

TIF ASSISTANCE AGREEMENT

BETWEEN

CITY OF NORTHFIELD, MINNESOTA

AND

MANAWA, L.L.C.

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TIF ASSISTANCE AGREEMENT

THIS AGREEMENT, made as of the 12th day of November, 2024, by and between the City of Northfield, Minnesota (the “City”), a municipal corporation and political subdivision under the laws of the State of Minnesota, and Manawa, L.L.C., a Minnesota limited liability company (the “Developer”).

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 through 469.133, as amended (the “Municipal Development Act”), the City has undertaken a program to promote the development and redevelopment of land which is underutilized or characterized by blight within the City, and in connection therewith created the Master Development District (the “Development District”) and adopted a Development Program therefor (as amended from time to time, the “Development Program”); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.179, as amended, (the “TIF Act”), the City has created, within the Development District, the Archer Tax Increment Financing District (a redevelopment district), qualified as a redevelopment tax increment financing district (the “TIF District”), the legal description of which is attached hereto as **Exhibit A**, and has adopted a tax increment financing plan therefor approved by the City Council of the City on November 12, 2024 (as amended from time to time, the “TIF Plan”) which provides for the use of tax increment financing in connection with certain development within the Development District and TIF District; and

WHEREAS, the Developer proposes the redevelopment of property in the TIF District and the construction and equipping thereon of a four-story mixed-use development consisting of approximately 23 multifamily residential units, 19 short-term and extended stay hotel units, 8,554 square feet of ground floor commercial/retail space, 32 stalls of underground parking, green building design in compliance with the City’s Sustainable Building Policy, and public restrooms and plaza improvements in compliance with the City’s Development Contract (defined below), to be constructed, owned, and operated by the Developer within the TIF District at 212 Division Street in the City (the “Project”); and

WHEREAS, the Developer has requested that the City use tax increment financing to assist the Developer with certain costs related to the Project in order to fill the gap between the Total Development Costs (as hereinafter defined) and the funds available to pay such costs;

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:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Access Agreement means that certain Access and Easement Agreement by and between the Developer and the City which provides the public with access to the Publicly Accessible Improvements, to be recorded by the Developer;

Administrative Costs has the meaning set forth in Section 3.4 hereof;

Agreement means this TIF Assistance Agreement, as the same may be from time to time modified, amended or supplemented;

Architect means I & S Group, Inc., a Minnesota corporation, as the architect for the Project;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

Certificate of Completion means a Certificate of Completion with respect to the Project executed by the City pursuant to Section 3.7;

City means the City of Northfield, Minnesota;

City Council means the City Council of the City;

Completion Date means the date on which the Certificate of Completion with respect to the Project is executed by the City pursuant to Section 3.7;

Construction Costs means the capital costs of the construction of the Project, including the costs of labor and materials; construction management and supervision expenses; insurance and payment or performance bond premiums; architectural and engineering fees and expenses; property taxes; usual and customary fees or costs payable to the City or any other public body with regulatory authority over construction of the Project (e.g. building permits and inspection fees); the developer fee; and all other costs chargeable to the capital account of the Project under generally accepted accounting principles;

Construction Documents means the following documents, all of which shall be in form and substance reasonably acceptable to the City: (a) evidence satisfactory to the City showing that the Project conforms to applicable zoning, subdivision, and building code laws and ordinances and the applicable stormwater management plan, including a copy of the building permit for the Project; (b) a copy of the executed standard form of agreement between owner and architect for architectural services for the Project, if any, and (c) a copy of the executed General Contractor's contract for the Project, if any;

Construction Plans means the plans, specifications, drawings, and related documents for the construction of the Project, which shall be as detailed as the plans, specifications, drawings, and related documents which are submitted to the building inspector of the City;

County means Rice County, Minnesota;

Design Drawings means the floor plans, renderings, elevations and material specifications for the Project prepared by the Architect;

Developer means Manawa, L.L.C., a Minnesota limited liability company, and its authorized successors and assigns;

Development Contract means the Development Agreement (The Archer Redevelopment) between the City and the Developer regarding the construction of the Project and related public infrastructure;

Development Property means the real property legally described in **Exhibit B** attached to this Agreement;

Event of Default means any of the events described in Section 4.1 hereof;

Final Payment Date means the earliest of (i) the date on which the entire principal and accrued interest on the TIF Note have been paid in full; or (ii) February 1, 2053; or (iii) any earlier date this Agreement or the TIF Note is terminated or cancelled in accordance with the terms hereof or deemed paid in full; or (iv) the February 1 following the date the TIF District is terminated in accordance with the TIF Act;

General Contractor means NCC Builders, Inc., a Minnesota corporation, d/b/a Northfield Construction Company, as the general contractor for the Project;

Payment Date means August 1, 2027 and each February 1 and August 1 thereafter to and including the Final Payment Date; provided, that if any such Payment Date should not be a Business Day, the Payment Date shall be the next succeeding Business Day;

Pledged Tax Increments means for any six month period, 97.5% of the Tax Increments received by the City since the previous Payment Date;

Project means the construction and equipping of a four-story mixed-use development consisting of approximately 23 multifamily residential units, 19 short-term and extended stay hotel units, 8,554 square feet of ground floor commercial/retail space, 32 stalls of underground parking, green building design in compliance with the City's Sustainable Building Policy, and public restrooms and plaza improvements in compliance with the City's Development Contract, to be constructed, owned, and operated by the Developer on the Development Property within the TIF District, together with associated infrastructure;

Publicly Accessible Improvements means the areas of the Development Property accessible to the public pursuant to the terms of the Access Agreement, including without

limitation public restrooms and plaza improvements in compliance with the City's Development Contract, to be operated and maintained by the Developer on the Development Property;

Public Development Costs means the costs of the Project identified on **Exhibit C** attached hereto and any other cost incurred by the Developer, or its assigns, that the City determines is eligible for reimbursement with Pledged Tax Increments. Costs funded by the amount of any insurance proceeds paid to the Developer related to the November 12, 2020 fire in the former building on the Development Property will not be eligible for reimbursement.

Reimbursement Amount means (A) the lesser of (i) \$3,015,000 or (ii) the Public Development Costs actually incurred and paid by the Developer, or (iii) the amount determined pursuant to Section 3.2(11) and Section 3.2(12).

Site Plan means the site plan prepared for the Development Property approved by the City;

State means the State of Minnesota;

Sustainable Building Policy means the City's Sustainable Building Policy as adopted by the City Council on January 4, 2022 as Resolution 2022-001, as amended on June 20, 2023, and as further described in Section 3.12 hereof;

Tax Increments means the tax increments derived from the Development Property and the improvements thereon which have been received and are permitted to be retained by the City in accordance with the TIF Act including, without limitation, Minnesota Statutes, Sections 469.177; 469.176, Subd. 4h; and 469.175, Subd. 1a, as the same may be amended from time to time;

Termination Date means the Final Payment Date;

TIF Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

TIF District means the Archer Tax Increment Financing District (a redevelopment district) consisting of the property legally described in **Exhibit A** attached hereto, which was established as a redevelopment district under the TIF Act;

TIF Note means the Taxable Tax Increment Revenue Note (Archer Redevelopment Project) to be executed by the City and delivered to the Developer pursuant to Article III hereof, a form of which is attached hereto as **Exhibit D**;

TIF Plan means the tax increment financing plan approved for the TIF District;

Total Development Costs means all Construction Costs and any other costs of the development of the Project to be incurred by the Developer as set forth in **Exhibit F**; and

Unavoidable Delays means delays, outside the control of the party claiming their occurrence, which are the direct result of strikes, lockouts or other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, acts of any federal, state or local governmental unit (other than the City in properly exercising its rights under

this Agreement) which directly result in delays, war, invasion, rebellion, revolution, insurrection, riots or civil war, or unavailability or shortage of supply of construction materials or construction labor, other than by reason of non-payment of costs of the same.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the City. The City makes the following representations and warranties:

(1) The City is a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota and has the power to enter into this Agreement and carry out its obligations hereunder.

