

AGENDA

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CRYSTAL

• REGULAR MEETING •

TUESDAY, OCTOBER 1, 2013

6:30 P.M.

CRYSTAL CITY HALL

COUNCIL CHAMBERS

1. Call to order
2. Roll call
3. Consider approval of minutes from the September 3, 2013 regular meeting *
4. PUBLIC HEARING: Consider a resolution authorizing the sale of a lot at 5657 Adair Avenue North to Novak-Fleck for construction of a new house *
5. Consider a resolution approving First Amendment to the Contract for Private Redevelopment with Crystal Leased Housing Associates I, Limited Partnership [Dominium entity for The Cavanagh Senior Apartments] *
6. Other business
7. Adjournment

** Materials attached*

**Minutes of the
Crystal Economic Development Authority
Regular Meeting
September 3, 2013**

President Hoffmann called the regular meeting of the Crystal Economic Development Authority to order at 6:45 p.m.

Upon call of the roll, the following members were present: Jim Adams, John Budziszewski, Julie Deshler, Mark Hoffmann, Laura Libby and Joe Selton.

The following staff members were present: Anne Norris, Executive Director; John Sutter, City Planner/Assistant Community Development Director; and Mike Norton, City Attorney.

Motion by Commissioner Selton (Budziszewski) to approve the minutes from the August 5, 2013, work session, August 5, 2013 regular meeting, and August 20, 2013 work session
Motion carried.

The EDA considered tentative acceptance of proposals and approval of option agreements with Novak-Fleck for the lots at 5657 Adair Avenue North and 6516 Brentwood Avenue North.

Motion by Commissioner Deshler (Budziszewski) to authorize option agreements with Novak-Fleck for 5657 Adair Avenue North and 6516 Brentwood Avenue North.
Motion carried.

The EDA considered a resolution adopting a proposed HRA tax levy for 2014.

Motion by Commissioner Budziszewski (Libby) to approve Resolution #2013-15 adopting a proposed 2014 budget and property tax levy and requesting their approval by the City Council.
Motion carried.

Motion by Commissioner Budziszewski (Deshler) to adjourn the regular meeting.
Motion carried.

The meeting adjourned at 6:53 p.m.

Mark Hoffmann, President

ATTEST:

Julie Deshler, Vice President



EDA STAFF REPORT
5657 Adair
Public Hearing - Sale of Lot to Novak-Fleck

FROM: John Sutter, City Planner/Assistant Community Development Director

Handwritten initials 'JBS' in black ink.

DEPARTMENT HEAD REVIEW: Patrick Peters, Community Development Director

Handwritten initials 'PP' in black ink.

DATE: September 26, 2013

TO: Anne Norris, Executive Director (for October 1, 2013 EDA meeting)

SUBJECT: Public Hearing: Consider a resolution authorizing the sale of a lot at 5657 Adair Avenue North to Novak-Fleck for construction of a new house

On September 3 the EDA tentatively accepted a proposal from Novak-Fleck to purchase the lot at 5657 Adair Avenue North for \$50,000. Novak-Fleck has a Minnesota Residential Building Contractor license with no enforcement actions.

The house would be a split entry with an attached three car garage. The upper level would have 1,209 sq. ft. with an open living-dining-kitchen area, three bedrooms and two bathrooms. The lower level would have 1,144 sq. ft. unfinished at this time. It would generally look like the house being completed at 5548 Yates but with the garage on the left instead of right.

The proposal meets city code including zoning, and also is in conformance with the EDA's lot sale guidelines. Lot sale closing and construction start are anticipated for early October with house completion by early 2014.

The proposed resolution, 2012 aerial photo, site sketch and house plan are attached.

REQUESTED EDA ACTION: After holding the public hearing and receiving any testimony, consider adopting the attached resolution authorizing the property sale.

**ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CRYSTAL
HENNEPIN COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING THE SALE OF
5657 ADAIR AVENUE NORTH
FOR NEW HOUSE CONSTRUCTION**

WHEREAS, the Economic Development Authority of the City of Crystal ("the EDA") is the owner of 5657 Adair Avenue North, legally described as Lot 1, Block 2, Kennard's Addition, according to the recorded plat thereof on file and of record in the office of the County Recorder in and for Hennepin County, Minnesota ("the Property"); and

WHEREAS, the EDA has solicited proposals from builders who desire to purchase the Property from the EDA and construct thereon a new single family house; and

WHEREAS, the EDA has reviewed and accepted the proposal from Novak-Fleck.

NOW, THEREFORE, BE IT RESOLVED that the EDA authorizes the sale of the Property to Novak-Fleck.

BE IT FURTHER RESOLVED that the sale shall be completed in accordance with the terms of the Purchase and Redevelopment Agreement in substantially the form on file in City Hall, and that the President and Executive Director are hereby authorized to sign said Agreement and other documents required to complete the sale of the Property to Novak-Fleck.

Adopted this _____ day of _____, _____.

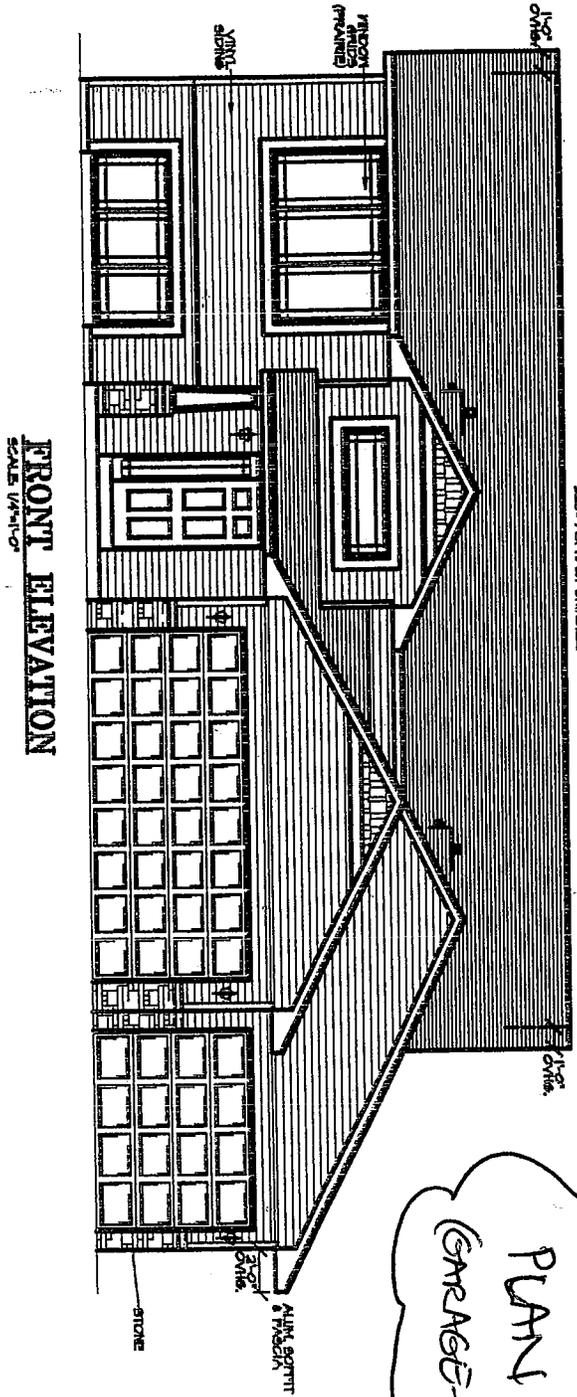
Mark G. Hoffmann, President

Anne L. Norris, Executive Director



1" : 40'





