



Agenda
Minnetonka Economic Development Authority
Monday, Aug. 22, 2022
Following the 6:30 p.m. regular meeting
Council Chambers

1. Call to Order
2. Roll Call: Coakley-Kirk-Schack-Wilburn-Calvert-Schaeppi-Wiersum
3. Approval of Agenda
4. Approval of Minutes:
 - A. July 18, 2022 EDA meeting minutes
5. Business Items:
 - A. Extension of affordability at 11390 Minnetonka Mills Rd
Recommendation: Adopt the resolution (4 votes)
6. Adjourn

Minutes
Minnetonka Economic Development Authority
Monday, July 18, 2022

1. Call to Order

Wiersum called the meeting to order at 8:22 p.m.

2. Roll Call

Commissioners Bradley Schaeppi, Kissy Coakley, Brian Kirk, Rebecca Schack, Kimberly Wilburn, Deb Calvert and President Brad Wiersum were present.

3. Approval of Agenda

Kirk moved, Schack seconded a motion to approve the agenda, as presented.

All voted "yes". Motion carried.

4. Approval of Minutes:

A. June 27, 2022 EDA meeting minutes

Kirk moved, Calvert seconded a motion to approve the minutes, as presented.

All voted "yes". Motion carried.

5. Business Items:

A. Cliff's Apartments Repayment – Transfer to Affordable Housing Trust Fund

Community Development Director Julie Wischnack gave a report on the item.

Schack moved, Calvert seconded a motion to adopt EDA Res. 2022-006 transferring funds from the development fund of the Economic Development Authority in for the City of Minnetonka, Minnesota to the affordable housing trust fund of the City of Minnetonka, Minnesota for affordable housing purposes.

All voted "yes". Motion carried.

6. Adjournment

Calvert moved, Schack seconded a motion to adjourn the meeting at 8:25 p.m.

All voted "yes". Motion carried.

Respectfully submitted,

Becky Koosman
City Clerk



**Economic Development Authority Agenda Item 5A
Meeting of Aug. 22, 2022**

Title: Extension of affordability at 11390 Minnetonka Mills Road

Report From: Alisha Gray, EDFP, Economic Development and Housing Manager

Submitted through: Mike Funk, City Manager
Julie Wischnack, AICP, Community Development Director

Action Requested: Motion Informational Public Hearing
Form of Action: Resolution Ordinance Contract/Agreement Other N/A
Votes needed: 4 votes 5 votes N/A Other

Summary Statement

This action extends the affordability term at Minnetonka Mills Townhomes located at 11390 Minnetonka Mills Road and provides loan forgiveness in exchange for an additional three years of affordability.

Recommended Action

Adopt the resolution, approving the satisfaction of mortgage, and approving the declaration of restrictive covenants for an additional three years of affordability.

Strategic Profile Relatability

Financial Strength & Operational Excellence Safe & Healthy Community
 Sustainability & Natural Resources Livable & Well-Planned Development
 Infrastructure & Asset Management Community Inclusiveness
 N/A

Statement: Extension of affordability at Minnetonka Mills Townhomes.

Financial Consideration

Is there a financial consideration? No Yes \$125,250
Financing sources: Budgeted Budget Modification New Revenue Source
 Use of Reserves Other \$125,250

Statement: Recommitment of \$100,000 in EDA loan proceeds plus \$25,250 in accrued interest to continue affordability at Minnetonka Mills Townhomes. The loan was initially funded through a grant from the Metropolitan Council and is being held in escrow. This action will allow the

developer to retain the funds to continue the affordability at Minnetonka Mills Townhomes an additional 3 years.

Background

In 1996, the city approved the construction of the Minnetonka Mills Townhomes located at 11390 Minnetonka Mills Road. The project consisted of 30 affordable townhome apartments affordable at 60% AMI, with three units reserved for very low-income households on the Metro HRA waiting list. Twenty-seven units received financing through low-income housing tax credits, with a 30-year affordability period. The remaining three units received financing through the Minneapolis Public Housing Agency (MHPA) with assistance from the Department of Housing and Urban Development (HUD) and have an affordability period of 40 years. In addition, the Metropolitan Council provided \$100,000 to the Minnetonka Economic Development Authority (EDA) as a pass-through loan to assist with ongoing affordability requirements for these units.