(2) The City has taken the actions necessary to establish the TIF District as a “redevelopment district” within the meaning of Minnesota Statutes, Section 469.174, Subdivision 10.

(3) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program and the TIF Plan.

(4) The City makes no representation or warranty, either express or implied, as to the Development Property or its condition, or that the Development Property will be suitable for the Developer’s purposes or needs.

Section 2.2. Representations and Warranties of the Developer. The Developer makes the following representations and warranties:

(1) The Developer is a Minnesota limited liability company duly and validly organized and existing in good standing under the laws of the State, and has power and authority to enter into this Agreement and to perform its obligations hereunder and is not in violation of any provision of the laws of the State.

(2) The construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

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

(4) The Developer understands that the City may subsidize or encourage the development of other developments in the City, including properties that compete with the Development Property and the Project, and that such subsidies may be more favorable than the terms of this Agreement, and that the City has informed the Developer that development of the Development Property will not be favored over the development of other properties.

(5) To the Developer's knowledge, no member of the City Council or other officer of the City has either a direct or indirect financial interest in this Agreement, nor will any member of the City Council or other officer of the City, benefit financially from this Agreement within the meaning of Minnesota Statutes, Sections 412.311 and 471.87.

ARTICLE III

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1. Total Development Costs and Public Costs.

(1) The Developer's estimate of the Total Development Costs of the Project and sources of revenue to pay such costs are set forth in **Exhibit F** attached hereto.

(2) Based on the Developer's representation that the Total Development Costs for the Project are approximately \$20,720,000, that the sources of revenue available to pay such costs, excluding the tax increment assistance contemplated herein, do not exceed \$17,705,000, and that the Developer is unable to obtain additional private financing for the estimated Total Development Costs, the City has agreed to provide tax increment financing subject to the terms and conditions as hereinafter set forth. Upon request, the Developer must provide the City with copies of all executed financing documents related to financing the Total Development Costs of the Project.

(3) The parties agree that the Public Development Costs to be incurred by the Developer are essential to the successful completion of the Project. The Developer anticipates that the Public Development Costs for the Project which are identified on **Exhibit C** attached hereto will be at least \$3,015,000.

(4) As of January 2, 2027, for taxes payable in 2028, the estimated market value of the Development Property, as improved, is expected to be approximately \$11,396,000.

(5) The Developer has acquired or has entered into a purchase agreement pursuant to which it will acquire fee title to the Development Property, and will cause the Project to be constructed in accordance with the terms of this Agreement, the Development Program, and all local, state and federal laws and regulations including, but not limited to, environmental, zoning, energy conservation, building code, the applicable stormwater management plan and public health laws and regulations.

(6) The Developer shall, in a timely manner, comply with all requirements necessary to obtain, or cause to be obtained, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met for the construction and operation of the Project.

(7) The Total Development Costs shall be paid by the Developer, and the City shall reimburse the Developer for the Public Development Costs in the Reimbursement Amount solely through the issuance of the TIF Note as provided herein.

Section 3.2. TIF Note.

(1) The TIF Note will be originally issued to the Developer, as provided in Section 3.2(2), in a principal amount equal to the Reimbursement Amount and shall be dated as of its date of issuance. The principal of the TIF Note and interest thereon shall be payable on a pay-as-you-go basis solely from the Pledged Tax Increments as provided below.

(2) The TIF Note shall be issued, in substantially the form attached hereto as **Exhibit D** and interest will commence to accrue on the TIF Note only when: (A) the Developer shall have submitted paid invoices or other written proof and documentation as may be reasonably satisfactory to the City of the exact nature and amount of the Public Development Costs incurred by the Developer, together with such other information or documentation as may be reasonably necessary and satisfactory to the City to enable the City to substantiate the Developer's tax increment expenditures for Public Development Costs in accordance with **Exhibit C** and/or to comply with its tax increment reporting obligations to the Commissioner of Revenue, the Office of the State Auditor or other applicable official; (B) the City shall have received evidence that the Access Agreement has been executed and recorded to the Development Property; (C) the Developer shall have obtained from the City a certificate of occupancy for all residential units in the Project and a Certificate of Completion as provided in this Agreement; (D) the Developer shall have paid all of the City's Administrative Costs required to have been paid as of such date in accordance with Section 3.3 hereof; (E) the Developer shall be in material compliance with each term or provision of this Agreement, the Development Contract and the Access Agreement required to have been satisfied as of such date; (F) the Developer shall have submitted the final sources and uses for the Project in accordance with Section 3.2(11) and the information required under Section 3.2(12); and (G) the City shall have determined any adjustment to the Reimbursement Amount pursuant to Section 3.2(11) or Section 3.2(12). The documentation provided in accordance with Section 3.2(2)(A) shall include specific invoices for the particular work from the contractor or other provider and shall include paid invoices, copies of remittances and/or other suitable documentary proofs of the Developer's payment thereof.

(3) Subject to the provisions thereof, the TIF Note shall bear simple, non-compounding interest at the rate equal to the lesser of 5.00% per annum or the rate per annum on the Developer's primary financing for the construction of the Project at the time of issuance of the TIF Note. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Principal and interest on the TIF Note will be payable on each Payment Date; however, the sole source of funds required to be used for payment of the City's obligations under this Section and correspondingly under the TIF Note shall be the Pledged Tax Increments received in the 6-month period preceding each Payment Date.

(4) On each Payment Date the Pledged Tax Increment shall be credited against the accrued interest then due on the TIF Note and then applied to reduce the principal. In the event the Pledged Tax Increments are not sufficient to pay the accrued interest, the unpaid accrued interest shall be carried forward without interest. All Tax Increments in excess of the Pledged Tax Increments necessary to pay the principal and accrued interest on the TIF Note are not subject to this Agreement, and the City retains full discretion as to any authorized application thereof. To the extent that the Pledged Tax Increments are insufficient through the Final Payment Date, to pay all amounts otherwise due on the TIF Note, said unpaid amounts shall then cease to be any debt or obligation of the City whatsoever. The Developer further acknowledges that estimates of Tax Increment prepared by the City or its municipal advisors in connection with the TIF District or this Agreement are for the benefit of the City and are not intended as representations on which the Developer may rely.

(5) No interest will accrue during any period in which payments have been suspended pursuant to Section 4.2.

(6) Any interest accruing on Pledged Tax Increments held by the City pending payment to the Developer on the TIF Note shall accrue to the account of the TIF District.

(7) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Pledged Tax Increments shall be used to pay the principal of and interest on the TIF Note.

