qualified Project Period. In the event of foreclosure or transfer of title by deed in lieu of foreclosure, upon completion of the foreclosure and expiration of the applicable mortgagee redemption period, or recording of a deed in lieu of foreclosure, any mortgagee (or any assignee of the mortgagee) or any purchasers at or after foreclosure thereof, by the successful bidder at the sale, to the title to the Development Property, may terminate this Declaration, by providing written notice to the EDA by filing a termination document in the applicable real property records in Washington County, Minnesota and thereafter this Declaration shall be of no further force and effect; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of this Declaration as the result of the foreclosure, or the delivery of a deed in lieu of foreclosure, or a similar event, the Developer or any related person (within the meaning of Section 1.103-10(e) of the Treasury Regulations) obtains an ownership interest in the Project for federal income tax purposes. The events set forth in this Section 1(b) are referred to individually and collectively herein as the "Declaration Termination Date." The EDA will terminate the Note if this Declaration is terminated prior to expiration of the Qualified Project Period.

(c) Removal from Real Estate Records. After the Declaration Termination Date of this Declaration, the EDA will, upon request by the Developer or its assigns, file any document appropriate to remove this Declaration from the real estate records of Washington County, Minnesota.

2. Project Restrictions.

(a) The Developer represents, warrants, and covenants that:

(i) All leases of Rental Housing Units to Qualifying Tenants (as defined in Section 3(a) hereof) will contain clauses, among others, wherein each individual lessee:

(1) Certifies the accuracy of the statements made in its application and Eligibility Certification (as defined in Section 3(b) hereof); and

(2) Agrees that the family income at the time the lease is executed will be deemed a substantial and material obligation of the lessee's tenancy; that the lessee will comply promptly with all requests for income and other information relevant to determining income status from the Developer or the EDA, and that the lessee's failure or refusal to comply with a request for information with respect thereto will be deemed a violation of a substantial obligation of the lessee's tenancy.

(b) The Developer will permit any duly authorized representative of the EDA at all reasonable times and after reasonable prior notice to inspect the books and records of the Developer pertaining to the income of Qualifying Tenants residing in the Project.

3. Occupancy Restrictions. The Developer represents, warrants, and covenants that:

(a) Qualifying Tenants and Rent. Throughout the Qualified Project Period, 37 units (25.7 percent) of the Rental Housing Units shall be administered in accordance with 42 USC Section 3607(b) and Minnesota Statutes, Section 363A.21, subdivision 2 and shall be occupied (or treated as occupied as provided herein) or held vacant and available for occupancy by Qualifying Tenants. "Qualifying Tenants" means, with respect to eight Rental Housing Units (5.6 percent), those persons and families who are determined from time to time by the Developer to have combined adjusted income that does not exceed 60%, and with respect to an additional 29 Rental Housing Units (20.1 percent), those persons and families who are determined from time to time by the Developer to have combined adjusted income that does not exceed 50% of the median income for the standard metropolitan statistical area which includes Cottage Grove, Minnesota, as that figure is determined and announced from time to time by HUD, as adjusted for family size (the "Median Income") for the applicable calendar year. For purposes of this definition, the occupants of a Rental Housing Unit will not be deemed to be Qualifying Tenants if all the occupants of such Rental Housing Unit at any time are "students," as defined in Section 152(f)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), not entitled to an exemption under the Code. The determination of whether an individual or family is a Qualifying Tenant will be made at the time the tenancy commences and on an ongoing basis thereafter, determined at least annually. If during their tenancy a Qualifying Tenant's income exceeds 140% of the Median Income, the next available Rental Housing Unit (determined in accordance with the Code and applicable regulations) (the "Next Available Unit Rule") must be leased to a Qualifying Tenant or held vacant and available for occupancy by a Qualifying Tenant. If the Next Available Unit Rule is violated, the Rental Housing Unit will not continue to be treated as a Qualifying Unit.

(b) Certification of Tenant Eligibility. As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant will be required annually to sign and deliver to the Developer a Certification of Tenant Eligibility substantially in the form attached as Exhibit B hereto, or in any other form as may be reasonably approved by the EDA (the "Eligibility Certification"), in which the prospective Qualifying Tenant certifies as to having a qualifying low or moderate income. The Qualifying Tenant will be required to provide whatever other information, documents, or certifications are deemed necessary by the EDA to substantiate the Eligibility Certification, on an ongoing annual basis, and to verify that the tenant continues to be a Qualifying Tenant within the meaning of Section 3(a) hereof. Eligibility Certifications will be maintained for the duration of the Qualified Project Period on file by the Developer with respect to each Qualifying Tenant who resides in a Rental Housing Unit or resided therein during the Qualified Project Period.

(c) Lease. The form of lease to be utilized by the Developer in renting any Rental Housing Units in the Project to any person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by the person to immediate eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by the person with respect to the Eligibility Certification.

(d) Annual Report. The Developer covenants and agrees that during the term of this Declaration, it will prepare and submit to the City on or before July 1 of each year of the Qualified Project Period, a certificate substantially in the form of Exhibit C attached hereto, executed by the Developer, (a) identifying the tenancies and the dates of occupancy (or vacancy) for all Qualifying

Tenants in the Project, including the number and percentage of the Rental Housing Units of the Project which were occupied by Qualifying Tenants (or held vacant and available for occupancy by Qualifying Tenants) at all times during the year preceding the date of the certificate; (b) describing all transfers or other changes in ownership of the Project or any interest therein; and (c) stating, that to the best knowledge of the person executing the certificate after due inquiry, all the Rental Housing Units were rented or available for rental on a continuous basis during the year to members of the general public and that the Developer was not otherwise in default under this Declaration during the year.

(e) Notice of Non-Compliance. The Developer will immediately notify the EDA if at any time during the term of this Declaration fewer than 37 of the Rental Housing Units in the Project are occupied or available for occupancy by Qualifying Tenants as required by the terms of this Declaration. The 37 Rental Housing Units reserved for Qualifying Tenants will include 13 one-bedroom units, 13 two-bedroom units and 11 three-bedroom units.

4. Transfer Restrictions. The Developer covenants and agrees that the Developer will cause or require as a condition precedent to any conveyance, transfer, assignment, or any other disposition of the Project prior to the termination of the Occupancy Restrictions provided herein (the "Transfer") that the transferee of the Project pursuant to the Transfer assume in writing, in a form acceptable to the EDA, all duties and obligations of the Developer under this Declaration, including this Section 4, in the event of a subsequent Transfer by the transferee prior to expiration of the Qualified Project Period (the "Assumption Agreement"). The Developer will deliver the Assumption Agreement to the EDA prior to the Transfer.

5. Enforcement.

(a) The Developer will permit, during normal business hours and upon reasonable notice, any duly authorized representative of the EDA to inspect any books and records of the Developer regarding the Project with respect to the incomes of Qualifying Tenants.

(b) The Developer will submit any other information, documents or certifications requested by the EDA which the EDA deems reasonably necessary to substantiate the Developer's continuing compliance with the provisions specified in this Declaration.

(c) The Developer acknowledges that the primary purpose for requiring compliance by the Developer with the restrictions provided in this Declaration is to ensure compliance of the Project with the housing affordability covenants set forth in Section 4.6 of the Agreement, and by reason thereof, the Developer, in consideration for assistance provided by the EDA under the Agreement that makes possible the construction of the Project on the Development Property, hereby agrees and consents that the EDA will be entitled, for any breach of the provisions of this Declaration, and in addition to all other remedies provided by law or in equity, to enforce specific performance by the Developer of its obligations under this Declaration in a state court of competent jurisdiction. The Developer hereby further specifically acknowledges that the EDA cannot be adequately compensated by monetary damages in the event of any default hereunder.

(d) The Developer understands and acknowledges that, in addition to any remedy set forth herein for failure to comply with the restrictions set forth in this Declaration, the EDA may exercise any remedy available to it under Article VIII of the Agreement.

6. Indemnification. The Developer hereby indemnifies, and agrees to defend and hold harmless, the EDA from and against all liabilities, losses, damages, costs, expenses (including attorneys' fees and expenses), causes of action, suits, allegations, claims, demands, and judgments of any nature arising from the consequences of a legal or administrative proceeding or action brought against them, or any of them, on account of any failure by the Developer to comply with the terms of this Declaration, or on account of any representation or warranty of the Developer contained herein being untrue.

7. Agent of the City. The EDA will have the right to appoint an agent to carry out any of its duties and obligations hereunder, and will inform the Developer of any agency appointment by written notice.

8. Severability. The invalidity of any clause, part or provision of this Declaration will not affect the validity of the remaining portions thereof.

9. Notices. All notices to be given pursuant to this Declaration must be in writing and will be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to any other place as a party may from time to time designate in writing. The Developer and the EDA may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications are sent. The initial addresses for notices and other communications are as follows:

To the EDA: Cottage Grove Economic Development Authority
12800 Ravine Parkway South
Cottage Grove, MN 55016
Attn: Executive Director

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

To the Developer:	Roers Cottage Grove Apartments LLC Two Carlson Parkway #400 Plymouth, Minnesota 55447 Attn: Brian Roers and Logan Schmidt
and with a copy to:	Winthrop & Weinstine, P.A. 225 South Sixth Street, Suite 3500 Minneapolis, Minnesota 55402 Attn: Joseph Phelps

10. Governing Law. This Declaration is governed by the laws of the State of Minnesota and, where applicable, the laws of the United States of America.