FRONT ELEVATION
SCALE 1/8"=1'-0"

LEFT ELEVATION
SCALE 1/8"=1'-0"

REAR ELEVATION
SCALE 1/8"=1'-0"

RIGHT ELEVATION
SCALE 1/8"=1'-0"

Add Hanson windows

Relocate window to side of house (or remove)

REVERSE PLAN
(GARAGE - LEFT)

NE

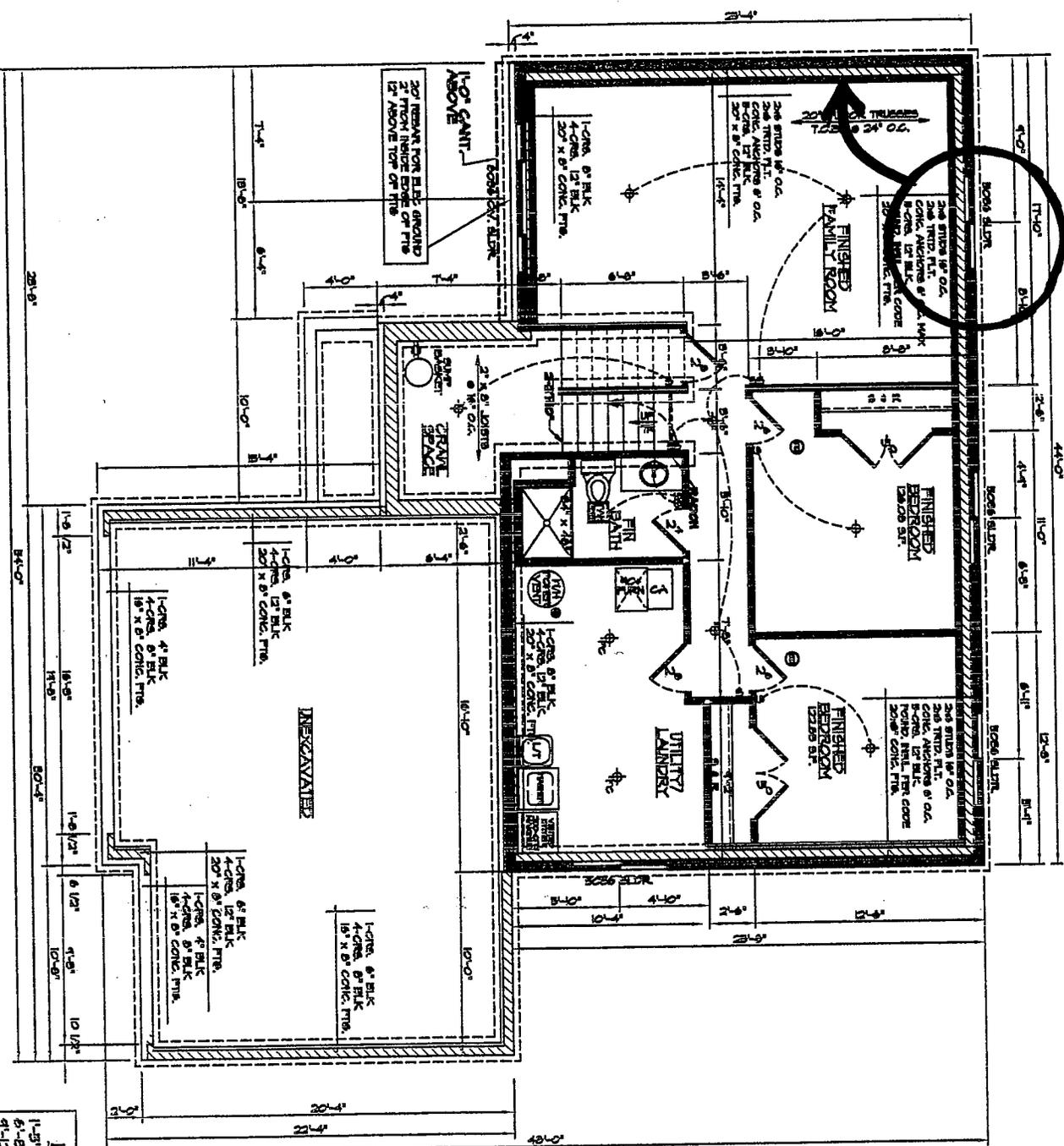
NOTE:
 -DUE TO ELECTRONIC REPRODUCTION, THIS PLAN MAY NOT SCALE CORRECTLY. THE HOUSE WILL BE BUILT ACCORDING TO THE DIMENSIONS SPECIFIED.
 -ALL DIMENSIONS, CONDITIONS AND SPECIFICATIONS ARE SUBJECT TO FIELD VERIFICATION. SOME CHANGES MAY BE NECESSARY.
 -ALL ELECTRICAL SYMBOLS SHOWN ARE APPROXIMATE. ACTUAL PLACEMENT WILL BE DETERMINED BY THE ELECTRICIAN PER CODE REQUIREMENTS.
 -ALL SQUARE FOOTAGES ARE DEEMED RELIABLE BUT NOT GUARANTEED.
 -ALIGNMENT BOXES ON EXTERIOR WALLS. (CATEGORY C1)
 -CAULK & FLASH ALL EXTERIOR OPENINGS.