(8) The City's obligation to make payments on the TIF Note on any Payment Date is subject to Section 3.11(2) and shall be conditioned upon the requirement that (A) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement that has not been cured during the applicable cure period, (B) this Agreement shall not have been terminated pursuant to Section 4.2, and (C) all conditions set forth in Section 3.2(2) have been satisfied as of such date.

(9) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as actually executed, in substantially the form set forth in **Exhibit D**. In the event of any conflict between the terms of the TIF Note and the terms of this Section 3.2, the terms of the TIF Note shall govern. The issuance of the TIF Note is pursuant and subject to the terms of this Agreement.

(10) In accordance with Section 469.1763, Subdivision 3 of the TIF Act, conditions for delivery of the TIF Note must be met within 5 years after the date of certification of the TIF District by the County. If the conditions are not satisfied by such date, the City has no further obligations under this Section 3.2.

(11) The financial assistance to the Developer under this Agreement is based on certain assumptions regarding likely costs and expenses associated with constructing the Project as set forth in **Exhibit F** attached hereto. The City and Developer agree that the Developer's representations of the Total Development Costs will be reviewed at the time of completion of construction of the Project. Upon submitting the request for the Certificate of Completion under Section 3.7, the Developer shall submit the final sources and uses for the Project in the form set forth in **Exhibit F** based on actual Total Development Costs as incurred and documented. If the actual Total Development Costs at completion decrease by more than \$200,000 below the amount shown in **Exhibit F**, the Reimbursement Amount will be reduced by \$0.50 per dollar of the decrease in the Total Development Costs which exceeds \$200,000.

(12) The financial assistance to the Developer under this Agreement is based on certain assumptions regarding the scope and scale of the Project. Upon submitting the request for the Certificate of Completion under Section 3.7, the Developer shall submit the final number of housing units, hotel rooms, and leasable commercial square footage of the Project. The City and Developer agree that (1) if number of housing units is fewer than 23, the Reimbursement Amount will be reduced by \$41,000 per unit under 23; (2) if number of hotel units is fewer than 19, the Reimbursement Amount will be reduced by \$64,000 per unit under 19 rooms; and (3) if leasable commercial square footage decreases below 8,554, the Reimbursement Amount will be reduced by \$110 per square foot under 8,554 square feet; however, the City may, in its discretion, offset a decrease in one category with an increase in another provided that the Reimbursement Amount shall not exceed \$3,015,000.

Section 3.3. Developer to Pay City's Fees and Expenses. The Developer will pay all of the City's reasonable Administrative Costs (as defined below) and must pay such costs to the City within 30 days after receipt of a written invoice from the City describing the amount and nature of the costs to be reimbursed. For the purposes of this Agreement, the term "Administrative Costs" means out of pocket costs incurred by the City, including without limitation legal, financial advisor, and other consultant costs of the City, all attributable to or incurred in connection with the establishment of the TIF District and adoption of the TIF Plan and the review, negotiation and preparation of this Agreement (together with any other agreements entered into between the parties hereto contemporaneously therewith) and review and approvals of other documents and agreements in connection with the Project or in connection with any amendments to any of the foregoing. In addition, certain engineering, environmental advisor, legal, land use, zoning, subdivision, and other costs related to the development of the Development Property are required to be paid, or additional funds deposited in escrow, as provided in accordance with the City's planning, zoning, and building fee schedules. The parties acknowledge that the Developer deposited with the City \$5,000 toward payment of the City's Administrative Costs. If such costs exceed such amount, then at any time, but not more often than monthly, the City will deliver written notice to the Developer setting forth any additional fees and expenses, together with suitable billings, receipts or other evidence of the amount and nature of the fees and expenses, and the Developer agrees to pay all fees and expenses within 30 days of City's written request. Any unused amount of such deposit shall be returned to the Developer.

Section 3.4. Compliance with Environmental Requirements.

(1) The Developer shall comply with all applicable local, state, and federal environmental laws and regulations, and will obtain, and maintain compliance under, any and all necessary environmental permits, licenses, approvals or reviews.

(2) The City makes no warranties or representations regarding, nor does it indemnify the Developer with respect to, the existence or nonexistence on or in the vicinity of the Development Property or anywhere within the TIF District of any toxic or hazardous substances or wastes, pollutants or contaminants (including, without limitation, asbestos, urea formaldehyde, the group of organic compounds known as polychlorinated biphenyls, petroleum products including gasoline, fuel oil, crude oil and various constituents of such products, or any hazardous substance as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. §§ 961-9657, as amended) (collectively, the "Hazardous Substances").

(3) The Developer agrees to take all necessary action to remove or remediate any Hazardous Substances located on the Development Property to the extent required by and in accordance with all applicable local, state and federal environmental laws and regulations.

Section 3.5. Construction Plans.

(1) Prior to the commencement of construction of the Project, the Developer shall deliver to the City the Construction Plans, Construction Documents and a sworn construction cost statement certified by the Developer and the General Contractor (the "Sworn Construction Cost Statement") all in form and substance reasonably acceptable to the City. The Construction Plans

for the Project shall be consistent with the Development Program, this Agreement, and all applicable State and local laws and regulations, and the Site Plan and Design Drawings previously submitted to the City and shall provide for design, quality, materials, building finishes, site layout and related amenities and improvements, including public restrooms and plaza improvements in accordance with the City's Development Contract, all substantially similar to those which were presented to the City and shared publicly in connection with the Developer's request for tax increment financing assistance and identified on the preliminary building elevations and site layout. In addition, the Construction Plans will include the green building design in compliance with the Sustainable Building Policy as further detailed in Section 3.12 hereof. The City's building official and the City Administrator, on behalf of the City shall promptly review any Construction Plans upon submission and deliver to the Developer a written statement approving the Construction Plans or a written statement rejecting the Construction Plans and specifying the deficiencies in the Construction Plans. The City's building official and the City Administrator, or designee, on behalf of the City will not approve the Construction Plans unless: (i) the Construction Plans substantially conform to the terms and conditions of this Agreement (provided that, with the prior written consent of the City Administrator, the Developer may propose a reduction in the number of housing units, number of hotel rooms, or square footage of commercial space subject to adjustment of the TIF Note as provided in Section 3.2(12) hereof); (ii) the Construction Plans are consistent with the goals and objectives of the Development Program and the TIF Plan; (iii) the Construction Plans comply with the Site Plan, the Design Drawings and the Certificate of Appropriateness issued by the City's Heritage Preservation Commission (the "COA"); (iv) the Construction Plans do not violate any applicable federal, State, or local laws, ordinances, rules or regulations; and (v) the Construction Plans provided to the City are complete and final and meet all requirements necessary for the City to issue a building permit. If the Construction Plans are not approved by the City, then the Developer shall make such changes as the City may reasonably require and resubmit the Construction Plans to the City for approval as provided herein with respect to the original plans, which will not be unreasonably withheld, conditioned or delayed.

(2) No changes shall be made to the Construction Plans for the Project without the City's prior written approval, unless the aggregate of such changes does not increase or decrease the Total Development Costs by more than 10%. No changes which materially alter (a) the Project's site plan, (b) exterior appearance, (c) construction quality, (d) exterior materials included in the final Design Drawings and Construction Plans, (e) the public restrooms and plaza improvements as required by the City's Development Contract, (f) the sustainable building design measures required for the Project as further detailed in Section 3.12 hereof or (g) the elements required by the COA shall be made without the City's prior written consent. The approval of the City will not be unreasonably withheld, conditioned, or delayed.