11. Attorneys' Fees. In case any action at law or in equity in which the EDA prevails, including an action for declaratory relief, is brought against the Developer to enforce the provisions of this Declaration, the Developer agrees to pay the reasonable attorneys' fees and other reasonable expenses paid or incurred by the EDA in connection with the action.

12. Declaration Binding. This Declaration and the covenants contained herein will run with the Development Property and will bind the Developer and its successors and assigns and all subsequent owners of the Development Property or any interest therein, and the benefits will inure to the EDA and its successors and assigns until the Declaration Termination Date of this Declaration as provided in Section 1(b) hereof.

* * * * * *

IN WITNESS WHEREOF, the Developer has caused this Declaration of Restrictive Covenants to be signed by its respective duly authorized representatives, as of the day and year first written above.

ROERS COTTAGE GROVE APARTMENTS LLC, a limited liability company under the laws of Delaware

By: Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company
Its: Manager

By: Roers Companies Project Holdings LLC, a Minnesota limited liability company
Its: Manager

By: ____________________________
Name: Shane E. LaFave
Its: Vice President of Development

STATE OF MINNESOTA)
) SS.
COUNTY OF ________)

The foregoing instrument was executed before me this _____ day of _______________, ~~202~~ 2025, by Shane E. LaFave, the Vice President of Development of Roers Companies Project Holdings LLC, a Minnesota limited liability company, the Manager of Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company, the Manager of Roers Cottage Grove Apartments LLC, a Delaware limited liability company, on behalf of the company.

____
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
Kennedy & Graven, Chartered (RHB)
150 South Fifth Street
Suite 700
Minneapolis, MN 55402
(612) 337-9300

This Declaration is acknowledged and consented to by:

COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY

By: ________________________________

~~Its:~~ Myron Bailey, President

By: ________________________________

~~Its:~~ Jennifer Levitt, Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____________, ~~202~~ 2025, by ~~______________~~ Myron Bailey, the President of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the EDA.

____

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____________, ~~202~~ 2025, by ~~______________~~ Jennifer Levitt, the Executive Director of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the EDA.

____

Notary Public

Exhibit A to Declaration of Restrictive Covenants

Description

The land subject to the foregoing Restrictive Covenants is legally described as follows:

~~The Development Property is legally described as follows:~~
Lots 1 and 2, Block 1, Camels Hump Addition, Washington County, Minnesota.

~~[to be included]~~

Exhibit B to Declaration of Restrictive Covenants

Certification of Tenant Eligibility

TENANT INCOME CERTIFICATION Initial Certification ☐ Recertification ☐ Other ________________	Effective Date: ____________________________ Move-in Date: ____________________________ (MM/DD/YY): ____________________________

PART I. DEVELOPMENT DATA		
Property Name: _____________ Apartments Address: _______________, Cottage Grove, Minnesota	County: Washington Unit Number: _________________	BIN #: ________________ # Bedrooms: ____________

PART II. HOUSEHOLD COMPOSITION						
HH Br #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YY)	F/T Student (Y or N)	Social Security or Alien Reg. No.
1			HEAD			
2						
3						
4						
5						
6						

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)				
HH Br #	(A) Employment or Wages	(B) Soc. Security / Pensions	(C) Public Assistance	(D) Other Income
TOTAL	$	$	$	$
Add totals from (A) through (D) above			TOTAL INCOME (E):	$

PART IV. INCOME FROM ASSETS				
HH Mbr#	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			$	$
Enter Column (H) Total if over $5,000 $________________ x 2.00 % =			Passbook Rate (J) Imputed Income	$
Enter the greater of the total column I, or J: imputed income INCOME FROM ASSETS (K)			TOTAL	$
(L) Total Annual Household Income from all sources [Add (E) + (K)]				$

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full-time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____________________ _____________________ (Date) _____________________ _____________________ (Date)
Signature Signature

_____________________ _____________________ (Date) _____________________ _____________________ (Date)
Signature Signature

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHO INCOME FROM ALL SOURC From Item (L) on page 1	$	Household Meets Income Restriction at:	RECERTIFICATION ONLY: Current Income Limit x 140%

Current Income Limit per Family Size: $ ___________________ Household Income at Move-in $____________________	☐ 60% ☐ 50% ☐ 40% ☐ 30% ☐ ___%	$ ________________________________ Household income exceeds 140% at recertification: ☐ Yes ☐ No Household Size at Move-in: _______________

PART VI. RENT

Not Applicable

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL-TIME STUDENTS?

☐ yes ☐ no

If yes, enter student explanation** (also attach documentation)

Enter 1-4

Student explanation:

1. TANF assistance
2. Job training program
3. Single parent/dependent child
4. Married/joint return*

Exception for married/joint return is the only exception available for units necessary to qualify tax-exempt bonds.

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification

a. Tax Credit ☐	b. HOME ☐	c. Tax Exempt ☐	d. AHDP ☐	e. ____________ ☐ (Name of Program)
See Part V above.	Income Status	Income Status	Income Status	Income Status
	☐ ≤ 50% AMGI	☐ 50% AMGI	☐ ≤ 50% AMGI	☐ ____________
	☐ ≤ 60% AMGI	☐ 60% AMGI	☐ ≤ 80% AMGI	☐ ____________
	☐ ≤ 80% AMGI	☐ 80% AMGI	☐ ≤ 0I **	☐ ≤ 0I **
	☐ ≤ 0I **	☐ 0I **		

** Upon recertification, household was determined over income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER / REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Regulatory Agreement (if applicable), to live in a unit in this Project.

____ _________________

SIGNATURE OF OWNER / REPRESENTATIVE DATE

INSTRUCTIONS FOR COMPLETING
TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I – Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Move-in Date	Enter the date the tenant has or will take occupancy of the unit.
Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification.
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
BIN #	Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
Address	Enter the street address.
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.

Part II – Household Composition

List all occupants of the unit. State each household member's relationship to the head of the household by using one of the following coded definitions:

H	Head of household	S	Spouse
A	Adult co-tenant	O	Other family member
C	Child	F	Foster child
L	Live-in caretaker	N	None of the above

Enter the date of birth, student status, and Social Security number or alien registration number for each occupant.

If there are more than seven occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III – Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third-party verification forms obtained from each income source, enter the gross amount anticipated to be received for the 12 months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List the respective household member number from Part II.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.)
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D) above. Enter this amount.

Part IV – Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the 12 months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).

TOTALS Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than $5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K) Enter the Greater of the total in Column (I) or (J)

Row (L) Total Annual Household Income from All Sources Add (E) and (K) and enter the total

Exhibit C to Declaration of Restrictive Covenants

Certificate of
Continuing Program Compliance

Date: ____________________

The following information with respect to the Project located at _____________________, Cottage Grove, Minnesota (the "Project"), is being provided by _____________________ (the "Owner") to the Cottage Grove Economic Development Authority (the "EDA"), pursuant to that certain Declaration of Restrictive Covenants, dated the ____ day of _____________, 202_ (the "Declaration"), with respect to the Project:

(A) The total number of Rental Housing Units which are available for occupancy is 144. The total number of these units occupied is __________________.

(B) The following Rental Housing Units (identified by unit number) are currently occupied by "Qualifying Tenants" as the term is defined in the Declaration (for a total of 37 units):

One bedroom apartment
Two bedroom apartment
Three bedroom apartment

(C) The following Rental Housing Units which are included in (B) above, have been re-designated as Rental Housing Units for Qualifying Tenants since ________________, 202_, the date on which the last "Certificate of Continuing Program Compliance" was filed with the EDA by the Owner:

Unit Number	Previous Designation of Unit (if any)	Replacing Unit Number
____________	___________________	___________________
____________	___________________	___________________

(D) The following Rental Housing Units are considered to be occupied by "Qualifying Tenants", as the term is defined in the Declaration based on the information set forth below (for a total of at least 37 units):

	Unit Number	Last Name of Tenant	Number of Persons Residing in the Unit	Number of Bedrooms	Total Adjusted Gross Income	Date of Initial Occupancy	Age	Date Vacated and Held for Qualifying Tenants, if Applicable
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								

(E) The Owner has obtained a "Certification of Tenant Eligibility," in the form provided as Exhibit B to the Declaration, from each Tenant named in (D) above, and each such Certificate is being maintained by the Owner in its records with respect to the Project. Attached hereto is the most recent "Certification of Tenant Eligibility" for each Tenant named in (D) above who signed such a Certification since ______________, 202__, the date on which the last "Certificate of Continuing Program Compliance" was filed with the EDA by the Owner.