In 2022, the Cornerstone Group contacted the city to inquire about extending the affordability of the 27 affordable tax credit units an additional three years in exchange for forgiveness of a \$100,000 loan provided by the Metropolitan Council through the EDA. Under the agreement, the developer will continue to keep the 27 tax credit units affordable from 2029 through 2031. This results in an estimated cost to the developer of \$166,000 per year for the continued affordability of the units. Cornerstone is willing to provide this opportunity as the company is committed to providing affordable housing in the region. The attached memo from Colleen Carey of Cornerstone Group provides additional information on the request and the property owner.

Staff recommends that the EDA adopt the resolution, establishing an additional three years of affordability for the 27 units financed by the low-income housing tax credits, and provide forgiveness of the \$125,250 loan to assist with the additional three years of affordability. The extension will commence on January 1, 2029, through December 31, 2031. The three units that are part of the MHRA and HUD will continue to be affordable through 2036. Staff recommends that the EDA revisit extending the affordability to preserve the affordable units when the affordability is nearing expiration in 2031.

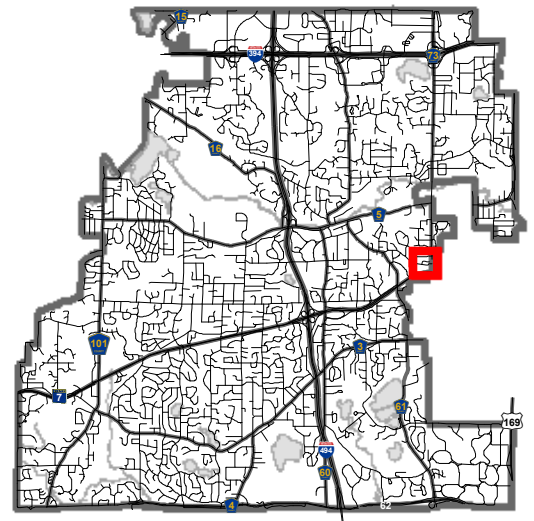
Attachments

Location Map
Memo from Colleen Colley, Cornerstone Group
Declaration of Restrictive Covenants
Satisfaction of Mortgage
Resolution



Location Map

Address: 11390 Minnetonka Mills Road





**THE
CORNERSTONE
GROUP**

May 17, 2022

Julie Wischnack
Alisha Gray
City of Minnetonka
14600 Minnetonka Blvd.
Minnetonka, MN 55345

Re: Minnetonka Mills Townhomes

Dear Julie and Alisha:

I am writing to you regarding the affordable housing development known as Minnetonka Mills that is located at 11390 Minnetonka Mills Road. This property was developed by The Cornerstone Group back in 1998 and is owned and managed by the original ownership entity.

We recently refinanced the property with Chase Bank and Chase does not allow subordinate debt on properties where they hold the first mortgage. Initially, we were simply undertaking to pay off the subordinate loan from the City of Minnetonka. The city loan dated 12/17/1996 was originally \$100,000 but with simple interest of 1%, the loan now has an outstanding balance of approximately \$125,000.

We are happy to pay this loan off and return the money to the City of Minnetonka but we have also had discussions with you about the possibility of extending the affordability of the Minnetonka Mills project in return for some loan forgiveness and I am writing to officially request that the City forgive this loan in return for a commitment from the owner to extend the affordability of the project for an additional 3 years beyond the end of the Low Income Housing Tax Credit (LIHTC) compliance period, which is already 30 years.