(3) The approval of the Construction Plans, or any proposed amendment to the Construction Plans, by the City does not constitute a representation or warranty by the City that the Construction Plans or the Project comply with any applicable building code, health or safety regulation, zoning regulation, the applicable stormwater management plan, environmental law or other law or regulation, or that the Project will meet the qualifications for issuance of a certificate of occupancy, or that the Project will meet the requirements of the Developer or any other users of the Project. Approval of the Construction Plans, or any proposed amendment to the Construction Plans, by the City will not constitute a waiver of an Event of Default or of any State or City building or other code requirements that may apply. Nothing in this Agreement shall be construed to relieve

the Developer of its obligations to receive any required approval of the Construction Plans from any City department and does not relieve the Developer of the obligation to comply with applicable federal, State and local laws, ordinances, rules and regulations, or to construct the Project in accordance therewith.

Section 3.6. Commencement and Completion of Construction. Subject to the terms and conditions of this Agreement and to Unavoidable Delays, the Developer will commence construction of the Project by June 30, 2025, and shall substantially complete the Project by December 31, 2026. Notwithstanding the foregoing, failure of the Developer to commence construction or substantially complete the Project shall not be an Event of Default hereunder unless the Developer fails to commence construction of the Project by December 31, 2025 or the Developer fails to obtain a certificate of occupancy for the Project by June 30, 2027. The Project will be constructed by the Developer on the Development Property in conformity with the Construction Plans approved by the City. Prior to completion, upon the request of the City, and subject to applicable safety rules, the Developer will provide the City reasonable access to the Development Property. "Reasonable access" means at least one site inspection per week during regular business hours. During construction, marketing and rentals of the Project, the Developer will deliver progress reports to the City from time to time as reasonably requested by the City. "Commence" shall mean the beginning of physical improvements to the Property, including grading, excavation or other physical site preparation work (in accordance with a permit issued by the City). "Complete" shall mean that the Project is sufficiently complete for the issuance of a Certificate of Occupancy.

Section 3.7. Certificate of Completion. Prior to requesting a Certificate of Completion, the Developer shall record, and deliver to the City, easements in favor of the City providing public access to the Publicly Accessible Improvements pursuant to the terms of the Access Agreement. The Developer shall notify the City in writing when construction of the Project has been substantially completed. The City shall conduct any inspections of the Project it determines necessary in order to determine whether the Project has been constructed in substantial conformity with the approved Construction Plans, the Development Contract, the Access Agreement, the COA and this Agreement. If the City determines that the Project has not been constructed in substantial conformity with the approved Construction Plans, the Development Contract, the Access Agreement, the COA and this Agreement or necessary easements have not been delivered in compliance with the Access Agreement, the City shall deliver a written statement to the Developer indicating in adequate detail the specific respects in which the Project has not been constructed in substantial conformity with the approved Construction Plans, the Development Contract, the Access Agreement, the COA and this Agreement and Developer shall have a reasonable period of time to remedy such deficiencies. The City shall re-inspect the Project within a reasonable period of time after receiving notice that such deficiencies have been remedied in order to determine whether the Project has been constructed in substantial conformity with the approved Construction Plans, the Development Contract, the Access Agreement, the COA and this Agreement. Within a reasonable period of time after determining that the Project has been constructed in substantial conformity with the approved Construction Plans, the Development Contract, the Access Agreement, the COA and this Agreement and necessary easements have been delivered in compliance with the Access Agreement, the City will furnish to the Developer a Certificate of Completion substantially in the form attached hereto as **Exhibit E** certifying the completion of the Project. The Certificate of Completion issued for the Project shall conclusively satisfy and

terminate the agreements and covenants of the Developer in this Agreement solely with respect to construction of the Project. The issuance of a Certificate of Completion under this Agreement shall not be construed to relieve the Developer of any approval required by any City department in connection with the construction, completion or occupancy of the Project nor shall it relieve the Developer of any other obligations under this Agreement.

Section 3.8. Encumbrance of the Development Property. Until the Final Payment Date, without the prior written consent of the City, neither the Developer nor any successor in interest to the Developer will engage in any financing or any other transaction creating any mortgage or other encumbrance or lien upon the Development Property, or portion thereof, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attach to the Development Property except for the purpose of obtaining funds only to the extent necessary for financing or refinancing the acquisition and construction of the Project (including, but not limited to, land and building acquisition, labor and materials, professional fees, development fees, real estate taxes, reasonably required reserves, construction interest, organization and other direct and indirect costs of development and financing, costs of constructing the Project, and an allowance for contingencies) including without limitation regulatory agreements and land use restriction agreements in connection with such financings; provided, however, this provision shall not be considered a waiver of the requirements of Section 5.3 with respect to any Transfer of the TIF Note in connection with any such financing or refinancing nor shall anything contained in this Section prohibit the Developer from making transfers in accordance with Section 5.3. The City hereby consents to any mortgages securing the Developer's financing or refinancing of the costs of the acquisition and construction of the Project and to the succession of the mortgagee thereunder (or any assignee of the mortgagee) or any purchasers at or after foreclosure thereof, by the successful bidder at the sale, to title to the Development Property; provided, however, this provision shall not be considered a waiver of the requirements of Section 5.3 with respect to any Transfer of the TIF Note in connection with any such mortgage.

Section 3.9. No Business Subsidy. The Developer represents that its investment in the purchase price of the Development Property and demolition and other site preparation costs on the Development Property is at least \$1,950,000 (net of the amount provided under this Agreement to reimburse such costs). Since the total of these costs is more than 70% of \$357,600 (the assessor's current year's estimated market value for the Development Property), the assistance provided pursuant hereto is not a "business subsidy" because of the exception set forth in Minnesota Statutes, Section 116J.993, Subdivision 3(17) for the redevelopment of property.

Section 3.10. Right to Collect Delinquent Taxes. The Developer acknowledges that the City is providing substantial aid and assistance in furtherance of the Project through reimbursement of Public Development Costs. To that end, the Developer agrees for itself, its successors and assigns, that in addition to the obligation pursuant to statute to pay real estate taxes, it is also obligated by reason of this Agreement, to pay before delinquency all real estate taxes assessed against the Development Property and the Project. The Developer acknowledges that this obligation creates a contractual right on behalf of the City through the Termination Date to sue the Developer or its successors and assigns, to collect delinquent real estate taxes related to the Development Property and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any such suit in which the City is the prevailing party, the City shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 3.11. Review of Taxes.

(1) The Developer agrees that prior to the Termination Date it will not cause a reduction in the real property taxes paid in respect of the Development Property through: (i) willful destruction of the Development Property or any part thereof; or (ii) willful refusal to reconstruct damaged or destroyed property. The Developer also agrees that it will not, prior to the Termination Date, apply for an exemption from or a deferral of property tax on the Development Property pursuant to any law, or transfer or permit transfer of the Development Property to any entity whose ownership or operation of the property would result in the Development Property being exempt from real property taxes under State law.