WOODBRIDGE
 125744
 85985 NORTHWOOD LN
 NORTHWOOD, VA

Relocate window to side of house
(or remove)

LOWER LEVEL FLOOR PLAN

SCALE: 1/4"=1'-0"



REVERSE PLAN
(GARAGE - LEFT)

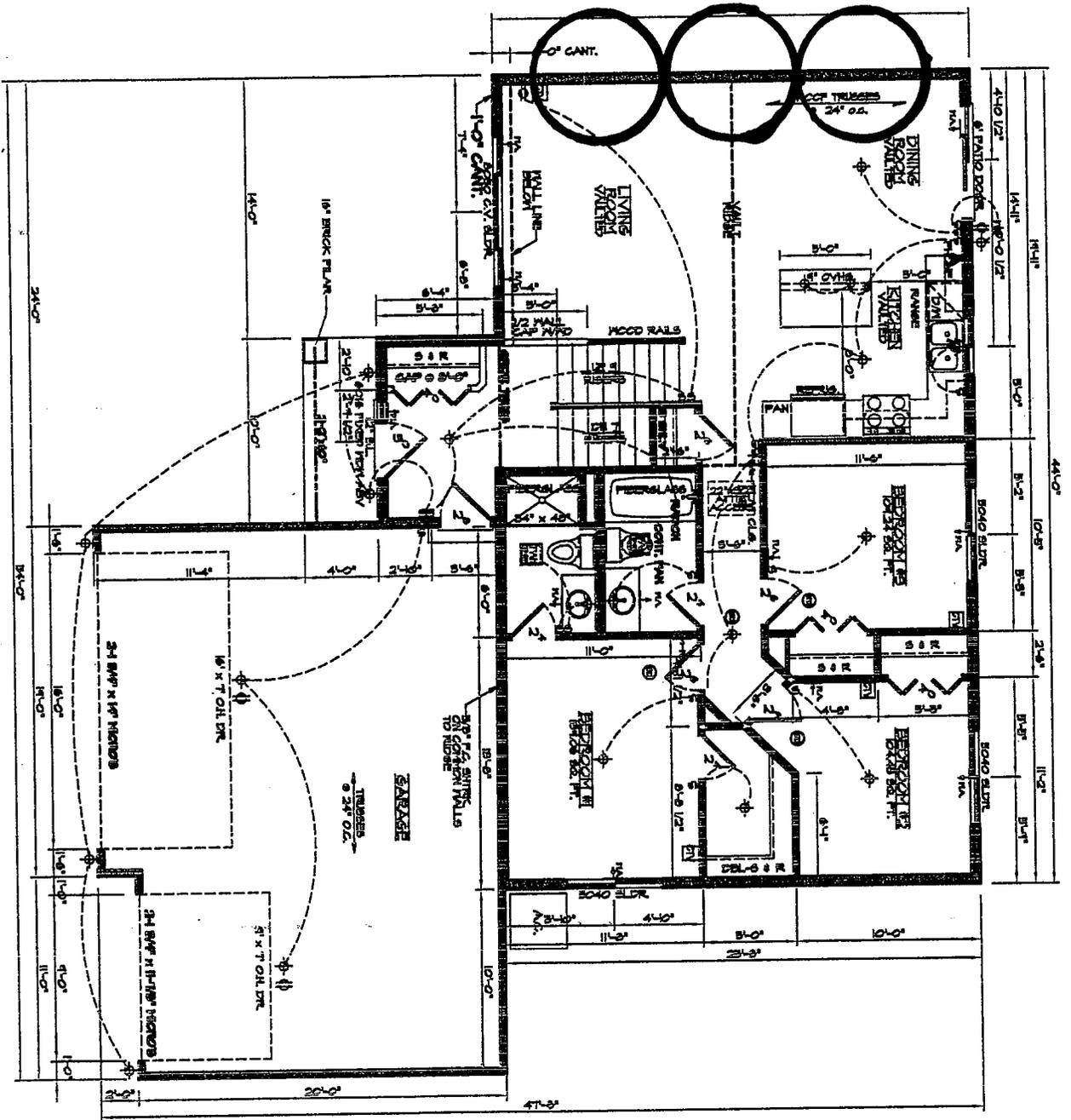
1-5"	2-2x10 HDRS.
6-8"	3-1 5/4"x4 1/2" TIMBERSTRAND
9-12"	2-1 5/4"x4 1/2" TIMBERSTRAND
(ALL DIMS NOTED OTHERWISE)	

NOTE	
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-ALL DIMENSIONS, CONDITIONS AND SPECIFICATIONS ARE SUBJECT TO FIELD VERIFICATION. SOME CHANGES MAY BE NECESSARY.	
-ALL ELECTRICAL SYMBOLS SHOWN ARE APPROXIMATE. ACTUAL PLACEMENT WILL BE DETERMINED BY THE ELECTRICIAN PER CODE REQUIREMENTS.	
-ALL SQUARE FOOTAGES ARE DEEMED RELIABLE BUT NOT GUARANTEED.	
-TIGHT BODIES ON EXTERIOR WALLS (CATEGORY ONE)	
-CAULK & FLASH ALL EXTERIOR OPENINGS.	

GENERAL NOTES	
WALLS	
CEILING	
FLOORING	
DOORS	
WINDOWS	
FINISHES	

20235 Newwood Ln

Add transom windows



MAIN LEVEL FLOOR PLAN
SCALE: 1/8"=1'-0"

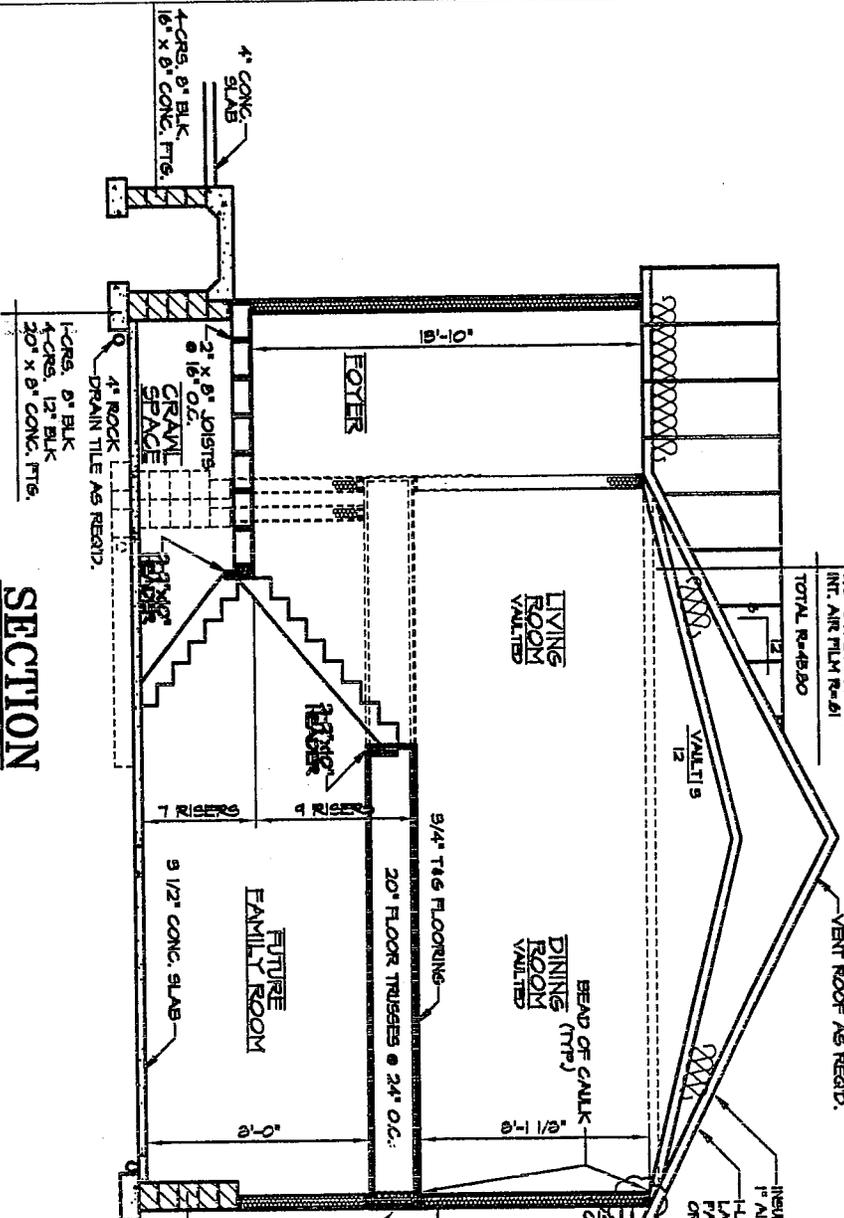
REVERSE
PLAN
(GARAGE-LEFT)