(F) In renting the Rental Housing Units in the Project, the Owner has not given preference to any particular group or class of persons (except for persons who qualify as Qualifying Tenants and persons meeting the minimum age restrictions); and none of the units listed in (D) above has been rented for occupancy entirely by students, no one of which is entitled to file a joint return for federal income tax purposes. All of the Rental Housing Units in the Project have been rented pursuant to a written lease, and the term of each lease is at least 12 months.

(G) The information provided in this "Certificate of Continuing Program Compliance" is accurate and complete, and no matters have come to the attention of the Owner which would indicate that any of the information provided herein, or in any "Certification of Tenant Eligibility" obtained from the Tenants named herein, is inaccurate or incomplete in any respect.

(H) The Project is in continuing compliance with the Declaration.

(I) The Owner certifies that as of the date hereof at least 37 of the residential dwelling units in the Project are occupied or held open for occupancy by Qualifying Tenants, as defined and provided in the Declaration.

(J) The Project is in continuing compliance with the Declaration.

IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of the Owner, on ____________________, 202__.

____

By: ____________________________
Its: ____________________________

EXHIBIT G TO CONTRACT FOR PRIVATE DEVELOPMENT

FORM OF
ASSESSMENT AGREEMENT

and

ASSESSOR'S CERTIFICATION

By and among

THE COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY

and

ROERS COTTAGE GROVE APARTMENTS LLC

and

COUNTY ASSESSOR FOR WASHINGTON COUNTY, MINNESOTA

This Document was drafted by:

KENNEDY & GRAVEN, Chartered (RHB)
150 South Fifth Street Suite 700
Minneapolis, MN 55402
(612) 337-9300

THIS ASSESSMENT AGREEMENT, dated as of this ___ day of __________, ~~2024~~2025, by and between the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota (the "EDA"), and Roers Cottage Grove Apartments LLC, a limited liability company under the laws of Delaware (the "Owner").

WITNESSETH:

WHEREAS, on or before the date hereof, the EDA and the Owner have entered into ~~a~~an Amended and Restated Contract for Private Development (the "Agreement") concerning the property legally described on Exhibit A hereto, (the "Development Property"); and

WHEREAS, pursuant to the Agreement, the Owner will construct a rental housing facility consisting of approximately 144 Rental Housing Units (the "Minimum Improvements"); and

WHEREAS, the EDA and the Owner desires to establish a minimum market value for the Development Property and the Minimum Improvements to be constructed thereon, pursuant to Minnesota Statutes, section 469.177, Subd. 8; and

WHEREAS, the EDA and the County Assessor for Washington County, Minnesota have reviewed the Plans for the Minimum Improvements which the Owner has agreed to construct on the Development Property pursuant to the Agreement.

NOW, THEREFORE, the parties to this Assessment Agreement, in consideration of the promises, covenants and agreements made herein and in the Agreement by each to the other, do hereby agree as follows:

1. The Minimum Market Value for the Development Property with the Minimum Improvements shall be Thirty-Two Million Four Hundred Thousand Dollars ($32,400,000). The parties agree that this Minimum Market Value shall be placed against the Development Property as of January 2, ~~2027~~2029, for taxes payable beginning in ~~2028~~2030 notwithstanding any failure to start or complete construction of such Minimum Improvements by that date.

2. The Minimum Market Value herein established shall be of no further force and effect and this Assessment Agreement shall terminate on the Termination Date. The Termination Date has the meaning given to it under the Agreement.

3. This Assessment Agreement shall be promptly recorded by the Owner~~ with a copy of Minnesota Statutes, section 469.177, Subd. 8 set forth in Exhibit B hereto~~. The Owner shall pay all costs of recording this Assessment Agreement.

4. Neither the preambles nor the provisions of this Assessment Agreement are intended to, nor shall they be construed as, modifying the terms of the Agreement. Unless the context indicates clearly to the contrary, the terms used in this Assessment Agreement shall have the same meaning as the terms used in the Agreement.

5. This Assessment Agreement shall inure to the benefit of and be binding upon the parties and their successors and assigns.

6. Each of the parties has authority to enter into this Assessment Agreement and to take all actions required of it and has taken all actions necessary to authorize the execution and delivery of this Assessment Agreement.

7. In the event any provision of this Assessment Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

8. The parties hereto agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements, amendments and modifications hereto, and such further instruments as may reasonably be required for correcting any inadequate, or incorrect, or amended description of the Development Property, or for carrying out the expressed intention of this Assessment Agreement.

9. Except as provided in Section 8 hereof, this Assessment Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by all parties hereto.

10. This Assessment Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

11. This Assessment Agreement shall be governed by and construed in accordance with the laws of Minnesota.

****

COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY

By: ________________________________
~~________________~~Myron Bailey, President

And by: ______________________________
~~___________________~~Jennifer Levitt,
Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF ___________)

The foregoing instrument as acknowledged before me this ____ day of ____________, ~~2024~~2025, by ~~_____________~~Myron Bailey, the President of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the Economic Development Authority.

____
Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF ___________)

The foregoing instrument as acknowledged before me this ____ day of ____________, ~~2024~~2025, by ~~_____________~~Jennifer Levitt, the Executive Director of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the Economic Development Authority.

____
Notary Public

ROERS COTTAGE GROVE APARTMENTS LLC, a limited liability company under the laws of Delaware

By: Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company
Its: Manager

By: Roers Companies Project Holdings LLC, a Minnesota limited liability company
Its: Manager

By: ____________________________
Name: Shane E. LaFave
Its: Vice President of Development

STATE OF MINNESOTA)
) SS.
COUNTY OF ________)

The foregoing instrument was executed before me this _____ day of _______________, ~~202__~~2025, by Shane E. LaFave, the Vice President of Development of Roers Companies Project Holdings LLC, a Minnesota limited liability company, the Manager of Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company, the Manager of Roers Cottage Grove Apartments LLC, a Delaware limited liability company, on behalf of the company.

CERTIFICATION BY ASSESSOR

The undersigned, having reviewed the plans and specifications for the improvements to be constructed and the market value assigned to the land upon which the improvements are to be constructed, and being of the opinion that the minimum market value contained in the foregoing Agreement appears reasonable, hereby certify as follows: The undersigned Assessor being legally responsible for the assessment of the described property, hereby certifies that the market value assigned to such land and improvements at the property, legally described on Exhibit A attached hereto, shall be not less than Thirty-Two Million Four Hundred Thousand Dollars ($32,400,000) as of January 2nd, ~~2027~~2029, for taxes payable beginning in ~~2028~~2030, until termination of this Agreement.

____
County Assessor for
Washington County, Minnesota

STATE OF MINNESOTA)
) ss.
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me this ______ day of __________, ~~2024~~2025, by ____________________________, the County Assessor, Washington County, Minnesota.

____
Notary Public

EXHIBIT A
TO ASSESSMENT AGREEMENT

The Development Property is legally described as follows:

~~[to be completed]~~
Lots 1 and 2, Block 1, Camels Hump Addition, Washington County, Minnesota.

~~EXHIBIT B~~
~~TO ASSESSMENT AGREEMENT~~

~~Section 469.177, subd. 8. **Assessment Agreements**. An authority may enter into a written assessment agreement with any person establishing a minimum market value of land, existing improvements, or improvements to be constructed in a district, if the property is owned or will be owned by the person. The minimum market value established by an assessment agreement may be fixed, or increase or decrease in later years from the initial minimum market value. If an agreement is fully executed before July 1 of an assessment year, the market value as provided under the agreement must be used by the county or local assessor as the taxable market value of the property for that assessment. Agreements executed on or after July 1 of an assessment year become effective for assessment purposes in the following assessment year. An assessment agreement terminates on the earliest of the date on which conditions in the assessment agreement for termination are satisfied, the termination date specified in the agreement, or the date when tax increment is no longer paid to the authority under section 469.176, subdivision 1. The assessment agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district and the property that is the subject of the agreement is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon the agreement:~~

> ~~The undersigned assessor, being legally responsible for the assessment of the above described property, certifies that the market values assigned to the land and improvements are reasonable.~~

~~The assessment agreement shall be filed for record and recorded in the office of the county recorder or the registrar of titles of each county where the real estate or any part thereof is situated. After the agreement becomes effective for assessment purposes, the assessor shall value the property under section 273.11, except that the market value assigned shall not be less than the minimum market value established by the assessment agreement. The assessor may assign a market value to the property in excess of the minimum market value established by the assessment agreement. The owner of the property may seek, through the exercise of administrative and legal remedies, a reduction in market value for property tax purposes, but no city assessor, county assessor, county auditor, board of review, board of equalization, commissioner of revenue, or court of this state shall grant a reduction of the market value below the minimum market value established by the assessment agreement during the term of the agreement filed of record regardless of actual market values which may result from incomplete construction of improvements, destruction, or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording an assessment agreement constitutes notice of the agreement to anyone who acquires any interest in the land or improvements that is subject to the assessment agreement, and the agreement is binding upon them.~~