(2) The Developer shall notify the City within 10 days of filing any petition to seek reduction in market value or property taxes on any portion of the Development Property under any State law (referred to as a “Tax Appeal”). If as of any Payment Date, any Tax Appeal is then pending, the City will withhold the Pledged Tax Increment related to property taxes paid with respect to the market value of the Development Property being challenged as part of the Tax Appeal as determined by the City in its sole discretion. The City will apply any withheld amount to the extent not reduced as a result of the Tax Appeal promptly after the Tax Appeal is fully resolved and the amount of Pledged Tax Increment, as applicable, attributable to the disputed tax payments is finalized.

Section 3.12. Sustainable Building Policy. The Developer agrees to comply with the City’s Sustainable Building Policy, in the form adopted by the City Council on January 4, 2022, as Resolution 2022-001, as amended on May 21, 2024, and, in accordance therewith the Developer shall design and build the Project in accordance with one or more of the “Sustainable Building Rating Systems” as defined in the Sustainable Building Policy and apply for and satisfy the qualifications necessary to be certified under such sustainable building designation from a third-party approved by the City (“Sustainable Building Certification”). In addition to the Sustainable Building Certification, the Project must comply with all other requirements of the Sustainable Building Policy, including without limitation, the “Northfield Green Requirements” as defined therein.

As a condition to issuance of a Certificate of Completion for the Project, the Developer shall submit to the City documentation of the Project’s Sustainable Building Certification and the Project’s compliance with all other requirements of the Sustainable Building Policy, including without limitation, the “Northfield Green Requirements”.

Section 3.13. Insurance. The Developer will provide and maintain or cause to be maintained at all times and, from time to time at the request of the City, furnish the City with proof of payment of premiums on insurance of amounts and coverages normally obtained for properties similar to the Project.

Section 3.14. Project Ceremonies. The Developer agrees to hold both a ground-breaking and a ribbon-cutting ceremony (the “Ceremonies”) at the onset and completion of the Project, respectively. The Developer agrees to invite both the City Council and City staff to participate in the Ceremonies.

ARTICLE IV

EVENTS OF DEFAULT

Section 4.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by the Developer to timely pay any ad valorem real property taxes assessed with respect to the Development Property.

(2) Subject to Unavoidable Delays, failure by the Developer to commence construction of the Project by December 31, 2025, and to proceed with due diligence to substantially complete the construction of the Project pursuant to the terms, conditions and limitations of this Agreement and obtain a certificate of occupancy from the City by June 30, 2027.

(3) Failure of the Developer to observe or perform any other material covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement or if any certification, representation, or warranty by the Developer to the City is untrue or misrepresented.

(4) If, prior to the Completion Date, the Developer shall

(a) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

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

Notwithstanding anything to the contrary set forth in this Agreement the lenders providing construction or permanent financing for the Project shall have the right, but not the obligation, to cure an Event of Default during the cure period provided for the Developer.

Section 4.2. Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of 30 days’ written notice to the Developer, but only if the Event of Default has not been cured within said 30 days; provided that if such Event of Default cannot be reasonably cured within the 30 day period, and the Developer has provided assurances reasonably satisfactory to the City that it is proceeding with due diligence to cure such default,

such 30 day cure period shall be extended for a period deemed reasonably necessary by the City to effect the cure, but in any event not to exceed 180 days:

(1) The City may suspend its performance under this Agreement and the TIF Note until such default is cured or the City determines that it has received adequate assurances from the Developer that the Developer will cure its default and continue its performance under this Agreement. Interest on the TIF Note shall not accrue during the period of any suspension of payment.

(2) The City may terminate this Agreement and/or cancel the TIF Note.

(3) The City may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement, the Development Contract or the Access Agreement.

Section 4.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5. Indemnification of City.

(1) The Developer releases from and covenants and agrees that the City, and their governing bodies' members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (for purposes of this Section, collectively the "Indemnified Parties") shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project, or any other loss, cost expense, or penalty, except to the extent caused by any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the Indemnified Parties harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Developer (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project.

(3) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City, as the case may be.

Section 4.6. Reimbursement of Attorneys' Fees. If an Event of Default referred to in Section 4.1 occurs, and if the City employs attorneys or incur other reasonable expenses for the collection of payments due hereunder, or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer contained in this Agreement, the Developer will within 30 days reimburse the City for the reasonable fees of such attorneys and such other reasonable expenses so incurred.

ARTICLE V

ADDITIONAL PROVISIONS

Section 5.1. Restrictions on Use. The Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that the Developer and such successors and assigns shall operate, or cause to be operated, the Project as a housing, hotel or commercial mixed-use development in accordance with this Agreement until the Termination Date and in accordance with the Access Agreement.

Section 5.2. Reports. The Developer shall provide the City reports in a timely manner with such information about the Project as the City may reasonably request for purposes of satisfying any reporting requirements imposed by law on the City.

Section 5.3. Limitations on Transfer and Assignment.

(1) Except as provided in Sections 3.8 and 5.3(4), the Developer will not sell, assign, convey, lease or transfer in any other mode or manner (collectively, "Transfer") this Agreement, the TIF Note, or the Development Property or the Project, or any interest therein, without the express written approval of the City, which consent will not be unreasonably withheld, conditioned or delayed. The City shall deliver a written statement to the Developer indicating whether the Transfer is approved or specifying the additional conditions to be satisfied in accordance with Section 5.3(2). The provisions of this Section 5.3 apply to all subsequent Transfers by authorized transferees;

(2) When applicable, the City shall be entitled to require, as conditions to any approval of any Transfer of this Agreement, the Development Property, the Project, or the TIF Note in connection therewith, which approval will not be unreasonably withheld, conditioned or delayed, that:

(a) Any proposed transferee shall have the qualifications and financial responsibility, as determined by the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer;

(b) Any proposed transferee, by instrument in writing satisfactory to the City shall, for itself and its successors and assigns, and expressly for the benefit of the City have expressly assumed any of the remaining obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject;

(c) There shall be submitted to the City for review all instruments and other legal documents involved in effecting transfer, and if approved by the City, its approval shall be indicated to the Developer in writing;

(d) Any proposed transferee of the TIF Note shall (i) execute and deliver to the City the Acknowledgment Regarding TIF Note in the form included in **Exhibit 2** to the TIF Note and (ii) surrender the TIF Note to the City either in exchange for a new fully registered

note or for transfer of the TIF Note on the registration records for the TIF Note maintained by the City;

(e) The Developer and its transferees shall comply with such other conditions as are necessary in order to achieve and safeguard the purposes of the Municipal Development Act, the TIF Act and this Agreement; and

(f) In the absence of a specific written agreement by the City to the contrary, no such transfer or approval by the City thereof shall be deemed to relieve the Developer or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Project, from any of its obligations with respect thereto.

(3) The Developer agrees to pay all reasonable legal fees and expenses of the City, including fees of the City Attorney's office and outside counsel retained by the City to review the documents submitted to the City in connection with any Transfer.

(4) Nothing contained in this Section shall prohibit the Developer from (i) entering into leases with tenants in the ordinary course of business, or (ii) entering into easements or other agreements necessary for the construction or operation of the Project.

Section 5.4. Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the Developer in the event of any default or breach by the City or successor of any obligations under the terms of this Agreement.