The loan referenced above was offered to the developer by The City of Minnetonka and the Economic Development Authority of and for The City of Minnetonka. The source of the funds was a grant to The City of Minnetonka from the Local Housing Initiatives Account and The Metropolitan Living Communities Fund. The original intent of these funds was to support building affordable housing in more diverse parts of the Twin Cities as opposed to just concentrating it in certain inner-city areas. This intent is documented in the ACC Agreement dated 2/27/1997 between the MPHA and HUD. As

shown in the loan documents and agreements, in addition to providing all 30 units at affordable rents, The Cornerstone Group agreed to designate three units at the Minnetonka Mills Townhomes to meet affordability standards in line with public housing standards. In today's market, these three units are well below market and a needed component of a community's housing. In fact, the entire property generated net operating income well below the amount that it could generate if it were converted to market rate housing. Our estimates are that the property would receive incremental revenue of about \$166,000 each year, which translates into a loss of value equal to more than \$3,000,000 due to this property being committed to affordable housing.

As mentioned earlier, the amount of the original loan was \$100,000 and carried an interest rate of 1.00%, which brings the current total of the debt to \$125,000. The request is that the entire loan balance be forgiven. If you were to forgive the \$125,000 loan in return for a 3-year extension of the affordability guidelines, you would essentially be receiving reduced rents equal to \$166,000 per year for 3 years or a total rent reduction of approximately \$500,000 over the 3 year period, most of which I would be giving up from my own personal revenue stream.

The Cornerstone Group is a woman-owned affordable housing developer and property manager who for nearly 30 years has been committed to providing quality affordable housing for residents throughout the Twin Cities. Our track record shows not only a commitment to affordability but to great management of the properties and therefore, a higher quality of life for its residents. We look forward to continuing that tradition at Minnetonka Mills in the years to come.

Thanks for your consideration of this request. Please let me know what additional information you would require in order to complete your analysis.

Sincerely,



Colleen Carey
President
The Cornerstone Group Inc.

Draft
August 8, 2022

DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS, dated August __, 2022 (the “Declaration”), is executed by MINNETONKA MILLS HOLDINGS, LLC, a Minnesota limited liability company (the “Owner”), for the benefit of the ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”).

RECITALS

WHEREAS, the Owner owns a multifamily apartment building (the “Project”) located at 11390 Minnetonka Mills Road in the City of Minnetonka (the “City”) and legally described in EXHIBIT A attached hereto (the “Property”) with 30 rental housing units; and

WHEREAS, three of the units in the Project are subject to a Declaration of Restrictive Covenants between the Owner, the Minneapolis Public Housing Authority in and for the City of Minneapolis and the Authority, which provides for the three units to be operated as public housing units with assistance from MPHA and the department of Housing and Urban Development; and

WHEREAS, the remaining 27 units (the “Rental Housing Units”) are currently subject to income and rent restrictions but those restrictions will expire when the thirty-year tax credit period ends on December 31, 2028; and

WHEREAS, the Authority intends to forgive a loan it provided to the Owner in 1996 in the amount of \$100,000, plus accrued interest in the amount of \$25,250 in exchange for the Owner providing continued affordability for the remaining 27 Rental Housing Units for an additional three years; and

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

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 Owner agrees as follows:

1. Term of Restrictions.

(a) Occupancy Restrictions. The term of the Occupancy Restrictions set forth in Section 3 hereof shall commence on January 1, 2029 and shall continue for a period of three years thereafter. The period from commencement to termination is the “Qualified Project Period.”

(b) Termination of Declaration. This Declaration shall terminate on December 31, 2031.

(c) Removal from Real Estate Records. Upon termination of this Declaration, the Authority shall, upon request by the Owner or its assigns, file any document appropriate to remove this Declaration from the real estate records of Hennepin County, Minnesota.

2. Project Restrictions.

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

(i) All leases of units to Qualifying Tenants (as defined in Section 3(a)(i) hereof) shall 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(a)(ii) hereof); and

(2) Agrees that the family income at the time the lease is executed shall be deemed 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 low or moderate income status from the Owner or the Authority, and that the lessee’s failure or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the lessee’s tenancy.

(ii) The Owner shall permit any duly authorized representative of the Authority to inspect the books and records of the Owner pertaining to the income of Qualifying Tenants residing in the Project.