EXHIBIT H TO CONTRACT FOR PRIVATE DEVELOPMENT

PROFORMA, LOOKBACK, AND TOTAL DEVELOPMENT COSTS

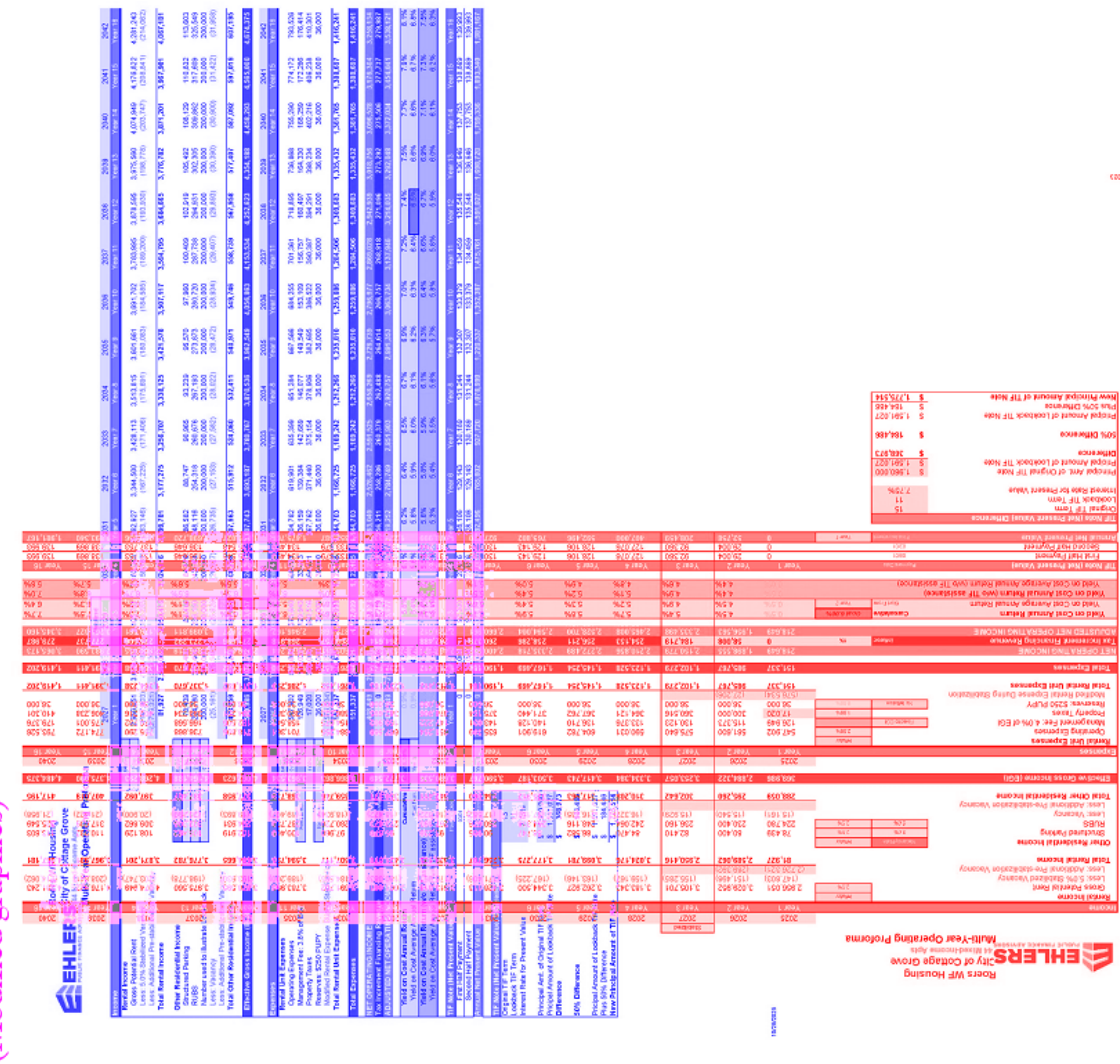
EHLERS PUBLIC FINANCE ADVISORS

Roers WF Housing
City of Cottage Grove
Total Development Costs
144 Mixed-Income Apts

USES		Amount	% of Cost	Per Unit
ACQUISITION COSTS		**1,318,000**	**3.0%**	**9,153**
Land Cost	$7.80 psf	1,318,000	3.0%	9,153
CONSTRUCTION COSTS		**32,274,000**	**74.0%**	**224,125**
Residential Building		26,316,000	60.3%	182,750
General Requirements		1,836,000	4.2%	12,750
Builder's Overhead		612,000	1.4%	4,250
Builder's Profit		1,836,000	4.2%	12,750
Contractor Fee		144,000	0.3%	1,000
Construction Contingency		1,530,000	*5.0%*	10,625
PERMITS/FEES		**1,433,856**	**3.3%**	**9,957**
Park Dedication		259,200	0.6%	1,800
Permits/Inspection		480,000	1.1%	3,333
Local SAC/WAC Connection Fees		619,656	1.4%	4,303
Special Inspections		75,000	0.2%	521
PROFESSIONAL SERVICES		**1,529,800**	**3.5%**	**10,624**
Appraisals		40,000	0.1%	278
Architectural & Engineering Fees		821,000	1.9%	5,701
Environmental Assessment Consultant		25,000	0.1%	174
FF&E		288,000	0.7%	2,000
Market Research		5,800	0.0%	40
Soft Cost Contingency		250,000	0.6%	1,736
Survey		25,000	0.1%	174
TIF Lender Counsel		25,000	0.1%	174
City TIF Fees		50,000	0.1%	347
FINANCING COSTS		**4,053,119**	**9.3%**	**28,147**
Construction Period Interest		1,975,296	4.5%	13,717
Const Period Interest TIF Mort		409,497	0.9%	2,844
Inspections - Lenders		30,000	0.1%	208
Insurance - Builder's Risk		535,500	1.2%	3,719
Insurance - Hazard/Liability		125,000	0.3%	868
Lender Legal		75,000	0.2%	521
Loan Origination Fees		245,475	0.6%	1,705
TIF Loan Orig Fee		39,851	0.1%	277
Security Cameras During Const		125,000	0.3%	868
Real Estate Taxes During Construction		100,000	0.2%	694
Title & Recording		267,500	0.6%	1,858
Borrower Counsel - Partnership		100,000	0.2%	694
Loan Costs		25,000	0.1%	174
DEVELOPER FEE		**2,586,101**	**5.9%**	**17,959**
Developer Fee		2,586,101	5.9%	17,959
CASH ACCOUNTS/ESCROWS/RESERVES		**414,569**	**1.0%**	**2,879**
Operating Reserves		270,570	0.6%	1,879
Marketing Reserve		144,000	0.3%	1,000
		43,609,445	**100%**	**302,843**

12/5/2023

(Modified graphics)



ASSIGNMENT OF TAX INCREMENT FINANCING AGREEMENT

This ASSIGNMENT OF TAX INCREMENT FINANCING AGREEMENT ("Assignment") is effective as of [November __, 2025] (the "Effective Date"), by and between ROERS COTTAGE GROVE APARTMENTS LLC, a Delaware limited liability company, its successors and assigns ("Developer"), and NATIONAL BANK OF COMMERCE, a national banking association ("Lender"); with the consent of the COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY, a public body, corporate and politic of the State of Minnesota (the "Authority").

PRELIMINARY RECITALS

A. Developer is undertaking the construction of an approximately 144 multifamily rental apartments and approximately 216 parking spaces, of which 133 will be structured parking and all related amenities and improvements (the "Project") to be located at 6850 East Point Douglas Road South, Cottage Grove, Minnesota, 55016 as legally described on Exhibit A (the "Real Property").

B. The Project is within Tax Increment Financing District No. 1-21 (the "TIF District") created by the Authority.

C. The Authority and Developer have entered into that certain Amended and Restated Contract for Private Development (the "Development Agreement" or the "Contract") dated as of ______________, 2025 setting forth Authority's agreement to provide certain tax increment payments (the "Tax Increment Financing") derived from the TIF District to reimburse Developer for a portion of the Public Development Costs (as defined in the Contract) of the Project as consideration for construction of the Project.

D. In order to further evidence the Tax Increment Financing upon satisfaction of the conditions set forth in the Contract, the Authority will issue and deliver to Developer a Taxable Tax Increment Revenue Note in the maximum principal amount of up to One Million Nine Hundred Sixty Thousand Dollars ($1,960,000) (the "TIF Note" and together with the Development Agreement and any and all amendments and documents related to the foregoing, the "TIF Documents"). The principal of and interest on TIF Note are payable solely from Available Tax Increment, as defined in the Contract (the "Available Tax Increment").

E. Lender has made or will make a loan to the Developer (the "Loan") to finance a portion of the costs of the Project pursuant to and as evidenced by the following (collectively, the "Loan Documents"):

i. the Promissory Note dated as of the Effective Date, executed by Developer in favor of Lender in the original principal amount of $29,350,000.00 (the "Note");

ii. the Construction Loan Agreement as of the Effective Date, executed by and between Developer and the Lender (the "Loan Agreement");

iii. the Leasehold Mortgage and Assignment of Leases and Rents and Security Agreement and Fixture Financing Statement dated as of the Effective Date, executed by Developer in favor of the Lender; and

iv. any other document executed in connection with or otherwise evidencing or securing the Note.