NOTE:

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- ALL ELECTRICAL SYMBOLS SHOWN ARE APPROPRIATE. ACTUAL PLACEMENT WILL BE DETERMINED BY THE ELECTRICIAN PER CODE REQUIREMENTS.
- ALL SQUARE FOOTAGES ARE PRELIMINARY BUT NOT GUARANTEED.
- AIRTIGHT BOXES ON EXTERIOR WALLS. (CATERACT ONE)
- GAILK & FLASH ALL EXTERIOR OPENINGS.



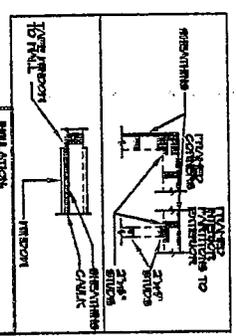
DATE	1/21/44
DESIGNED BY	ARCHITECT
DRAWN BY	ARCHITECT
CHECKED BY	ARCHITECT
APPROVED BY	ARCHITECT
PROJECT NO.	1000
CLIENT	MR. & MRS. J. W. SMITH
ADDRESS	1234 MAIN ST., ANYTOWN, VA.
PHONE	555-1234
MAILING ADDRESS	ARCHITECT, 5678 MARKET ST., FALLS CHURCH, VA.



SECTION
SCALE: 1/4" = 1'-0"

2236 AERIAL, T SHINGLES
 1 1/2" ROOF FELT
 1/2" OSB SHEATHING
 EXT. AIR FILM R=0.17
 BLOWN INSB. INSULATION
 POLY VAPOR BARRIER
 5/8" STYP. ENDO. NO. 55
 INT. AIR FILM R=0.61
 TOTAL R=4.860

INSULATION BATTLE WITH
 1" AIR SPACE
 LAYER OF 40# ROOF FELT
 FASTENED 12"
 ON ICE & WATER SHIELD
 6" ENERGY
 BEAD OF CAULK
 2x4 FLOOR TRUSSES @ 24" O.C.
 9/4" T&G FLOORING
 3/4" T&G FLOORING
 2x6 STIPS @ 16" O.C.
 CONC. ANCHORS @ O.C. MAX
 BOARD, INSB. PER CODE
 20" x 8" CONC. TTG.
 2x6 STYP. ENDO.
 5/8" VAPOR BARRIER
 1/2" STYP. ENDO. NO. 55
 INT. AIR FILM R=0.61
 TOTAL R=22.118



INSULATION
 ALL INSULATION SHOULD BE INSTALLED AT THE FACTORY OR IN THE FIELD BY THE CONTRACTOR. IT SHOULD BE KEPT DRY UNTIL INSTALLED AND SHOULD BE INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S RECOMMENDATIONS. INSULATION SHOULD BE INSTALLED IN THE OPENINGS OF THE WALLS AND ROOFS OF THE BUILDING TO PREVENT AIR LEAKAGE AND TO PROVIDE THERMAL INSULATION. INSULATION SHOULD BE INSTALLED IN THE JOISTS AND TRUSSES OF THE ROOF TO PREVENT AIR LEAKAGE AND TO PROVIDE THERMAL INSULATION. INSULATION SHOULD BE INSTALLED IN THE FLOOR TO PREVENT AIR LEAKAGE AND TO PROVIDE THERMAL INSULATION.

NE

NOTE
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 -ALL EXTERIOR FINISHES ARE DEEMED RELIABLE BUT NOT GUARANTEED.
 -LIGHT FIXTURES ON EXTERIOR WALLS (CATEGORY ONE)
 -CAULK & FLASH ALL EXTERIOR OPENINGS.

PLAN VIEW/DIMENSIONS	WOODRIDGE	WOODRIDGE	WOODRIDGE	WOODRIDGE
1st FLOOR	1st FLOOR	1st FLOOR	1st FLOOR	1st FLOOR
2nd FLOOR	2nd FLOOR	2nd FLOOR	2nd FLOOR	2nd FLOOR
FOUNDATION	FOUNDATION	FOUNDATION	FOUNDATION	FOUNDATION
ROOF	ROOF	ROOF	ROOF	ROOF
EXTERIOR	EXTERIOR	EXTERIOR	EXTERIOR	EXTERIOR
INTERIOR	INTERIOR	INTERIOR	INTERIOR	INTERIOR
MECHANICAL	MECHANICAL	MECHANICAL	MECHANICAL	MECHANICAL
ELECTRICAL	ELECTRICAL	ELECTRICAL	ELECTRICAL	ELECTRICAL

WOODRIDGE
 8000 S. WOODRIDGE LN.
 WOODRIDGE, CO. 80095



EDA STAFF REPORT

Resolution approving First Amendment to Contract for Private Redevelopment for The Cavanagh Senior Apartments

FROM: Patrick A. Peters, Deputy Executive Director *PA*

TO: Anne Norris, Executive Director (for October 1, 2013, EDA Meeting)

DATE: September 26, 2013

RE: Consider a resolution approving First Amendment to Contract for Private Redevelopment with Crystal Leased Housing Associates I, Limited Partnership [a Dominion Entity]

BACKGROUND

On December 18, 2012, the EDA approved Resolution 2012-28, authorizing execution of a Contract for Private Redevelopment and sale of Lot 1, Block 1, Cavanagh Park Addition to Crystal Leased Housing Associates I, Limited Partnership [a Dominion Entity]. That same evening the City Council approved a site plan for a three-story building and approved second reading of the rezoning of Lot 1 to R-3, High Density Residential.

In mid-2013, Dominion sought bids from contractors for construction of The Cavanagh and found that construction costs would be higher than anticipated. As a result of this and an increase in borrowing rates, Dominion proposed a four-story design with the same number of units, but a smaller footprint, to keep the project financially feasible. To exceed three stories, Planned Development ("PD") rezoning is required along with approval of revised site and building plans, all of which were considered by the Planning Commission on September 9, 2013 and approved on first reading by the City Council on September 17, 2013. Council consideration of second reading on the rezoning appears on the October 1 agenda.