3. Occupancy Restrictions.

(a) Tenant Income Provisions. The Owner represents, warrants, and covenants that:

(i) Qualifying Tenants. From the commencement of the Qualified Project Period, at least 27 of the Rental Housing Units shall be occupied (or treated as occupied as provided herein) or held vacant and available for occupancy by Qualifying Tenants. Qualifying Tenants shall mean one or more occupants of a unit who are determined from time to time by the Owner to have combined adjusted income that does not exceed sixty percent (60%) of the Minneapolis-St. Paul metropolitan statistical area (the “Metro Area”) median income for the applicable calendar year. For purposes of this definition, the occupants of a residential unit shall not be deemed to be Qualifying Tenants if all the occupants of such residential unit at any time are “students,” as defined in Section 151(c)(4) 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 of low or moderate income shall 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 one hundred forty percent (140%) of the maximum income qualifying as low or moderate income for a family of its size, the next available 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. The annual recertification and Next Available Unit Rule requirements of this paragraph 3(a)(i) shall not apply to a given year if, during such year, no Rental Housing Unit is occupied by a new resident whose income exceeds the applicable income limit for Low Income Tenants.

(ii) Certification of Tenant Eligibility. As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant shall be required annually to sign and deliver to the Owner a Certification of Tenant Eligibility substantially in the form attached as EXHIBIT B hereto, or in such other form as may be approved by the Authority (the “Eligibility Certification”), in which the prospective Qualifying Tenant certifies as to qualifying as low or moderate income. In addition, such person shall be required to provide whatever other information, documents, or certifications are deemed necessary by the Authority to substantiate the Eligibility Certification, on an ongoing annual basis, and to verify that such tenant continues to be a Qualifying Tenant within the meaning of Section 3(a)(i) hereof. Eligibility Certifications will be maintained on file by the Owner with respect to each Qualifying Tenant who resides in a Rental Housing Unit or resided therein during the immediately preceding calendar year.

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

(iv) Annual Report. The Owner covenants and agrees that during the term of this Declaration, it will prepare and submit to the Authority on or before April 1 of each year, a certificate substantially in the form of EXHIBIT C attached hereto, executed by the Owner, (a) identifying the tenancies and the dates of occupancy (or vacancy) for all Qualifying Tenants, including the percentage of the Rental Housing Units 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 such 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 such certificate after due inquiry, all such units were rented or available for rental on a continuous basis during such year to members of the general public and that the Owner was not otherwise in default under this Declaration during such year.

(v) Notice of Non-Compliance. The Owner will promptly notify the Authority if at any time during the term of this Declaration the Rental Housing Units are not occupied or available for occupancy as required by the terms of this Declaration.

(b) Section 8 Housing. During the term of this Declaration, the Owner shall not adopt any policies that specifically prohibit or exclude rental to tenants holding certificates/vouchers under Section 8 of the United States Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq., or its successor, because of such prospective tenant’s status as such a certificate/voucher holder. Additionally, the Owner shall not adopt policies that have the effect of making it difficult for tenants holding certificates/vouchers under Section 8 of the United States Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq., or its successor, to rent units within the Project (for example, policies that require income of more than two times the rent to be paid for a unit).

4. Rent Restrictions. The Owner represents, warrants and covenants that the maximum gross rent for all Rental Housing Units occupied by tenants at or below sixty percent (60%) of the area median income shall not exceed thirty percent (30%) of the sixty percent (60%) income limitation. Monthly rent for the affordable Rental Housing Units includes base rent and utility costs in accordance with the City's Affordable Housing Policy. The base rent and utilities shall be calculated in accordance with the Minnesota Housing Finance Agency's tax credit program, and all utilities to be included in the monthly rent shall be those allowed by Metropolitan Council's Housing and Redevelopment Authority. If parking is not included in the rent, the initial fee for a parking space shall not exceed \$100 per space, and the parking fee for an affordable Rental Housing Unit shall not exceed the parking fee for a market-rate Rental Housing Unit.