F. Lender requires as a condition precedent to Lender making the Loan that Developer assign its rights and interests under the Contract and the TIF Note to Lender.

G. Developer has agreed to execute and deliver this Assignment to Lender as security for repayment of the Loan, and the Authority has consented thereto.

NOW, THEREFORE, in consideration of the above recitals, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. <u>Assignment of TIF</u>.

A. Developer transfers, assigns and grants a security interest in, pledges, and conveys, to Lender all of its respective right, title and interest, if any, in and to the TIF Note and the TIF Documents together with the immediate and continuing right to receive and collect all amounts due or to become due thereunder and all other rights which may derive from or accrue thereunder (provided Lender does not assume any obligations under the TIF Documents unless and until Lender assumes such obligations in writing with written notice thereof to the Authority), for the purpose of securing the following (hereinafter collectively referred to as the "Indebtedness Secured Hereby"):

i. payment of the indebtedness by Developer as evidenced by and the performance by Developer of the terms and conditions of the Note and the Loan Documents to be performed by Developer;

ii. payment of all other sums with interest thereon becoming due and payable by Developer to Lender hereunder and under the Note and the Loan Documents;

iii. performance and discharge of each and every obligation, covenant and agreement of Developer herein and in the Note, the Loan Documents and the TIF Documents, to the extent assigned hereunder.

B. From and after the occurrence and during the continuance of an Event of Default (as defined herein), Developer constitutes and appoints the Lender its irrevocable attorney-in-fact to enforce all rights, title and interest of the Developer, under the TIF Documents, to collect and receive any debts or obligations related thereto, and to satisfy the Contract as same might or could have done were this Assignment not executed, and covenants with the Lender that it has good right to sell, assign and transfer the same.

2. Present Pledge and Assignment.

A. This Assignment shall constitute a perfect, absolute and present pledge and assignment in connection with which Developer shall have delivered to Lender the TIF Note assigned and endorsed to Lender as provided in the following sentence. Immediately upon the issuance of the TIF Note by Authority, the Developer shall execute and deliver to Lender the Allonge Endorsement to Note in the form attached hereto as Exhibit B to be attached to the TIF Note and the TIF Note will be delivered to the Lender.

B. So long as no Event of Default has occurred and is continuing under the Loan Documents or this Assignment, Developer may collect the payments under the TIF Note. From and after the occurrence and during the continuance of an Event of Default and upon notice to the Authority and the provision of a copy of the Allonge Endorsement of the TIF Note in favor of the Lender and provided Lender has, in the opinion of the Authority, satisfied the requirements of Section 3.2(d) of the Contract, all payments on the TIF Note shall be paid directly to Lender to be held and applied by Lender as provided herein and in the Loan Agreement.

C. If Developer should receive any payments on the TIF Note or otherwise under the Contract at any time after the occurrence and during the continuance of an Event of Default, Developer shall immediately deposit such payments with Lender to be held and applied in accordance with the Loan Agreement and this Assignment.

D. If Developer and Lender make inconsistent demands on the Authority for payment under the TIF Note, or otherwise challenge the appropriate party to which payment is to be made, Developer and Lender expressly agree and authorize the Authority to pay to Lender the disputed amount. Upon the making of any such payment to Lender, the Authority's obligation with respect to the making of such payment will be deemed fully satisfied.

3. Effect on Contract. The agreements in this Assignment will not limit or otherwise affect the Authority's exercise of its remedies set forth in Section 8.2 of the Contract or in the TIF Note. Without limiting the foregoing, the Authority agrees that, in the event of any insured loss and/or condemnation award on or for the Project, the Authority shall attorn solely to the act and decision of Lender which shall be made as set forth in the Loan Documents in collecting, settling for and paying any and all insurance/awards made to or associated with the Project, except to the extent that such amounts are applicable to payment of the Authority's administrative fees relating to the TIF District. Nothing herein shall be construed as subordinating the Authority's rights under the TIF Note and the Contract to terminate or suspend payments under the TIF Note.

4. Warranties. Developer covenants, warrants and agrees that, as of the Effective Date or the date specified below, if different:

A. Upon issuance of the TIF Note and assignment thereof pursuant to Section 2.A., it will be the true and lawful, absolute owner of the TIF Note free and clear from any and all liens, security interests, encumbrances or other right, title or interest of any other person, firm or corporation, other than those liens, security interests, encumbrances or other right, title or interest in favor of or held by Lender or the Authority under the Contract;

B. Subject to the terms of the Contract, Developer has the right and title to assign and pledge the TIF Note and its interest in the TIF Documents; there are no outstanding claims, assignments or pledges thereof, other than as set forth hereinabove.

.

C. The Developer is in material compliance with the terms, conditions and provisions of the TIF Documents.

D. No default by either Developer or the Authority exists under the terms of the TIF Documents.

E. Other than an Event of Default under the TIF Documents, the maturity date of the TIF Note is the earliest to occur of i) payment in full of the principal amount and interest on the TIF Note, ii) termination or cancellation of the Contract, iii) the February 1 following the date the TIF District is terminated in accordance with the TIF Act, or iv) February 1, 2043.

F. The Contract remains in full force and effect.

G. To the best of its knowledge, there are no defenses, setoffs or counterclaims against or with regard to the TIF Note, subject to all conditions to the issuance thereof set forth in the Contract. To the best of its knowledge, upon the issuance thereof, the TIF Note will be a valid and enforceable obligation of the Authority in accordance with its terms.

5. Performance under the TIF Documents. Developer shall (a) enforce or secure the performance of each and every material obligation of Authority in the TIF Documents; (b) not borrow against or further pledge or assign any payments due under the TIF Documents; and (c) not waive, excuse, condone or in any manner release or discharge Authority from its material obligations under the TIF Documents without the prior written consent of Lender.

6. Security Agreement. This Assignment constitutes a Security Agreement under the Uniform Commercial Code as adopted in the State of Minnesota (the "Code") and shall be governed by the Code.

7. Events of Default. An Event of Default shall occur hereunder upon any of the following:

A. if an Event of Default has occurred and is continuing beyond any applicable grace, notice or cure period under any of the terms, conditions or provisions of the Note; or

B. a failure by Developer to observe and perform any covenant, condition or agreement on Developer's part to be observed or performed under this Assignment or any other Loan Document to which it is a party for a period of 30 days after written notice specifying such default and requesting that it be remedied, is given to Developer by Lender, unless Lender agrees in writing to an extension of such time prior to its expiration; provided, however, that Developer shall have such additional time to cure the Event of

Default if such Event of Default is a default which reasonably requires more than 30 days to cure so long as Developer is diligently proceeding to cure such Event of Default; or

C. if any "event of default" as described in any other Loan Document has occurred and is continuing beyond any applicable grace, notice and cure periods, notwithstanding any other provisions of this Assignment.

8. Remedies. Whenever an Event of Default has occurred and is continuing, Lender may (i) declare all Indebtedness Secured Hereby immediately due and payable, (ii) deliver to the Authority written notice of such Event of Default and a copy of the Allonge Endorsement of the TIF Note in favor of the Lender, (iii) apply all sums held by Lender including the Available Tax Increment to the Indebtedness Secured Hereby, and (iv) at its option, enforce the payment thereof and exercise all of the rights of a holder of the TIF Documents; provided, however, that as a condition precedent to delivery of the Allonge Endorsement of the TIF Note in the name of the Lender, Lender shall execute and deliver to the Authority an Acknowledgement Regarding TIF Note in a form reasonably acceptable to the Authority and the Lender shall surrender the TIF Note to the Authority either in exchange for a new fully registered note or for transfer of the TIF Note on the registration records maintained by the Authority for the TIF Note. In addition, upon the occurrence and during the continuation of an Event of Default, Lender may without demand, advertisement or notice of any kind (except such notice as may be required under the Code or notice as otherwise required under the Loan Documents) and all of which are, to the extent permitted by law, expressly waived by the Developer (except such notice as may be required under the Code or notice as otherwise required under the Loan Documents which is not waived):

A. exercise any of the remedies available to a secured party under the Code;

B. proceed immediately to exercise each and all of the powers, rights, and privileges reserved or granted to Lender under this Assignment and/or the Loan Documents; and/or

C. proceed to protect and enforce this Assignment by suits or proceedings or otherwise, and for the enforcement of any other legal or equity available to Lender.

In the event that any notice is required to be given under the Code such requirements for reasonable notice shall be satisfied by giving at least 10 days written notice prior to the event or thing giving rise to the requirement of notice.