Section 5.5. Titles of Articles and Sections. Any titles of the several parts, articles and sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 5.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

(a) in the case of the Developer is addressed to or delivered personally to:

Manawa, L.L.C.
527 Professional Drive
Northfield, MN 55057
Attn: Brett D. Reese

(b) in the case of the City is addressed to or delivered personally to the City at:

City of Northfield, Minnesota
801 Washington Street
Northfield, Minnesota 55057
Attn: City Administrator

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

Section 5.7. No Additional Waiver Implied by One Waiver. If any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 5.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 5.9. Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 5.10. Term; Termination. Unless this Agreement is terminated earlier in accordance with its terms this Agreement shall terminate on the Termination Date. After the Termination Date, if requested by the Developer, the City will provide a termination certificate as to the Developer's obligations hereunder.

Section 5.11. Provisions Surviving Rescission, Expiration or Termination. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 5.12. Superseding Effect. This Agreement, the Development Contract and the Access Agreement reflect the entire agreement of the parties with respect to the development of the Development Property, and supersedes in all respects all prior agreements of the parties, whether written or otherwise, with respect to the development of the Development Property.

Section 5.13. Relationship of Parties. Nothing in this Agreement is intended, or shall be construed, to create a partnership or joint venture among or between the parties hereto, and the rights and remedies of the parties hereto shall be strictly as set forth in this Agreement. All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

Section 5.14. Venue. All matters, whether sounding in tort or in contract, relating to the validity, construction, performance, or enforcement of this Agreement shall be controlled by and determined in accordance with the laws of the State of Minnesota, and the Developer agrees that all legal actions initiated by the Developer or City with respect to or arising from any provision contained in this Agreement shall be initiated, filed and venued exclusively in the State of

Minnesota, Rice County, District Court and shall not be removed therefrom to any other federal or state court.

Section 5.15. Interpretation; Concurrence. The language in this Agreement shall be construed simply according to its generally understood meaning, and not strictly for or against any party and no interpretation shall be affected by which party drafted any part of this Agreement. By executing this Agreement, the parties acknowledge that they (a) enter into and execute this Agreement knowingly, voluntarily and willingly of their own volition with such consultation with legal counsel as they deem appropriate; (b) have had a sufficient amount of time to consider this Agreement's terms and conditions, and to consult an attorney before signing this Agreement; (c) have read this Agreement, understand all of its terms, appreciate the significance of those terms and have made the decision to accept them as stated herein; and (d) have not relied upon any representation or statement not set forth herein.

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

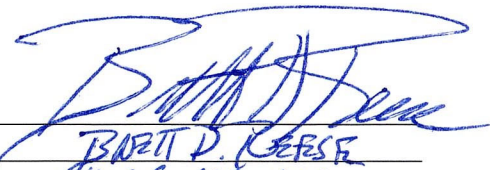
CITY OF NORTHFIELD, MINNESOTA

By 
Its Mayor

By 
Its City Clerk

This is a signature page to the TIF Assistance Agreement.

MANAWA, L.L.C., a Minnesota limited liability
company

By: 

Name: BRETT D. REESE

Its: CHIEF MANAWA

This is a signature page to the TIF Assistance Agreement.

EXHIBIT A

DESCRIPTION OF TIF DISTRICT

The 0.56 acre site currently identified as PID: 22.31.3.50.025 located at 212 Division Street, Northfield, Rice County, Minnesota, which is legally described as follows, together with all roads and street or utility right-of-ways located upon or adjacent thereto:

That part of River Lots 10 and 11 and the Northeast 35.5 feet of River Lot 9, (the Southwesterly boundary of said Northeast 35.5 feet is measured at right angles to and parallel with the common boundary line between River Lots 9 and 10); and the Southwest 2.5 feet of River Lot 12 (the Northeasterly boundary of which is measured at right angles to and parallel with the common boundary line between River Lots 11 and 12), all in the ORIGINAL TOWN (NOW CITY) OF NORTHFIELD, Rice County, Minnesota, lying Southeasterly of the following described lines: Commencing at the Southeasterly corner of said Northeast 35.5 feet of River Lot 9; thence North 67 degrees 37 minutes 00 seconds West, along the Southwesterly line of said Northeast 35.5 feet of River Lot 9, a distance of 133.99 feet to the point of beginning of the lines to be described; thence North 20 degrees 27 minutes 36 seconds East a distance of 167.60 feet; thence North 21 degrees 06 minutes 05 seconds East, a distance of 2.50 feet, to a point on the Northeasterly line of said Southwest 2.5 feet of River Lot 12, distant 139.45 feet Northwesterly from the Northeasterly corner of said Southwest 2.5 feet and there terminating.

EXHIBIT B

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

That part of River Lots 10 and 11 and the Northeast 35.5 feet of River Lot 9, (the Southwesterly boundary of said Northeast 35.5 feet is measured at right angles to and parallel with the common boundary line between River Lots 9 and 10); and the Southwest 2.5 feet of River Lot 12 (the Northeasterly boundary of which is measured at right angles to and parallel with the common boundary line between River Lots 11 and 12), all in the ORIGINAL TOWN (NOW CITY) OF NORTHFIELD, Rice County, Minnesota, lying Southeasterly of the following described lines: Commencing at the Southeasterly corner of said Northeast 35.5 feet of River Lot 9; thence North 67 degrees 37 minutes 00 seconds West, along the Southwesterly line of said Northeast 35.5 feet of River Lot 9, a distance of 133.99 feet to the point of beginning of the lines to be described; thence North 20 degrees 27 minutes 36 seconds East a distance of 167.60 feet; thence North 21 degrees 06 minutes 05 seconds East, a distance of 2.50 feet, to a point on the Northeasterly line of said Southwest 2.5 feet of River Lot 12, distant 139.45 feet Northwesterly from the Northeasterly corner of said Southwest 2.5 feet and there terminating.

EXHIBIT C
PUBLIC DEVELOPMENT COSTS

Land acquisition

Demolition

Site grading and improvements

Underground and above ground utilities

Parking

All costs eligible for reimbursement under the TIF Act

EXHIBIT D

FORM OF TAXABLE TIF NOTE

No. R-1

[**\$3,015,000**]

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTIES OF RICE AND DAKOTA
CITY NORTHFIELD, MINNESOTA
TAXABLE TAX INCREMENT REVENUE NOTE
(ARCHER REDEVELOPMENT PROJECT)

_____, 20____

The City of Northfield, Minnesota (the “City”), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the “Payment Amounts”) to Manawa, L.L.C., a Minnesota limited liability company or its registered assigns (the “Registered Owner”), the principal amount of [_____] **and 00/100 Dollars (\$3,015,000)**, but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

This Note is issued pursuant to that certain TIF Assistance Agreement, dated as of November 12, 2024, as the same may be amended from time to time (the “TIF Assistance Agreement”), by and between the City and Manawa, L.L.C. (the “Developer”). Unless otherwise defined herein or unless context requires otherwise, undefined terms used herein shall have the meanings set forth in the TIF Assistance Agreement.