At its October 1 meeting, the EDA will consider a resolution approving the First Amendment to the Contract for Private Redevelopment with Crystal Leased Housing Associates I, Limited Partnership, acknowledging modifications to the 2012 Contract that are a direct result of revisions to the zoning and site and building plans.

THE CONTRACT

The Contract approved in 2012 provides the framework for redevelopment of the site, obligating the developer to certain stated improvements and conditions that are in the city's interest. Most of the provisions of that Contract remain as originally approved, but certain provisions affecting the EDA's interest have necessarily been modified to reflect the rezoning and revised site and building plans:

- The definition of “Minimum Improvements” in Section 1.1 of the original agreement is modified to mean the construction on the Redevelopment Property of a 130-unit senior rental housing facility with four stories of housing units;
- Section 3.1 of the original agreement is modified to reflect the change in zoning to R-3 Planned Development;
- Section 3.2 of the original agreement is modified to require a \$5,000 earnest money deposit at the time of execution of the First Amendment by Dominion; and
- Section 3.3 of the original agreement is modified to change the closing date to December 31, 2013.

RECOMMENDATION

Staff requests EDA approval of a resolution approving first amendment to the Contract for Private Redevelopment with Crystal Leased Housing Associates I, Limited Partnership.

ATTACHMENTS

- A. Resolution
- B. First Amendment to Contract for Private Redevelopment

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CRYSTAL

RESOLUTION NO. _____

**RESOLUTION APPROVING FIRST AMENDMENT TO
CONTRACT FOR PRIVATE REDEVELOPMENT WITH
CRYSTAL LEASED HOUSING ASSOCIATES I, LIMITED PARTNERHSIP**

BE IT RESOLVED BY the Board of Commissioners (the “Board”) of the Economic Development Authority of the City of Crystal (the “Authority”) as follows:

Section 1. Background.

1.01. The City of Crystal (the “City”) and the Authority have heretofore approved the establishment of Tax Increment Financing District No. 4 (the “TIF District”) within Redevelopment Project No. 1 (the “Project”), and have adopted a tax increment financing plan for the TIF District to finance certain improvements within the Project.

1.02. The Authority previously entered into a Contract for Private Redevelopment dated as December 18, 2012 (the “Original Contract”) between the Authority and Crystal Leased Housing Associates I, Limited Partnership (the “Redeveloper”) under which the Authority agreed to convey to the Redeveloper certain property within the Project described as Lot 1, Block, 1, Cavanagh Park Addition (the “Redevelopment Property”).

1.03. The Original Contract also provides that the Redeveloper will construct a senior housing facility on the Redevelopment Property, and that the Authority will assist such effort by issuing a tax increment revenue obligation secured by certain tax increments from the TIF District.

1.04. The Authority approved the Original Contract by Resolution No. 2012-28 (the “2012 Resolution”), which also authorized issuance of a tax increment revenue obligation in the form of the Taxable Tax Increment Revenue Note, Series 2013 (the “Series 2013 TIF Note”).

1.05. The parties have determined a need to modify the Original Contract in certain respects, and to that end have prepared a First Amendment to Contract for Private Redevelopment (the “First Amendment”).

1.06. The Board has reviewed the First Amendment and has determined that it is in the best interest of the Authority to enter into the First Amendment.

Section 2. Approvals.

2.01. The Board hereby approves the First Amendment and authorizes the President and Executive Director to execute such document in substantially the form on file with Authority, subject to modifications that do not alter the substance of the transaction and are approved by such officials, provided that execution of the Agreement by such officials is conclusive evidence of their approval.

2.02. This resolution supersedes the 2012 Resolution as it relates to issuance of the Series 2013 TIF Note. Any tax increment revenue obligation related to the senior housing facility described in the Original Contract, as amended, will be issued as described in the First Amendment, and all provisions of the 2012 Resolution *other than* those approving the Original Contract have no further force or effect.

Approved by the board of commissioners of the Economic Development Authority of the City of Crystal this 1st day of October, 2013.

President

ATTEST:

Secretary

Execution Copy

**FIRST AMENDMENT TO
CONTRACT FOR PRIVATE REDEVELOPMENT**

THIS FIRST AMENDMENT TO CONTRACT FOR PRIVATE REDEVELOPMENT, made on or as of the 1st day of October, 2013, by and between ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CRYSTAL, a public body corporate and politic established pursuant to Minnesota Statutes, Sections 469.090 to 469.1081 (the "Authority"), and Crystal Leased Housing Associates I, Limited Partnership, a Minnesota limited partnership (the "Redeveloper").

WITNESSETH:

WHEREAS, the Authority was established by the City of Crystal (the "City") under Minnesota Statutes, Sections 460.090 to 469.1081 (the "EDA Act"), and has all the powers of a housing and redevelopment authority under Minnesota Statutes, Sections 469.001 to 469.047 (the "HRA Act"); and

WHEREAS, the Authority has undertaken a program to promote the redevelopment of land which is blighted and underutilized within the City, and in this connection created a redevelopment project known as the Redevelopment Project No. 1 (the "Redevelopment Project") pursuant to the HRA Act; and

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

WHEREAS, the Authority and Redeveloper entered into that certain Contract for Private Redevelopment dated as of December 18, 2012 (the "Original Contract") under which the Authority acquired the property described as Lot 1, Block 1, Cavanagh Park Addition, according to the recorded plat thereof, Hennepin County, Minnesota (the "Redevelopment Property"); and

WHEREAS, under the Original Contract, the Authority agreed to convey the Redevelopment Property to Redeveloper upon satisfaction of certain terms and conditions, and to provide certain financial assistance to Redeveloper in order to facilitate development of a senior housing facility on the Redevelopment Property; and

WHEREAS, the parties have determined a need to modify the Original Contract in certain respects as described herein;

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

1. Section 1.1 of the Original Contract is amended to modify the following

ATTACHMENT B

definitions to read as follows:

“Apartment TIF Contract” means the Contract for Private Redevelopment dated November 16, 1999 between the Authority and Crystal Partners LP, Francis W. Lang and Eugene Nelson, as assigned to Lanel Crystal Estates, LLC, and as amended by a First Amendment to Contract for Private Redevelopment dated May 14, 2004 between the Authority and Lanel Crystal Estates, LLC.

“Assisted Living TIF Contract” means the Contract for Private Redevelopment dated November 16, 1999 between the Authority and Crystal Partners LP, as assigned to Lanel Crystal Manor LLC, and as amended by a First Amendment to Contract for Private Redevelopment dated May 14, 2004 between the Authority and Lanel Crystal Manor LLC.

“Minimum Improvements” means the construction on the Redevelopment Property of an approximately 130-unit senior rental housing facility, with four stories of housing units, and in which no unit has more than two bedrooms.