9. Authorization to the Authority. The Authority is irrevocably authorized and directed by Developer to recognize the claims of Lender without investigating the reason for any action taken or the validity of or the amount of indebtedness owing to Lender or the existence of any Event of Default. Developer irrevocably directs and authorizes the Authority at the written direction of the Lender to pay exclusively to Lender or its assigns from and after the Effective Date, all sums due under the TIF Documents and, to the extent such sums are paid to Lender and upon such payment, Developer agrees that the Authority shall have no further liability to Developer for the same. The sole signature of Lender shall be sufficient for the exercise of any rights under this Assignment and the sole receipt by Lender of any sum paid by the Authority shall be in discharge and release of that portion of any amount owed by the Authority.

10. Additional Instruments. Upon the written request of Lender, Developer shall, at its sole expense, execute and deliver all assignments, certificates, financing statements or other documents and give further assurances and do all other acts and things as Lender may reasonably request to perfect or to realize upon Lender's interest in the TIF Note and the TIF Documents or to protect, enforce, or otherwise effect Lender's rights and remedies under this Assignment. If Developer is unable or unwilling to execute any such other assignments, certificates, financing statements or other documents and to file financing statements or other public notices or recordings with the appropriate authorities, as and when reasonably requested by Lender, Developer authorizes Lender to sign and deliver as its true and lawful agent and attorney-in-fact, coupled with an interest, any such assignment, certificate, financing statement or other document and to make any such filing.

11. Amendment. The TIF Documents shall not be amended, altered, cancelled or modified in any way which materially and adversely affects the generation or receipt of the Available Tax Increment without the prior written consent of Lender.

12. Release. Upon payment and performance in full of the Indebtedness Secured Hereby, this Assignment shall be released and shall thereafter become null and void and be of no further effect. Lender shall provide the Authority written notice of such release.

13. Successors and Assigns. This Assignment, and each and every covenant, agreement and provision hereof shall be binding upon Developer and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Should Lender assign the Loan and the Loan Documents to any other person or entity, Lender shall cause such person or entity to be bound by the terms and provisions hereof.

14. Governing Law. This Assignment is intended to be governed by the laws of the State of Minnesota.

15. Validity and Severability Clause. The unenforceability or invalidity of any provision hereof shall not render any other provision or provisions herein contained unenforceable or invalid. Any provisions found to be unenforceable shall be severable from this Assignment.

16. Notices; Notice to Authority.

A. All notices, certificates and communications hereunder will be properly and sufficiently given when (i) delivered in person, (ii) sent by commercial overnight delivery service, delivery fees prepaid, or (iii) by email to an officer of the party to whom directed, with proper address as indicated in this Section. All notices, certificates and communications will be deemed given (a) upon on the date of delivery if in person, (b) on the first business day after deposit with a commercial overnight delivery services, or (c) receipt of a transmission confirmation which is confirmed in writing within 24 hours in the case of email. Any party may, by written notice or email given by each to the others, designate any other address or addresses to which notices, certificates or other communications or matters to them must be sent when required as contemplated by this Assignment. Until otherwise provided by the respective parties, all notices, certificates and communications required to be sent to one or more of them, as may be applicable, must be addressed as follows:

If to Developer:	Roers Cottage Grove Apartments LLC 2 Carlson Parkway #400 Plymouth, MN 55447 Attn: Brian Roers, Shane LaFave
and with a copy to:	Winthrop & Weinstine, P.A 225 South Sixth Street, Suite 3500 Minneapolis, MN 55402 Attn:
If to Lender:	National Bank of Commerce 1314 East Superior Street Duluth, MN 55805 Attn: Cammy Hansen, Senior Vice President
and with a copy to:	Fryberger, Buchanan, Smith & Frederick, P.A. 302 West Superior Street, Suite 700 Duluth, MN 55802 Attn: Christopher J. Virta
If to Authority:	Economic Development Authority of Cottage Grove 12800 Ravine Parkway South Cottage Grove, MN 55016 Attn: Executive Director
and with a copy to:	Kennedy & Graven, Chartered 150 South Fifth Street Suite 700 Minneapolis, MN 55402 Attn: Ronald Batty

B. Lender agrees to use commercially reasonable efforts to notify the Authority of the occurrence of any Event of Default by Developer under the Loan Documents.

17. Attorneys' Fees. Developer agrees to pay all reasonable costs and expenses, including reasonable attorneys' fees, at any time paid or incurred by Lender and the Authority in connection with the enforcement of the Lender's rights hereunder.

18. Counterparts. This Assignment may be executed in several counterparts, each of which is an original and all of which constitute but one and the same instrument.

19. Binding Effect. The obligations of this Assignment shall remain in effect and be binding upon the Developer, its successors and assigns until terminated; provided, however, the Developer shall remain obligated under this Assignment, notwithstanding any assignment or transfer of the Project unless released in writing by the Authority, notwithstanding any provision of this Assignment or the Contract to the contrary.

20. Exhibits. The Exhibits to the Assignment are as follows:

Exhibit A	Legal Description
Exhibit B	Allonge Endorsement to Note

(remainder of page left intentionally blank)

IN WITNESS WHEREOF, the undersigned have caused this Assignment of Tax Increment Financing as of the Effective Date.

DEVELOPER:

ROERS COTTAGE GROVE APARTMENTS LLC, a Delaware limited liability company

By: Roers Cottage Grove Apartments Manager LLC, a
Minnesota limited liability company
Its: Manager

By: Roers Companies Project Holdings LLC,
a Minnesota limited liability company
Its: Manager

By: ______________________
Shane E. LaFave
Its: Chief Operating Officer

LENDER:

NATIONAL BANK OF COMMERCE, a national banking association

By ____
Camille S. Hansen
Its Senior Vice President

THE AUTHORITY HEREBY CONSENTS TO THE FOREGOING ASSIGNMENT:

COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY

By ___________________________________
Its President

By ___________________________________
Its Executive Director

EXHIBIT A
TO
ASSIGNMENT OF TAX INCREMENT FINANCING

LEGAL DESCRIPTION OF REAL PROPERTY

Lots 1 and 2, Block 1, Camels Hump Addition, Washington County, Minnesota.

EXHIBIT B
TO
ASSIGNMENT OF TAX INCREMENT FINANCING

ALLONGE ENDORSEMENT TO TIF NOTE

FOR VALUE RECEIVED, ROERS COTTAGE GROVE APARTMENTS LLC, a Delaware limited liability company, endorses, assigns and transfers to NATIONAL BANK OF COMMERCE, a national banking association, all of its right, title and interest in and to the following-described Note:

> Taxable Tax Increment Revenue Note, Series [202_ dated ___________, 202_], in the original principal amount not to exceed $1,960,000 executed by the Cottage Grove Economic Development Authority, as maker, to Roers Cottage Grove Apartments LLC, a Delaware limited liability company, as registered owner.

Dated: _______________, 20__.

ROERS COTTAGE GROVE APARTMENTS LLC,
a Delaware limited liability company

By: Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company
Its: Manager

By: Roers Companies Project Holdings LLC, a Minnesota limited liability company
Its: Manager

By:_________________________________
Shane E. LaFave
Its: Vice President of Development

THIS ALLONGE IS TO BE AFFIXED TO THE NOTE DESCRIBED ABOVE

ROERS COTTAGE GROVE APARTMENTS LLC,
a Delaware limited liability company

By: Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company
Its: Manager

By: Roers Companies Project Holdings LLC, a Minnesota limited liability company
Its: Manager

By: ______________________
Shane E. LaFave
Its: Chief Operating Officer

THIS ALLONGE IS TO BE AFFIXED TO THE NOTE DESCRIBED ABOVE

ASSIGNMENT OF TAX INCREMENT FINANCING AGREEMENT

This ASSIGNMENT OF TAX INCREMENT FINANCING AGREEMENT (“Assignment”) is effective as of [November __, 2025] (the “Effective Date”), by and between ROERS COTTAGE GROVE APARTMENTS LLC, a Delaware limited liability company, its successors and assigns (“Developer”), and NATIONAL BANK OF COMMERCE, a national banking association (“Lender”); with the consent of the COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY, a public body, corporate and politic of the State of Minnesota (the “Authority”).

PRELIMINARY RECITALS

A. Developer is undertaking the construction of an approximately 144 multifamily rental apartments and approximately 216 parking spaces, of which ~~134~~133 will be structured parking and all related amenities and improvements (the “Project”) to be located at 6850 East Point Douglas Road South, Cottage Grove, Minnesota, 55016 as legally described on Exhibit A (the “Real Property”).

B. The Project is within Tax Increment Financing District No. 1-21 (the “TIF District”) created by the Authority.

C. The Authority and Developer have entered into that certain Amended and Restated Contract for Private Development (the “Development Agreement”~~) dated as of [January __, 2024]~~ ~~(~~ or the “Contract”) dated as of ________________, 2025 setting forth Authority’s agreement to provide certain tax increment payments (the “Tax Increment Financing”) derived from the TIF District to reimburse Developer for a portion of the Public Development Costs (as defined in the Contract) of the Project as consideration for construction of the Project.