5. Transfer Restrictions. The Owner covenants and agrees that the Owner will cause or require as a condition precedent to any Transfer that the transferee of the Project pursuant to the Transfer assume in writing, in a form acceptable to the Authority, all duties and obligations of the Owner under this Declaration, including this Section 5, in the event of a subsequent Transfer by the transferee prior to expiration of the Occupancy Restrictions provided herein (the "Assumption Agreement"). The Owner shall deliver the Assumption Agreement to the Authority prior to the Transfer.

6. Notice of Sale. The Owner agrees to provide the Authority with at least ninety (90) days' notice of any sale of the Project.

7. Property Management Covenant. The Owner shall cause its property manager to operate the Project in accordance with the policies described in this Section. For any documented disorderly violations by a tenant or guest, including but not limited to prostitution, gang-related activity, intimidating or assaultive behavior (not including domestic), unlawful discharge of firearms, illegal activity, or drug complaints (each a "Violation"), the Owner agrees and understands that the following procedures shall apply:

(a) After a first Violation regarding any unit in the Project, the City police department will send notice to the Developer and the property manager requiring the Owner and the property manager to take steps necessary to prevent further Violations.

(b) If a second Violation occurs regarding the same tenancy within twelve (12) months after the first Violation, the City police department will notify the Owner and the property manager of the second Violation. Within ten (10) days after receiving such notice, the Owner or the property manager must file a written action plan with the City and the City police department describing steps to prevent further Violations.

(c) If a third Violation occurs regarding the same tenancy within twelve (12) continuous months after the first Violation, the City police department will notify the Owner and the property manager of the third Violation. Within ten (10) days after receiving such notice, the Owner or the property manager shall initiate an unlawful detainer action for all occupants of that unit. If the tenant is evicted following the unlawful detainer action, the Owner shall not enter into a new lease agreement with the evicted tenant(s) for at least one (1) year after the effective date of the eviction.

(d) If the Owner or the property manager fails to comply with any the requirements in this Section, then the Authority may provide at least ten (10) days' written notice to the Owner and the property manager directing attendance at a meeting to determine the cause of the continuing Violations in the Project and provide an opportunity for the Owner and the property manager to explain their failure to comply with the procedures in this Section.

(e) If the Owner and property manager fail to respond to the written notice under subsection (d) above, then the Authority may direct the Owner to terminate the management agreement with the existing property manager and to replace that entity with a replacement property manager selected by the Owner but approved by the Authority. The parties agree and understand that appointment of any replacement manager may also be subject to consent by the holder of one (1) or more loans on the Property.

(f) Notwithstanding the foregoing, if any action required by this Section 7 is contrary to requirements instituted by the Housing and Urban Development Department (“HUD”), the Owner and the Authority will work cooperatively to resolve the issue while remaining compliant with HUD requirements.

8. Enforcement.

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

(b) The Owner shall submit any other information, documents or certifications requested by the Authority which the Authority deems reasonably necessary to substantial continuing compliance with the provisions specified in this Declaration.

(c) The Owner 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 Authority may exercise any remedy available to it under law.

9. Indemnification. The Owner hereby indemnifies, and agrees to defend and hold harmless, the Authority 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 Owner to comply with the terms of this Declaration, or on account of any representation or warranty of the Owner contained herein being untrue.

10. Agent of the Authority. The Authority shall have the right to appoint an agent to carry out any of its duties and obligations hereunder, and shall inform the Owner of any such agency appointment by written notice.

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

12. Notices. All notices to be given pursuant to this Declaration shall be in writing and shall 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 such other place as a party may from time to time designate in writing. The Owner and the Authority may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent. The initial addresses for notices and other communications are as follows:

To the Authority: Economic Development Authority in and for the City of Minnetonka
14600 Minnetonka Boulevard
Minnetonka, MN 55345
Attention: Community Development Director

To the Owner: Minnetonka Mills Holdings, LLC
5324 Oliver Avenue South
Minneapolis, MN 55419

Copy sent to: TCG Management
C/O Elaine Swenson
6900 Xanthus Lane North
Maple Grove, MN 55311

13. Governing Law. This Declaration shall be governed by the laws of the State of Minnesota and, where applicable, the laws of the United States of America.