“TIF Bond” has the meaning provided in Section 3.8(a); and the wherever the term “Series 2013 TIF Note” appears in the Original Contract, the term “TIF Bond” shall be substituted.

2. Section 3.1 is modified to read as follows:

Section 3.1. Acquisition and Conveyance of Property. (a) As of the date of this First Amendment, the Authority has acquired the School Property from the School District, and the City has approved a plat of the School Property (the “Plat”), to create the Redevelopment Property and the Park Property. In the Plat, the Authority dedicated the Park Property to the City for public park purposes. Such dedication does not relieve any obligation of Redeveloper to pay park dedication fees in accordance with City ordinances. The Authority will convey the Redevelopment Property to Redeveloper subject to all the terms and conditions of this Agreement.

(b) Prior to the date of this First Amendment, the City rezoned the Redevelopment Property to R-3 High Density Residential, but the parties further agree and understand that development of the Minimum Improvements, as now defined, requires further rezoning of the Redevelopment Property to R-3 Planned Development under the City zoning ordinance. The Authority and Redeveloper will cooperate on that effort, and Redeveloper will submit any materials reasonably requested by the Authority or City in order to process such rezoning.

(c) As of the date of this First Amendment, the Authority has, at its sole cost, caused the school building on the Redevelopment Property to be demolished and cleared the site of debris, and has caused all utilities to be disconnected.

3. Section 3.2 is modified to read as follows:

Section 3.2. Purchase Price; Provisions for Payment. The purchase price to be paid to the Authority by the Redeveloper in exchange for the conveyance of the Redevelopment Property is \$1,094,314. The purchase price shall be payable as follows:

- (a) \$5,000 as earnest money, payable upon execution of this First Amendment; and
- (b) the balance payable by the Redeveloper in cash or certified check at Closing.

4. Section 3.3 is modified to read as follows:

Section 3.3. Conditions of Conveyance. (a) *Generally.* The Authority shall convey title to and possession of the Redevelopment Property to the Redeveloper by a deed substantially in the form of the deed attached as Schedule B to this Agreement. The Authority's obligation to convey the Redevelopment Property to the Redeveloper and the Redeveloper's obligations under this Agreement are subject to and contingent upon satisfaction of the following terms and conditions:

- (1) The Authority having approved Construction Plans for the Minimum Improvements in accordance with Section 4.2.
- (2) The Redeveloper having closed on the Housing Revenue Bonds, or provided evidence reasonably satisfactory to the Authority that the Housing Revenue Bonds will be timely issued at economically reasonable rates; and if any other form of financing is used (either instead of or in combination with Housing Revenue Bonds) Redeveloper having provided reasonable evidence that it has closed on such financing in accordance with Article VII hereof.
- (3) The Redeveloper having delivered to the Authority the Declaration in accordance with Section 4.5 hereof.
- (4) The Redeveloper having received approval by the City and by all governmental agencies from which approval must be obtained for the redevelopment of the Redevelopment Property, including without limitation approval by the City of site plans, building plans, re-zoning of the Redevelopment Property as described in Section 3.1, and any other City approvals, all to the extent so required under City ordinances.
- (5) [Intentionally omitted.]
- (6) The Redeveloper having reviewed and approved (or waived objections to) title to the Redevelopment Property as set forth in Section 3.5.
- (7) The Redeveloper having reviewed and approved (or waived objections to) soil and environmental conditions as set forth in Section 3.6.
- (8) [Intentionally omitted.]
- (9) There is no uncured Event of Default under this Agreement.

(b) *Exercise and waiver of conditions.* Conditions (3) and (9) are solely for the benefit of the Authority and may be waived by the Authority. Conditions (6) through (8) are solely for the benefit of the Redeveloper and may be waived by the Redeveloper. Conditions (1), (2), (4) and (5) are for the benefit of both parties and may be exercised by either party, but none of those conditions may be waived by one party without the written consent of the other; that is each party may exercise any of these contingencies to bar Closing if not timely satisfied, but neither party may unilaterally waive these contingencies and require Closing if the contingencies have not been timely satisfied.

All conditions must be satisfied or waived on for before the Closing stated in paragraph (c) below. If any of such conditions have not been satisfied or waived by the applicable date stated in this Section, then this Agreement may be terminated, at the benefitted party's option, by written notice from that party to the other. Such notice of termination must be given no later than three (3) business days after the applicable date. Upon such termination, this Agreement shall become null and void and neither party will have any further rights or obligations under this Agreement, except that Redeveloper relinquishes all rights to the escrow deposit made under Section 3.2 hereof. Should a party fail to give notice of termination no later than three (3) business days after the applicable date with respect to any of contingencies benefitting that party, the contingency in question shall be conclusively deemed to have been waived by that party. Waiver of any condition (to the extent permitted under this paragraph) must be in writing delivered by the waiving party to the other party.

(c) The closing on conveyance of the Redevelopment Property from the Authority to the Redeveloper (the "Closing") shall occur within 15 business days after satisfaction of the conditions specified in this Section, but no later than December 31, 2013.

5. Section 3.8 is modified to read as follows:

Section 3.8. Issuance of TIF Bond. (a) *Generally.* As additional assistance reasonably required to make development of the Minimum Improvements financially feasible, the Authority shall issue a tax increment revenue obligation (the "TIF Bond") in the principal amount of \$1,011,175, bearing interest at the rate of 5.0% per annum, or such other rate approved by the Authority. The terms of the TIF Bond, including maturity and payment dates will be substantially those set forth in Schedule C attached to this First Amendment; provided that such form may be revised as necessary to accommodate the form of sale, assignment or transfer described in Section 3.8(e) hereof.

(b) *Security for TIF Bond.* The parties agree and understand that the Redevelopment Property will not be included in a tax increment financing district under the TIF Act, and instead the TIF Bond will be payable from Available Tax Increments (further described below) generated from the existing TIF District located elsewhere in the Project area, and from the Reserve Fund described below. All the taxable property in the TIF District is owned by the TIF District Owners, who have entered into the TIF District Contracts. In each TIF District Contract, each TIF District Owner agrees to comply with certain TIF District Affordability Covenants (defined in Section 1.1 hereof) through December 31, 2025, which covenants are imposed under Section 469.1761 of the TIF Act.

(c) *Available Tax Increment.* The TIF Bond will be payable solely from and to the extent of Available Tax Increment and funds in the Reserve Fund. The term “Available Tax Increment” means, on any Payment Date (as defined in the TIF Bond), 90 percent of the Tax Increment from the TIF District received by the Authority in the six months before that Payment Date. If on any Payment Date, amounts described in the previous sentence are insufficient to pay the principal and interest then due on the TIF Bond, and the Authority collects any tax deficiency under either or both of the TIF Contracts for the same tax-payable year that was the source of the Tax Increment for the subject payment on the TIF Bond, then the Authority shall treat such tax deficiency as Available Tax Increment. The Authority will apply any such TIF Contract tax deficiency amount to the next payment due under the TIF Bond after the Authority collects such funds from either of the TIF District Owners.