D. In order to further evidence the Tax Increment Financing upon satisfaction of the conditions set forth in the Contract, the Authority will issue and deliver to Developer a Taxable Tax Increment Revenue Note ~~(Rose and Arboretum)~~ in the maximum principal amount of up to One Million Nine Hundred Sixty Thousand Dollars ($1,960,000) (the “TIF Note” and together with the Development Agreement and any and all amendments and documents related to the foregoing, the “TIF Documents”). The principal of and interest on TIF Note are payable solely from ~~Pledged~~Available Tax ~~Increments~~Increment, as defined in the Contract (the “~~Pledged~~Available Tax ~~Increments~~Increment”).

E. Lender has made or will make a loan to the Developer (the “Loan”) to finance a portion of the costs of the Project pursuant to and as evidenced by the following (collectively, the “Loan Documents”):

i. the Promissory Note dated as of the Effective Date, executed by Developer in favor of Lender in the original principal amount of $29,350,000.00 (the “Note”);

ii. the Construction Loan Agreement as of the Effective Date, executed by and between Developer and the Lender (the “Loan Agreement”);

iii. the Leasehold Mortgage and Assignment of Leases and Rents and Security Agreement and Fixture Financing Statement ~~dates~~dated as of the Effective Date, executed by Developer in favor of the Lender; and

iv. any other document executed in connection with or otherwise evidencing or securing the Note.

F. Lender requires as a condition precedent to Lender making the Loan that Developer assign its rights and interests under the Contract and the TIF Note to Lender.

G. Developer has agreed to execute and deliver this Assignment to Lender as security for repayment of the Loan, and the Authority has consented thereto.

NOW, THEREFORE, in consideration of the above recitals, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Assignment of TIF.

A. Developer transfers, assigns and grants a security interest in, pledges, and conveys, to Lender all of its respective right, title and interest, if any, in and to the TIF Note and the TIF Documents together with the immediate and continuing right to receive and collect all amounts due or to become due thereunder and all other rights which may derive from or accrue thereunder (provided Lender does not assume any obligations under the TIF Documents unless and until Lender assumes such obligations in writing with written notice thereof to the Authority), for the purpose of securing the following (hereinafter collectively referred to as the "Indebtedness Secured Hereby"):

i. payment of the indebtedness by Developer as evidenced by and the performance by Developer of the terms and conditions of the Note and the Loan Documents to be performed by Developer;

ii. payment of all other sums with interest thereon becoming due and payable by Developer to Lender hereunder and under the Note and the Loan Documents;

iii. performance and discharge of each and every obligation, covenant and agreement of Developer herein and in the Note, the Loan Documents and the TIF Documents, to the extent assigned hereunder.

B. From and after the occurrence and during the continuance of an Event of Default (as defined herein), Developer constitutes and appoints the Lender its irrevocable attorney-in-fact to enforce all rights, title and interest of the Developer, under the TIF Documents, to collect and receive any debts or obligations related thereto, and to satisfy the Contract as same might or could have done were this Assignment not executed, and covenants with the Lender that it has good right to sell, assign and transfer the same.

2. Present Pledge and Assignment.

A. This Assignment shall constitute a perfect, absolute and present pledge and assignment in connection with which Developer shall have delivered to Lender the TIF Note assigned and endorsed to Lender as provided in the following sentence. Immediately upon the issuance of the TIF Note by Authority, the Developer shall execute and deliver to Lender the Allonge Endorsement to Note in the form attached hereto as Exhibit B to be attached to the TIF Note and the TIF Note will be delivered to the Lender.

B. So long as no Event of Default has occurred and is continuing under the Loan Documents or this Assignment, Developer may collect the payments under the TIF Note. From and after the occurrence and during the continuance of an Event of Default and upon notice to the Authority and the provision of a copy of the Allonge Endorsement of the TIF Note in favor of the Lender and provided Lender has, in the opinion of the Authority, satisfied the requirements of Section 3.2(d) of the Contract, all payments on the TIF Note shall be paid directly to Lender to be held and applied by Lender as provided herein and in the Loan Agreement.

C. If Developer should receive any payments on the TIF Note or otherwise under the Contract at any time after the occurrence and during the continuance of an Event of Default, Developer shall immediately deposit such payments with Lender to be held and applied in accordance with the Loan Agreement and this Assignment.

D. If Developer and Lender make inconsistent demands on the Authority for payment under the TIF Note, or otherwise challenge the appropriate party to which payment is to be made, Developer and Lender expressly agree and authorize the Authority to pay to Lender the disputed amount. Upon the making of any such payment to Lender, the Authority's obligation with respect to the making of such payment will be deemed fully satisfied.

3. Effect on Contract. The agreements in this Assignment will not limit or otherwise affect the Authority's exercise of its remedies set forth in Section 8.2 of the Contract or in the TIF Note. Without limiting the foregoing, the Authority agrees that, in the event of any insured loss and/or condemnation award on or for the Project, the Authority shall attorn solely to the act and decision of Lender which shall be made as set forth in the Loan Documents in collecting, settling for and paying any and all insurance/awards made to or associated with the Project, except to the extent that such amounts are applicable to payment of the Authority's administrative fees relating to the TIF District. Nothing herein shall be construed as subordinating the Authority's rights under the TIF Note and the Contract to terminate or suspend payments under the TIF Note.

4. Warranties. Developer covenants, warrants and agrees that, as of the Effective Date or the date specified below, if different:

A. Upon issuance of the TIF Note and assignment thereof pursuant to Section 2.A., it will be the true and lawful, absolute owner of the TIF Note free and clear from any and all liens, security interests, encumbrances or other right, title or interest of any other person, firm or corporation, other than those liens, security interests, encumbrances or other right, title or interest in favor of or held by Lender or the Authority under the Contract;

B. Subject to the terms of the Contract, Developer has the right and title to assign and pledge the TIF Note and its interest in the TIF Documents; there are no outstanding claims, assignments or pledges thereof, other than as set forth hereinabove.

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C. The Developer is in material compliance with the terms, conditions and provisions of the TIF Documents.

D. No default by either Developer or the Authority exists under the terms of the TIF Documents.

E. Other than an Event of Default under the TIF Documents, the maturity date of the TIF Note is the earliest to occur of i) payment in full of the principal amount and interest on the TIF Note, ii) termination or cancellation of the Contract, iii) the February 1 following the date the TIF District is terminated in accordance with the TIF Act, or iv) February 1, ~~2041~~2043.

F. The Contract remains in full force and effect.

G. To the best of its knowledge, there are no defenses, setoffs or counterclaims against or with regard to the TIF Note, subject to all conditions to the issuance thereof set forth in the Contract. To the best of its knowledge, upon the issuance thereof, the TIF Note will be a valid and enforceable obligation of the Authority in accordance with its terms.

5. Performance under the TIF Documents. Developer shall (a) enforce or secure the performance of each and every material obligation of Authority in the TIF Documents; (b) not borrow against or further pledge or assign any payments due under the TIF Documents; and (c) not waive, excuse, condone or in any manner release or discharge Authority from its material obligations under the TIF Documents without the prior written consent of Lender.

6. Security Agreement. This Assignment constitutes a Security Agreement under the Uniform Commercial Code as adopted in the State of Minnesota (the "Code") and shall be governed by the Code.

7. Events of Default. An Event of Default shall occur hereunder upon any of the following:

A. if an Event of Default has occurred and is continuing beyond any applicable grace, notice or cure period under any of the terms, conditions or provisions of the Note; or

B. a failure by Developer to observe and perform any covenant, condition or agreement on Developer's part to be observed or performed under this Assignment or any other Loan Document to which it is a party for a period of 30 days after written notice specifying such default and requesting that it be remedied, is given to Developer by Lender, unless Lender agrees in writing to an extension of such time prior to its expiration; provided, however, that Developer shall have such additional time to cure the Event of

Default if such Event of Default is a default which reasonably requires more than 30 days to cure so long as Developer is diligently proceeding to cure such Event of Default; or

C. if any "event of default" as described in any other Loan Document has occurred and is continuing beyond any applicable grace, notice and cure periods, notwithstanding any other provisions of this Assignment.

8. Remedies. Whenever an Event of Default has occurred and is continuing, Lender may (i) declare all Indebtedness Secured Hereby immediately due and payable, (ii) deliver to the Authority written notice of such Event of Default and a copy of the Allonge Endorsement of the TIF Note in favor of the Lender, (iii) apply all sums held by Lender including the ~~Pledged~~Available Tax ~~Increments~~Increment to the Indebtedness Secured Hereby, and (iv) at its option, enforce the payment thereof and exercise all of the rights of a holder of the TIF Documents; provided, however, that as a condition precedent to delivery of the Allonge Endorsement of the TIF Note in the name of the Lender, Lender shall execute and deliver to the Authority an Acknowledgement Regarding TIF Note in ~~the~~a form ~~included in Exhibit 2 to the TIF Note~~ reasonably acceptable to the Authority and the Lender shall surrender the TIF Note to the Authority either in exchange for a new fully registered note or for transfer of the TIF Note on the registration records maintained by the Authority for the TIF Note. In addition, upon the occurrence and during the continuation of an Event of Default, Lender may without demand, advertisement or notice of any kind (except such notice as may be required under the Code or notice as otherwise required under the Loan Documents) and all of which are, to the extent permitted by law, expressly waived by the Developer (except such notice as may be required under the Code or notice as otherwise required under the Loan Documents which is not waived):

A. exercise any of the remedies available to a secured party under the Code;

B. proceed immediately to exercise each and all of the powers, rights, and privileges reserved or granted to Lender under this Assignment and/or the Loan Documents; and/or

C. proceed to protect and enforce this Assignment by suits or proceedings or otherwise, and for the enforcement of any other legal or equity available to Lender.