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

15. Declaration Binding. This Declaration and the covenants contained herein shall run with the real property comprising the Project and shall bind the Owner and its successors and assigns and all subsequent owners of the Project or any interest therein, and the benefits shall inure to the Authority and its successors and assigns for the term of this Declaration as provided in Section 1(b) hereof.

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

IN WITNESS WHEREOF, the Owner 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.

MINNETONKA MILLS HOLDINGS, LLC

By _____
Its _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by Collen M. Carey, the Chief Manager of Minnetonka Mills Holdings, LLC, a Minnesota limited liability company, on behalf of the Owner.

Notary Public

This document was drafted by:

KENNEDY & GRAVEN, CHARTERED (JAE)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402

This Declaration is acknowledged and consented to by:

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

By _____
Its President

By _____
Its Acting Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by Brad Wiersum, the President of the Economic Development Authority in and for the City of Minnetonka, Minnesota, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the Authority.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by Michael Funk, the Acting Executive Director of the Economic Development Authority in and for the City of Minnetonka, Minnesota, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the Authority.

Notary Public

EXHIBIT A

LEGAL DESCRIPTION

Par 1: Tracts A and B, Registered Land Survey No. 223, Hennepin County, Minnesota

Par 2: That part of the Northeast Quarter of the Northeast Quarter of Section 23, Township 117, Range 22, described as follows: Commencing at the Northeast corner thereof; thence West along the North line of said Northeast Quarter of the Northeast Quarter a distance of 523.3 feet; thence South twelve degrees twenty one minutes West a distance of 164.3 feet; thence Southeasterly 521.3 feet more or less to a point on the East line of said Northeast Quarter of the Northeast Quarter 249.2 feet South of the point of beginning; thence North along said East line 249.2 feet to the point of beginning, according to the United States Government Survey thereof, Hennepin County, Minnesota.

Being Registered land as is evidenced by Certificate of Title No. 848998.

EXHIBIT B

CERTIFICATION OF TENANT ELIGIBILITY

Project: 14317 Excelsior Boulevard, Minnetonka, Minnesota

Owner: Minnetonka Mills Holdings, LLC

Unit Type: _____ 1 BR _____ 2 BR

1. I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons (including minors) who are to occupy the unit in the above apartment development for which application is made, all of whom are listed below:

Name of Members of the Household	Relationship To Head of Household	Age	Place of Employment
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Income Computation

2. The anticipated income of all the above persons during the 12-month period beginning this date,

(a) including all wages and salaries, overtime pay, commissions, fees, tips and bonuses before payroll deductions; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness); interest and dividends; the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts; payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay; the maximum amount of public assistance available to the above persons; periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling; and all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; but

(b) excluding casual, sporadic or irregular gifts; amounts which are specifically for or in reimbursement of medical expenses; lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; relocation payments under Title II of the

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged for the allotments; and payments received pursuant to participation in ACTION volunteer programs, is as follows: \$ _____.

3. If any of the persons described above (or whose income or contributions was included in item 2) has any savings, bonds, equity in real property or other form of capital investment, provide:

(a) the total value of all such assets owned by all such persons: \$ _____;

(b) the amount of income expected to be derived from such assets in the 12 month period commencing this date: \$ _____; and

(c) the amount of such income which is included in income listed in item 2: \$ _____.

4. (a) Will all of the persons listed in item 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes _____

No _____

(b) Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes _____

No _____

THE UNDERSIGNED HEREBY CERTIFY THAT THE INFORMATION SET FORTH ABOVE IS TRUE AND CORRECT. THE UNDERSIGNED ACKNOWLEDGE THAT THE LEASE FOR THE UNIT TO BE OCCUPIED BY THE UNDERSIGNED WILL BE CANCELLED UPON 10 DAYS WRITTEN NOTICE IF ANY OF THE INFORMATION ABOVE IS NOT TRUE AND CORRECT.