The outstanding and unpaid principal amount of this Note shall bear simple, non-compounding interest at the rate equal to ____% (which is the lesser of 5.00% per annum or the rate per annum on Developer’s primary financing for the construction of the Project at the time of issuance of the TIF Note); provided that no interest shall accrue on this Note during any period that an Event of Default has occurred, and such Event of Default is continuing, under the TIF Assistance Agreement and City has exercised its remedy under the TIF Assistance Agreement to suspend payment on the Note. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

The amounts due under this Note shall be payable on August 1, 2027 and on each February 1 and August 1 thereafter to and including the earliest of (i) the date on which the entire principal and accrued interest on the TIF Note has been paid in full; or (ii) February 1, 2053; or (iii) any earlier date the TIF Assistance Agreement or this Note is cancelled in accordance with the terms of the TIF Assistance Agreement or deemed paid in full; or (iv) the February 1 following the date the TIF District is terminated in accordance with the TIF Act (the “Final Payment Date”) or, if the first should not be a Business Day (as defined in the TIF Assistance Agreement) the next succeeding Business Day (collectively, the “Payment Dates”). On each Payment Date, the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the

close of the last Business Day preceding such Payment Date an amount equal to 97.5% of the Tax Increments (as hereinafter defined) received by the City during the 6-month period preceding such Payment Date (“Pledged Tax Increments”). “Tax Increments” are the tax increments derived from the Development Property (as defined in the TIF Assistance Agreement) and the improvements thereon which have been received and are permitted to be retained by the City in accordance with the Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the “TIF Act”) including, without limitation, Minnesota Statutes, Sections 469.177; 469.176, Subd. 4h; and 469.175, Subd. 1a, as the same may be amended from time to time. Payments on this Note shall be payable solely from the Pledged Tax Increments. All payments made by the City under this Note shall first be applied to accrued interest and then to principal. If Pledged Tax Increments are insufficient to pay any accrued interest due, such unpaid interest shall be carried forward without interest.

This Note shall terminate and be of no further force and effect following the Final Payment Date defined above, or any date upon which the City shall have terminated the TIF Assistance Agreement under Section 4.2 thereof or on the date that all principal and interest payable hereunder shall have been or deemed paid in full, whichever occurs earliest. This Note may be prepaid in whole or in part at any time without penalty.

The City makes no representation or covenant, express or implied, that the Pledged Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder. There are risk factors in the amount of Tax Increments that may actually be received by the City and some of those factors are listed on the attached **Exhibit 1**. The Registered Owner acknowledges these risk factors and understands and agrees that payments by the City under this Note are subject to these and other factors.

The City’s payment obligations hereunder shall be subject to Section 3.11(2) of the TIF Assistance Agreement and are further subject to the conditions that (i) no Event of Default under Section 4.1 of the TIF Assistance Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, and (ii) the TIF Assistance Agreement shall not have been terminated pursuant to Section 4.2, and (iii) all conditions set forth in Section 3.2(2) of the TIF Assistance Agreement have been satisfied as of such date. Any such suspended and unpaid amounts shall become payable, without interest accruing thereon in the meantime, if this Note has not been terminated in accordance with Section 4.2 of the TIF Assistance Agreement and said Event of Default shall thereafter have been cured in accordance with Section 4.2. If pursuant to the occurrence of an Event of Default under the TIF Assistance Agreement the City elects, in accordance with the TIF Assistance Agreement to cancel and rescind the TIF Assistance Agreement and/or this Note, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the TIF Assistance Agreement, for a fuller statement of the rights and obligations of the City to pay the principal of this Note and the interest thereon, and said provisions are hereby incorporated into this Note as though set out in full herein.

THIS NOTE IS A SPECIAL, LIMITED REVENUE OBLIGATION AND NOT A GENERAL OBLIGATION OF THE CITY AND IS PAYABLE BY THE CITY ONLY FROM THE SOURCES AND SUBJECT TO THE QUALIFICATIONS STATED OR REFERENCED HEREIN. THIS NOTE IS NOT A GENERAL OBLIGATION OF THE

CITY, AND THE FULL FAITH AND CREDIT AND TAXING POWERS OF THE CITY IS NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE AND NO PROPERTY OR OTHER ASSET OF THE CITY, SAVE AND EXCEPT THE ABOVE-REFERENCED PLEDGED TAX INCREMENTS, IS OR SHALL BE A SOURCE OF PAYMENT OF THE CITY'S OBLIGATIONS HEREUNDER.

The Registered Owner shall never have or be deemed to have the right to compel any exercise of any taxing power of the City or of any other public body, and neither the City nor any person executing or registering this Note shall be liable personally hereon by reason of the issuance or registration thereof or otherwise.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the TIF Act.

This Note may be assigned only as provided in Section 5.3 of the TIF Assistance Agreement and subject to the assignee executing and delivering to the City the Acknowledgment Regarding TIF Note in the form included in **Exhibit 2**. Additionally, in order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records maintained by the City for the Note. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

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

IN WITNESS WHEREOF, the City of Northfield, Minnesota by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Administrator and has caused this Note to be issued on and dated as of the date first written above.

CITY OF NORTHFIELD, MINNESOTA

By _____
Its Mayor

By _____
Its City Clerk

Signature Page for Tax Increment Revenue Note (Archer Redevelopment Project)

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was, as of the latest date listed below, registered in the name of the last Registered Owner noted below on the books kept by the undersigned for such purposes.

NAME AND ADDRESS OF <u>REGISTERED OWNER</u>	DATE OF <u>REGISTRATION</u>	SIGNATURE OF <u>CITY FINANCE</u> <u>DIRECTOR</u>
Manawa, L.L.C. 527 Professional Drive Northfield, MN 55057 _____ _____ _____ _____ _____ _____ _____	_____, 20____ _____, 20____ _____, 20____	_____ _____ _____

**Exhibit 1
to Taxable TIF Note**

RISK FACTORS

Risk factors on the amount of Tax Increments that may actually be received by the City include but are not limited to the following:

1. Value of Project. If the contemplated Project (as defined in the TIF Assistance Agreement) constructed in the tax increment financing district is completed at a lesser level of value than originally contemplated, it will generate fewer taxes and fewer tax increments than originally contemplated.

2. Damage or Destruction. If the Project is damaged or destroyed after completion, its value will be reduced, and taxes and tax increments will be reduced. Repair, restoration or replacement of the Project may not occur, may occur after only a substantial time delay, or may involve property with a lower value than the Project, all of which would reduce taxes and tax increments.

3. Change in Use to Tax-Exempt. The Project could be acquired by a party that devotes it to a use which causes the property to be exempt from real property taxation. Taxes and tax increments would then cease.

4. Depreciation. The Project could decline in value due to changes in the market for such property or due to the decline in the physical condition of the property. Lower market valuation will lead to lower taxes and lower tax increments.

5. Non-payment of Taxes. If the property owner does not pay property taxes, either in whole or in part, the lack of taxes received will cause a lack of tax increments. The Minnesota system of collecting delinquent property taxes is a lengthy one that could result in substantial delays in the receipt of taxes and tax increments, and there is no assurance that the full amount of delinquent taxes would be collected. Amounts distributed to taxing jurisdictions upon a sale following a tax forfeiture of the property are not tax increments.

6. Reductions in Taxes Levied. If property taxes are reduced due to decreased municipal levies, taxes and tax increments will be reduced. Reasons for such reduction could include lower local expenditures or changes in state aids to municipalities. For instance, in 2001 the Minnesota Legislature enacted an education funding reform that involved the state increasing school aid in lieu of the local general education levy (a component of school district tax levies).