In the event that any notice is required to be given under the Code such requirements for reasonable notice shall be satisfied by giving at least 10 days written notice prior to the event or thing giving rise to the requirement of notice.

9. Authorization to the Authority. The Authority is irrevocably authorized and directed by Developer to recognize the claims of Lender without investigating the reason for any action taken or the validity of or the amount of indebtedness owing to Lender or the existence of any Event of Default. Developer irrevocably directs and authorizes the Authority at the written direction of the Lender to pay exclusively to Lender or its assigns from and after the Effective Date, all sums due under the TIF Documents and, to the extent such sums are paid to Lender and upon such payment, Developer agrees that the Authority shall have no further liability to Developer for the same. The sole signature of Lender shall be sufficient for the exercise of any

rights under this Assignment and the sole receipt by Lender of any sum paid by the Authority shall be in discharge and release of that portion of any amount owed by the Authority.

10. Additional Instruments. Upon the written request of Lender, Developer shall, at its sole expense, execute and deliver all assignments, certificates, financing statements or other documents and give further assurances and do all other acts and things as Lender may reasonably request to perfect or to realize upon Lender's interest in the TIF Note and the TIF Documents or to protect, enforce, or otherwise effect Lender's rights and remedies under this Assignment. If Developer is unable or unwilling to execute any such other assignments, certificates, financing statements or other documents and to file financing statements or other public notices or recordings with the appropriate authorities, as and when reasonably requested by Lender, Developer authorizes Lender to sign and deliver as its true and lawful agent and attorney-in-fact, coupled with an interest, any such assignment, certificate, financing statement or other document and to make any such filing.

11. Amendment. The TIF Documents shall not be amended, altered, cancelled or modified in any way which materially and adversely affects the generation or receipt of the ~~Pledged~~Available Tax ~~Increments~~Increment without the prior written consent of Lender.

12. Release. Upon payment and performance in full of the Indebtedness Secured Hereby, this Assignment shall be released and shall thereafter become null and void and be of no further effect. Lender shall provide the Authority written notice of such release.

13. Successors and Assigns. This Assignment, and each and every covenant, agreement and provision hereof shall be binding upon Developer and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Should Lender assign the Loan and the Loan Documents to any other person or entity, Lender shall cause such person or entity to be bound by the terms and provisions hereof.

14. Governing Law. This Assignment is intended to be governed by the laws of the State of Minnesota.

15. Validity and Severability Clause. The unenforceability or invalidity of any provision hereof shall not render any other provision or provisions herein contained unenforceable or invalid. Any provisions found to be unenforceable shall be severable from this Assignment.

16. Notices; Notice to Authority.

A. All notices, certificates and communications hereunder will be properly and sufficiently given when (i) delivered in person, (ii) sent by commercial overnight delivery service, delivery fees prepaid, or (iii) by email to an officer of the party to whom directed, with proper address as indicated in this Section. All notices, certificates and communications will be deemed given (a) upon on the date of delivery if in person, (b) on the first business day after deposit with a commercial overnight delivery services, or (c) receipt of a transmission confirmation which is confirmed in writing within 24 hours in the case of email. Any party may, by written notice or email given by each to the others, designate any other address or addresses to which notices, certificates or other communications or matters to them must be sent when required as contemplated by this

Assignment. Until otherwise provided by the respective parties, all notices, certificates and communications required to be sent to one or more of them, as may be applicable, must be addressed as follows:

If to Developer:	Roers Cottage Grove Apartments LLC 2 Carlson Parkway #400 Plymouth, MN 55447 Attn: Brian Roers, Shane LaFave
and with a copy to:	Winthrop & Weinstine, P.A 225 South Sixth Street, Suite 3500 Minneapolis, MN 55402 Attn:
If to Lender:	National Bank of Commerce 1314 East Superior Street Duluth, MN 55805 Attn: Cammy Hansen, Senior Vice President
and with a copy to:	Fryberger, Buchanan, Smith & Frederick, P.A. 302 West Superior Street, Suite 700 Duluth, MN 55802 Attn: Christopher J. Virta
If to Authority:	Economic Development Authority of Cottage Grove 12800 Ravine Parkway South Cottage Grove, MN 55016 Attn: Executive Director
and with a copy to:	Kennedy & Graven, Chartered 150 South Fifth Street Suite 700 Minneapolis, MN 55402 Attn: Ronald Batty

B. Lender agrees to use commercially reasonable efforts to notify the Authority of the occurrence of any Event of Default by Developer under the Loan Documents.

17. Attorneys' Fees. Developer agrees to pay all reasonable costs and expenses, including reasonable attorneys' fees, at any time paid or incurred by Lender and the Authority in connection with the enforcement of the Lender's rights hereunder.

18. Counterparts. This Assignment may be executed in several counterparts, each of which is an original and all of which constitute but one and the same instrument.

19. Binding Effect. The obligations of this Assignment shall remain in effect and be binding upon the Developer, its successors and assigns until terminated; provided, however, the Developer shall remain obligated under this Assignment, notwithstanding any assignment or transfer of the Project unless released in writing by the Authority, notwithstanding any provision of this Assignment or the Contract to the contrary.

20. Exhibits. The Exhibits to the Assignment are as follows:

Exhibit A	Legal Description
Exhibit B	Allonge Endorsement to Note

(remainder of page left intentionally blank)

IN WITNESS WHEREOF, the undersigned have caused this Assignment of Tax Increment Financing as of the Effective Date.

DEVELOPER:

ROERS COTTAGE GROVE APARTMENTS LLC, a Delaware limited liability company

By: Roers Cottage Grove Apartments Manager LLC, a
Minnesota limited liability company
Its: Manager

By: Roers Companies Project Holdings LLC,
a Minnesota limited liability company
Its: Manager

By:__________________________________
Shane E. LaFave
Its: Vice President of Development

LENDER:

NATIONAL BANK OF COMMERCE, a national banking association

By ______________________________________
Camille S. Hansen
Its Senior Vice President

THE AUTHORITY HEREBY CONSENTS TO THE FOREGOING ASSIGNMENT:

COTTAGE GROVE ECONOMIC
~~DEVELOLPMENT~~DEVELOPMENT
AUTHORITY

By ___________________________________
Its President

By ___________________________________
Its Executive Director

EXHIBIT A
TO
ASSIGNMENT OF TAX INCREMENT FINANCING

LEGAL DESCRIPTION OF REAL PROPERTY

Lots 1 and 2, Block 1, Camels Hump Addition, Washington County, Minnesota.

EXHIBIT B
TO
ASSIGNMENT OF TAX INCREMENT FINANCING

ALLONGE ENDORSEMENT TO TIF NOTE

FOR VALUE RECEIVED, ROERS COTTAGE GROVE APARTMENTS LLC, a Delaware limited liability company, endorses, assigns and transfers to NATIONAL BANK OF COMMERCE, a national banking association, all of its right, title and interest in and to the following-described Note:

> Taxable Tax Increment Revenue Note, Series [202_ dated ___________, 202_], in the original principal amount not to exceed $1,960,000 executed by the Cottage Grove Economic Development Authority, as maker, to Roers Cottage Grove Apartments LLC, a Delaware limited liability company, as registered owner.

Dated: _______________, 20__.

ROERS COTTAGE GROVE APARTMENTS LLC,
a Delaware limited liability company

By: Roers Cottage Grove Apartments Manager LLC, a Minnesota limited liability company
Its: Manager

By: Roers Companies Project Holdings LLC, a Minnesota limited liability company
Its: Manager

By:_________________________________
Shane E. LaFave
Its: Vice President of Development

THIS ALLONGE IS TO BE AFFIXED TO THE NOTE DESCRIBED ABOVE

SITE PLAN KEY

1 BUILDING ENTRANCE

2 UPPER GARAGE ENTRANCE

3 LOWER GARAGE ENTRANCE

4 COURTYARD AMENITY

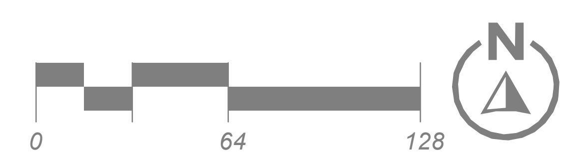
5 DOG RUN

6 STORMWATER RETENTION

7 TRASH STAGING

8 PIPELINE EASEMENT

9 EASEMENT ACCESS



1 SD Site Plan
1/64" = 1'-0"

kaas wilson architects

SITE PLAN

COTTAGE GROVE APARTMENTS

6850 E. Point Douglas Rd. S, Cottage Grove, MN 55116 12/13/2024 23090