Head of Household

Spouse

FOR COMPLETION BY OWNER
(OR ITS MANAGER) ONLY

1. Calculation of Eligible Tenant Income:

(a) Enter amount entered for entire household in 2 above: \$ _____

(b) If the amount entered in 3(a) above is greater than \$5,000, enter the greater of (i) the amount entered in 3(b) less the amount entered in 3(c) or (ii) 10% of the amount entered in 3(a): \$ _____

(c) TOTAL ELIGIBLE INCOME (Line 1(a) plus Line 1(b)): \$ _____

2. The amount entered in 1(c) is less than or equal to 60% of median income for the area in which the Project is located, as defined in the Declaration. 60% is necessary for status as a "Qualifying Tenant" under Section 3(a) of the Declaration.

3. Rent:

(a) The rent for the unit is \$ _____.

(b) The amount entered in 3(a) is less than or equal to the maximum rent permitted under the Declaration.

4. Number of apartment unit assigned: _____.

5. This apartment unit was _____ was not _____ last occupied for a period of at least 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit was less than or equal to 60% of Median Income in the area.

6. Check as applicable: _____ Applicant qualifies as a Qualifying Tenant (tenants of at least _____ units must meet), or _____ Applicant otherwise qualifies to rent a unit.

THE UNDERSIGNED HEREBY CERTIFIES THAT HE/SHE HAS NO KNOWLEDGE OF ANY FACTS WHICH WOULD CAUSE HIM/HER TO BELIEVE THAT ANY OF THE INFORMATION PROVIDED BY THE TENANT MAY BE UNTRUE OR INCORRECT.

NAME OF OWNER, a _____

By _____
Its _____

EXHIBIT C
CERTIFICATE OF
CONTINUING PROGRAM COMPLIANCE

Date: _____, _____.

The following information with respect to the project located at 14317 Excelsior Boulevard, Minnetonka, Minnesota (the "Project"), is being provided by Minnetonka Mills Holdings, LLC, a Minnesota limited liability company (the "Owner"), to the Economic Development Authority in and for the City of Minnetonka, Minnesota (the "Authority"), pursuant to that certain Declaration of Restrictive Covenants, dated _____, 2022 (the "Declaration"), with respect to the Project:

(A) The total number of residential units which are available for occupancy is 36. The total number of such units occupied is _____.

(B) The following residential units (identified by unit number) have been designated for occupancy by "Qualifying Tenants," as such term is defined in the Declaration (for a total of _____ units):

1 BR Units:

2 BR Units:

(C) The following residential units which are included in (B) above, have been re-designated as units for Qualifying Tenants since _____, 20____, the date on which the last "Certificate of Continuing Program Compliance" was filed with the Authority by the Owner:

Unit Number	Previous Designation of Unit (if any)	Replacing Unit Number
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(D) The following residential units are considered to be occupied by Qualifying Tenants based on the information set forth below:

	Unit Number	Name of Tenant	Number of Persons Residing in the Unit	Number of Bedrooms	Total Adjusted Gross Income	Date of Initial Occupancy	Rent
1							
2							
3							
4							

(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 _____, _____, the date on which the last “Certificate of Continuing Program Compliance” was filed with the Authority by the Owner.

(F) In renting the residential 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 none of the units listed in (D) above have 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 residential units in the Project have been rented pursuant to a written lease, and the term of each lease is at least ___ 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 ___ 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 rental levels for each Qualifying Tenant comply with the maximum permitted under the Declaration.

IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of the Owner, on _____, 20__.

MINNETONKA MILLS HOLDINGS, LLC

By _____

SATISFACTION OF MORTGAGE

Dated: _____, 2022

THAT CERTAIN MORTGAGE, dated December 17, 1996 (the "Mortgage"), from Minnetonka Mills Affordable Housing Limited Partnership, a Minnesota limited partnership (the "Mortgagor"), to the Economic Development Authority in and for the City of Minnetonka, Minnesota, a public body corporate and politic under the laws of the State of Minnesota (the "Mortgagee"), recorded in the office of the County Recorder of Hennepin County, Minnesota, on December 26, 1996, as Document No. 2773358, upon the real property situated in Hennepin County, Minnesota, as described in Exhibit A attached to the Mortgage, securing a principal debt in the amount of \$100,000, is with the indebtedness thereby secured, fully paid, and satisfied.