(d) *Reserve Fund.* The TIF Bond will be further secured by a Debt Service Reserve Fund (the “Reserve Fund”) as described in the TIF Bond. Upon issuance of the TIF Bond, the Authority shall deposit in the Reserve Fund available Authority funds in the amount of \$130,500, representing approximately one-year’s debt service on the TIF Bond. On any Payment Date under the TIF Bond on which Available Tax Increment is insufficient to pay the amount then due, the Authority shall (after first applying any TIF Contract tax deficiency amounts then due) transfer money from the Reserve Fund to the amounts to the Debt Service Fund for the TIF Bond. The Authority shall have no obligation to replenish the Reserve Fund after any transfer.

(e) *Issuance of TIF Bond.* The Authority acknowledges that the Redeveloper intends to realize the present value of the future collections of Available Tax Increment evidenced by the TIF Bond, through a mechanism yet to be determined. The Redeveloper, at its option, may request that (i) the Authority issue the TIF Bond directly to the Redeveloper, and the Redeveloper will pledge the TIF Bond to collateralize a loan from one or more lenders, (ii) the Authority issue the TIF Bond directly to one or more lenders; (iii) the City incorporate the TIF Bond in the Housing Revenue Bonds, such that the Available Tax Increment is pledged to all or a portion of the Housing Revenue Bonds rather than a separate TIF Bond; or (iv) any other assignment or sale mechanism that allows Redeveloper to monetize the present value of the Available Tax Increment without materially altering the Authority’s financial obligations under this Section. The TIF Bond will be issued at substantially the same time as issuance of the Housing Revenue Bonds, unless the parties mutually agree otherwise. The Authority will, by resolution, approve the final terms of the TIF Bond consistent with this Section.

(f) *Qualified Costs.* Proceeds of the TIF Bond, however issued, must be used only to finance costs of construction of the Minimum Improvements (“Qualified Costs”). The Redeveloper shall deliver to the Authority certification that Redeveloper has incurred and paid such costs (“Qualified Costs”) together with reasonable evidence supporting that certification. Evidence of Qualified Costs must include, at a minimum, paid invoices describing the costs incurred and paid. Evidence of Qualified Costs must be submitted as follows:

(i) if the TIF Bond is issued to Redeveloper, the TIF Bond may be issued prior to Redeveloper’s submittal of Qualified Cost evidence, but interest will not accrue

on the TIF Bond until Qualified Costs in the principal amount of the TIF Bond have been submitted and approved by the Authority.

(ii) if the TIF Bond is issued to one or more third party lender, such that the lender pays the Authority a purchase price of the par amount of the TIF Bond, the Authority will disburse proceeds of the TIF Bond upon presentation of evidence of Qualified Costs.

(iii) if the TIF Bond is incorporated into the Housing Revenue Bonds, the Authority will cause the relevant bond documents to provide for disbursement of proceeds allocable to the TIF Bond upon presentation of evidence of Qualified Costs.

(g) *Qualifications.* The Redeveloper understands and acknowledges that the Authority makes no representations or warranties regarding the amount of Available Tax Increment, or that revenues pledged to the TIF Bond will be sufficient to pay the principal amount of the TIF Bond. Redeveloper expressly acknowledges that:

(i) Available Tax Increment is payable solely from the TIF District, and the Authority's ability to pay Tax Increment under the TIF Bond is conditioned upon the continued compliance by the TIF District Owners with the TIF District Affordability Covenants under the TIF District Contracts, and that the Authority will not pay Available Tax Increment if and while, as of any Payment Date on the TIF Bond, there is an uncured event of default under the respective TIF District Affordability Covenants; provided that such withholding applies only to the Available Tax Increment attributable to the property for which there is a default under the respective Housing TIF Contracts, and further provided that enforcement of the TIF District Affordability Covenants is qualified by the provisions of paragraph (h) of this subdivision.

(ii) estimates of Tax Increment prepared by the Authority or its financial advisors in connection with the TIF District or this Agreement are for the benefit of the Authority, and are not intended as representations on which the Redeveloper may rely; and

(iii) if the cost of acquisition of the Redevelopment Property exceeds the principal amount of the TIF Bond, such excess is the sole responsibility of Redeveloper.

(h) *Authority Representations and Covenants Regarding Available Tax Increment and the TIF Contracts.*

(i) Pursuant to the Assisted Living Contract, the Authority issued to Crystal Partners LP (one of the TIF District Owners) a Limited Revenue Tax Increment Note (the "Prior TIF Note"), which is payable solely from and to the extent of a portion of the Tax Increment from the TIF District.

(ii) The last payment on the Prior TIF Note is February 1, 2016, and thereafter the Authority has no further obligation to make payments of Tax Increment on the Prior

TIF Note or any other obligation; further, the Authority has not made, and will not make, any other pledge of Available Tax Increment that is collected after February 1, 2016 to any other obligation unless such pledge is subordinate to the TIF Bond.

(iii) The Authority will take no actions to impair collection of Tax Increment from the TIF District.

(iv) The Authority will not amend or waive any provision of the TIF Contracts, the minimum assessment agreements referenced in each TIF Contract, the Declaration of Restrictive Covenant and Prohibition Against Tax Exemption referenced in each TIF Contract, and the Prior TIF Note, without Redeveloper's written consent.

(v) The Authority will, at the Authority's cost, enforce any provision of the TIF Contracts that materially affects the collection of Available Tax Increment, including without limitation: the TIF District Affordability Covenants; Section 5.7 of the Assisted Living Contract and Section 5.5 of the Apartment Contract; 7.5 of both TIF Contracts; and 9.1 and 9.3 of both TIF Contracts.

(vi) In any enforcement effort regarding either of the TIF Contracts, the Authority shall, at the Authority's cost, take direction from Redeveloper to as to such efforts, provided that Authority will have no obligation to undertake any enforcement action that is not reasonably related to the collection of Available Tax Increment; and further provided that in lieu of undertaking enforcement of either TIF Contract in order to ensure collection of Available Tax Increment, the Authority may instead may make any payment due with respect to the TIF Bond from any available Authority funds.

(vii) As of the date of this First Amendment, there are no uncured events of default under either of the TIF Contracts.

(viii) The Authority will promptly deliver to Redeveloper any notices delivered by the TIF District Owners to the Authority, or by the Authority to the TIF District Owners, under the TIF District Contracts.

(ix) The TIF District was duly created in accordance with the TIF Act, remains in full force and effect; the Authority is entitled to collect Tax Increment from the TIF District through December 31, 2025 (conditioned upon continued compliance by the TIF District Owners with TIF District Affordability Covenants); the properties that are the subject of the both TIF Contracts are located within the TIF District; and the Authority is authorized by law to pledge the Available Tax Increment from the TIF District to the TIF Bond.