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

IN WITNESS WHEREOF, the Mortgagee has executed this Satisfaction of Mortgage as of the date and year first written above.

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

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by Brad Wiersum, the President of the Economic Development Authority in and for the City of Minnetonka, Minnesota, on behalf of the Mortgagee.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by Mike Funk, the Acting Executive Director of the Economic Development Authority in and for the City of Minnetonka, Minnesota, on behalf of the Mortgagee.

Notary Public

This Instrument was drafted by:
Kennedy & Graven, Chartered (JAE)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300

EXHIBIT A

Par 1: Tracts A and B, Registered Land Survey No. 223, Hennepin County, Minnesota

Par 2: That part of the Northeast Quarter of the Northeast Quarter of Section 23, Township 117, Range 22, described as follows: Commencing at the Northeast corner thereof; thence West along the North line of said Northeast Quarter of the Northeast Quarter a distance of 523.3 feet; thence South twelve degrees twenty one minutes West a distance of 164.3 feet; thence Southeasterly 521.3 feet more or less to a point on the East line of said Northeast Quarter of the Northeast Quarter 249.2 feet South of the point of beginning; thence North along said East line 249.2 feet to the point of beginning, according to the United States Government Survey thereof, Hennepin County, Minnesota.

Being Registered land as is evidenced by Certificate of Title No. [848998](#).

EDA Resolution No. 2022-_____

Resolution approving the execution and delivery of a declaration of restrictive covenants with Minnetonka Mills Holdings, LLC

Be it resolved by the Board of Commissioners (the "Board") of the Economic Development Authority in and for the City of Minnetonka, Minnesota (the "Authority") as follows:

Section 1. Recitals.

- 1.01. Minnetonka Mills Holdings, LLC, a Minnesota limited liability company (the "Owner"), owns a 30-unit multifamily apartment building located at 11390 Minnetonka Mills Road, Minnetonka, Minnesota.
- 1.02. Three of the rental housing units are subject to a Declaration of Restrictive Covenants between the Owner, the Minneapolis Public Housing Authority in and for the City of Minneapolis ("MPHA") and the Authority, which provides for the three units to be operated as public housing units with assistance from MPHA and the department of Housing and Urban Development. The remaining 27 units are currently subject to income and rent restrictions but those restrictions will expire when the 30-year tax credit period ends on December 31, 2028.
- 1.03. The Authority intends to forgive a loan it provided to the Owner in 1996 in the amount of \$100,000, plus accrued interest in the amount of \$25,250, in exchange for the Owner providing continued affordability for the remaining 27 rental housing units for an additional three years.
- 1.04. There has been presented before the Authority a form of Declaration of Restrictive Covenants (the "Declaration") between the Owner and the Authority, pursuant to which the Owner will agree to provide continued affordability for the remaining 27 rental housing units for an additional three years.

Section 2. Approval.

- 2.01. The President and the Executive Director are hereby authorized and directed to execute and deliver the Declaration. All of the provisions of the Declaration, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Declaration shall be substantially in the form on file with the Authority, which is hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the President and the Executive Director, in their discretion, shall determine, and the execution thereof by the President and the Executive Director shall be conclusive evidence of such determination.
- 2.02. The President and the Executive Director are hereby authorized to execute and deliver any and all documents deemed necessary to carry out the intentions of this resolution and the Declaration.

Section 3. Effective Date.

3.01. This resolution shall be effective upon adoption.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, on Aug. ____, 2022.

Brad Wiersum, President

Attest:

Becky Koosman, Secretary

Action on this resolution:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, at a meeting held on Aug. ____, 2022.

Becky Koosman, Secretary