(x) The Authority agrees and understands that Redeveloper prefers that the TIF Bond be issued as a so-called "exempt facility bond" under Section 142 of the Internal Revenue Code of 1986, as amended. To that end, the Authority, in cooperation with the City, will takes such actions as are reasonably necessary to issue the TIF Bond

on such basis, including without limitation holding public hearings and applying for volume cap allocation.

(xi) The Authority further agrees to cooperate with Redeveloper as reasonably necessary to effect the sale, transfer or assignment of the TIF Bond, including without limitation, providing and certifying to historical tax collection, tax capacity and local tax rates with respect to the TIF District and enforcement of the TIF Contracts.

6. Section 9.2 is modified to read as follows:

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

(a) Suspend its performance under the Agreement or the TIF Bond until it receives assurances that the defaulting party will cure its default and continue its performance under the Agreement.

(b) Cancel and rescind or terminate the Agreement, provided that the Authority may not terminate the TIF Bond prior to the Termination Date.

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

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

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF CRYSTAL

By _____
Mark Hoffmann
Its President

By _____
Anne Norris
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of October, 2013, by Mark Hoffmann and Anne Norris, the President and Executive Director of the Economic Development Authority of the City of Crystal, a public body politic and corporate, on behalf of the Authority.

Notary Public

**CRYSTAL LEASED HOUSING ASSOCIATES I,
LIMITED PARTNERSHIP**

By Crystal Leased Housing Associates I, LLC, its
general partner.

By: _____

Its _____

STATE OF _____)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of October, 2013
by _____, the _____ of Crystal Leased Housing Associates
I, LLC, the general partner of Crystal Lease Housing Associates I, Limited Partnership, a
Minnesota limited liability company, on behalf of the limited partnership.

Notary Public

SCHEDULE C

FORM OF TIF BOND

UNITED STATE OF AMERICA
STATE OF MINNESOTA
COUNTY OF HENNEPIN

No. R-1

\$1,011,175

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF CRYSTAL
TAX INCREMENT REVENUE BOND, SERIES 2013

Rate: 5.0% Date _____, 20____

The Economic Development Authority of the City of Crystal (the "Authority") for value received, certifies that it is indebted and hereby promises to pay to _____ or registered assigns (the "Owner"), the principal sum of \$1,011,175 with interest thereon at the rate of 5.0% per annum, as and to the extent set forth herein. This Note is issued pursuant to the Contract for Private Redevelopment between the Authority and Owner dated as of December 18, 2012, as amended by a First Amendment thereto dated _____, 2013 (the "Agreement"). Capitalized terms not otherwise defined herein have the meaning provided in the Agreement.

1. Payments. Principal shall be paid in semi-annual installments (the "Payments") on each February 1 and August 1, commencing August 1, 2016 and concluding no later than February 1, 2026 (the "Payment Dates") in the amounts set forth in Exhibit A hereto, but solely from the sources set forth in Section 3 herein. Payments are payable by mail to the address of the Owner or such other address as the Owner may designate upon thirty (30) days written notice to the Authority. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts. Payments shall be applied first to accrued interest and second to outstanding principal.

2. Available Tax Increment. The Authority shall pay on each Payment Date to the Owner the lesser of the Available Tax Increment and the payment due on that date as set forth in Exhibit A, together with deferred amounts, if any, as set forth below. To the extent that on any Payment Date the Authority is unable to make the total scheduled payment due on such date as a result of its having received as of such date insufficient Available Tax Increment, the Authority shall:

first apply any tax deficiency amounts that were collected under the TIF Contract and are available as of such Payment Date; and

second transfer from the Reserve Fund any amount needed to cover the deficiency, to the extent of funds remaining the Reserve Fund.

If, after application of the above amounts, the Authority has insufficient funds to make the full scheduled payment due on such Payment Date, the amount of such deficiency shall be deferred and shall be paid, with interest thereon at the rate of interest on this Note, on the next Payment Date on which the Authority has available to it Available Tax Increment in excess of the amount necessary to make the scheduled payment due on such Payment Date.

Payments on this Note are payable on each Payment Date solely from and in the amount of "Available Tax Increment," which shall mean, on each Payment Date, ninety percent (90%) of the Tax Increment attributable to Tax Increment Financing District No. 4 (the "TIF District") that is paid to the Authority by Hennepin County in the six (6) months preceding the Payment Date. If on any Payment Date, amounts described in the previous sentence are insufficient to pay the principal and interest then due on this Note, and the Authority collects any tax deficiency under either or both of the TIF Contracts for the same tax-payable year that was the source of the Tax Increment for the subject payment on this Note, then the Authority shall treat such tax deficiency as Available Tax Increment. The Authority will apply any such TIF Contract tax deficiency amount to the payment due on the next Payment Date (prior to any transfer from the Reserve Fund on such Payment Date).

The Authority shall have no obligation to pay principal of this Note or interest thereon on each Payment Date from any source other than Available Tax Increment and the failure of the Authority to pay the entire amount due on any Payment Date shall not constitute a default hereunder as long as the Authority pays principal and interest hereon to the extent of Available Tax Increment or transfers from the Reserve Fund. The Authority shall have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2026 except from Available Tax Increment attributable to property taxes paid in the 2025 or any prior years.

3. Interest. [If no capitalized interest, insert the following] The payment schedule attached as Exhibit A reflect that interest accruing from the date of issue of this Note through and including February 1, 2016 is compounded semiannually on February 1 and August 1 of each year and added to principal. Interest shall be computed on the basis of a year of 360 days and twelve 30-day months.

4. Default. Upon an Event of Default by the Redeveloper under the Agreement, the Authority may exercise the remedies with respect to this Note described in Section 9.2 of the Agreement, the terms of which are incorporated herein by reference.

5. Optional Prepayment. The principal sum of this Note is prepayable in whole or in part at any time by the Authority without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Note.

6. Nature of Obligation. This Note is one of an issue in the total principal amount of \$1,011,175 issued to aid in financing certain public redevelopment costs and administrative costs of a Project undertaken by the Authority pursuant to Minnesota Statutes, Sections 469.001 through 469.047, and is issued pursuant to the Agreement and an authorizing resolution (the "Resolution") duly adopted by the Authority on December 18, 2012, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.179. This Note is a limited obligation of the Authority which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution, together with amounts available in the Reserve Fund. This Note shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of 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 this Note or other costs incident hereto.

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

Except as otherwise provided in the Resolution, this Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the Authority has been provided with an opinion of counsel or a certificate of the transferor, in a form satisfactory to the Authority, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws.

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

IN WITNESS WHEREOF, the board of commissioners the 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.

**ECONOMIC DEVELOPMENT
AUTHORITY
OF THE CITY OF CRYSTAL**

President

Executive Director

REGISTRATION PROVISIONS

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

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of City Finance Director</u>
_____, 20____	_____	_____

Exhibit A
to Tax Increment Revenue Bond, Series 2013

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>
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