7. Reductions in Tax Capacity Rates. The taxable value of real property is determined by multiplying the market value of the property by a tax capacity rate. Tax capacity rates vary by certain categories of property; for example, the tax capacity rates for residential homesteads are currently less than the tax capacity rates for commercial and industrial property. In 2001 the Minnesota Legislature enacted property tax reform that lowered various tax capacity rates to

“compress” the difference between the tax capacity rates applicable to residential homestead properties and commercial and industrial properties.

8. Changes to Local Tax Rate. The local tax rate to be applied in the tax increment financing district is the lower of the current local tax rate or the original local tax rate for the tax increment financing district. In the event that the Current Local Tax Rate is higher than the Original Local Tax Rate, then the “excess” or difference that comes about after applying the lower Original Local Tax Rate instead of the Current Local Tax Rate is considered “excess” tax increment and is distributed by Rice County to the other taxing jurisdictions and such amount is not available to the City as tax increment.

9. Legislation. The Minnesota Legislature has frequently modified laws affecting real property taxes, particularly as they relate to tax capacity rates and the overall level of taxes as affected by state aid to municipalities.

**Exhibit 2
to Taxable TIF Note**

ACKNOWLEDGMENT REGARDING TIF NOTE

The undersigned, _____ a _____ (“Note Holder”), hereby certifies and acknowledges that:

A. On the date hereof the Note Holder has [acquired from]/[made a loan (the “Loan”) [to/for the benefit] of] Manawa, L.L.C. (the “Developer”) [secured in part by] the Taxable Tax Increment Revenue Note (Archer Redevelopment Project), a pay-as-you-go tax increment revenue note (the “Note”) in the original principal amount of [\$3,015,000] [dated _____, 20____ of]/[to be issued by] the City of Northfield, Minnesota (the “City”) in accordance with the terms of a TIF Assistance Agreement between the City and the Developer, dated November 12, 2024 (“TIF Assistance Agreement”).

B. The Note Holder has had the opportunity to ask questions of and receive from the Developer all information and documents concerning the Note as it requested, and has had access to any additional information the Note Holder thought necessary to verify the accuracy of the information received. In determining to [acquire the Note]/[make the Loan], the Note Holder has made its own determinations and has not relied on the City or information provided by the City.

C. The Note Holder represents and warrants that:

1. The Note Holder is acquiring [the Note]/[an interest in the Note as collateral for the Loan] for investment and for its own account, and without any view to resale or other distribution.

2. The Note Holder has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquiring [the Note]/[an interest in the Note as collateral for the Loan].

3. The Note Holder understands that the Note is a security which has not been registered under the Securities Act of 1933, as amended, or any state securities law, and must be held until its sale is registered or an exemption from registration becomes available.

4. The Note Holder is aware of the limited payment source for the Note and interest thereon and risks associated with the sufficiency of that limited payment source.

5. The Note Holder is [a bank or other financial institution] / [the owner of the property from which the tax increments which are pledged to the Note are generated].

D. The Note Holder understands that the Note is payable solely from certain tax increments derived from certain properties located in a tax increment financing district, if and as received by the City. The Note Holder acknowledges that the City has made no representation or covenant, express or implied, that the revenues pledged to pay the Note will be sufficient to pay,

in whole or in part, the principal and interest due on the Note. Any amounts which have not been paid on the Note on or before the final maturity date of the Note shall no longer be payable, as if the Note had ceased to be an obligation of the City. The Note Holder understands that the Note will never represent or constitute a general obligation, debt or bonded indebtedness of the City, the State of Minnesota, or any political subdivision thereof and that no right will exist to have taxes levied by the City, the State of Minnesota or any political subdivision thereof for the payment of principal and interest on the Note.

E. The Note Holder understands that the Note is payable solely from certain tax increments, which are taxes received on improvements made to certain property (the “Project”) in a tax increment financing district from the increased taxable value of the property over its base value at the time that the tax increment financing district was created, which base value is called “original net tax capacity”. There are risk factors in relying on tax increments to be received, which include, but are not limited to, the following:

1. Value of Project. If the contemplated Project constructed in the tax increment financing district is completed at a lesser level of value than originally contemplated, it will generate fewer taxes and fewer tax increments than originally contemplated.

2. Damage or Destruction. If the Project is damaged or destroyed after completion, its value will be reduced, and taxes and tax increments will be reduced. Repair, restoration or replacement of the Project may not occur, may occur after only a substantial time delay, or may involve property with a lower value than the Project, all of which would reduce taxes and tax increments.

3. Change in Use to Tax-Exempt. The Project could be acquired by a party that devotes it to a use which causes the property to be exempt from real property taxation. Taxes and tax increments would then cease.

4. Depreciation. The Project could decline in value due to changes in the market for such property or due to the decline in the physical condition of the property. Lower market valuation will lead to lower taxes and lower tax increments.

5. Non-payment of Taxes. If the property owner does not pay property taxes, either in whole or in part, the lack of taxes received will cause a lack of tax increments. The Minnesota system of collecting delinquent property taxes is a lengthy one that could result in substantial delays in the receipt of taxes and tax increments, and there is no assurance that the full amount of delinquent taxes would be collected. Amounts distributed to taxing jurisdictions upon a sale following a tax forfeiture of the property are not tax increments.

6. Reductions in Taxes Levied. If property taxes are reduced due to decreased municipal levies, taxes and tax increments will be reduced. Reasons for such reduction could include lower local expenditures or changes in state aids to municipalities. For instance, in 2001 the Minnesota Legislature enacted an education funding reform that

involved the state increasing school aid in lieu of the local general education levy (a component of school district tax levies).

7. Reductions in Tax Capacity Rates. The taxable value of real property is determined by multiplying the market value of the property by a tax capacity rate. Tax capacity rates vary by certain categories of property; for example, the tax capacity rates for residential homesteads are currently less than the tax capacity rates for commercial and industrial property. In 2001 the Minnesota Legislature enacted property tax reform that lowered various tax capacity rates to “compress” the difference between the tax capacity rates applicable to residential homestead properties and commercial and industrial properties.

8. Changes to Local Tax Rate. The local tax rate to be applied in the tax increment financing district is the lower of the current local tax rate or the original local tax rate for the tax increment financing district. In the event that the Current Local Tax Rate is higher than the Original Local Tax Rate, then the “excess” or difference that comes about after applying the lower Original Local Tax Rate instead of the Current Local Tax Rate is considered “excess” tax increment and is distributed by Rice County to the other taxing jurisdictions and such amount is not available to the City as tax increment.

9. Legislation. The Minnesota Legislature has frequently modified laws affecting real property taxes, particularly as they relate to tax capacity rates and the overall level of taxes as affected by state aid to municipalities.

F. The Note Holder acknowledges that the Note was issued pursuant to the TIF Assistance Agreement, and that the City has the right to suspend payments under this Note and/or terminate the Note upon an Event of Default under the TIF Assistance Agreement.

G. The Note Holder acknowledges that the City makes no representation about the tax treatment of, or tax consequences from, the Note Holder’s acquisition of [the Note]/[an interest in the Note as collateral for the Loan].

WITNESS our hand this ____ day of _____, 20__.

Note Holder:

By _____
Name: _____
Its _____

EXHIBIT E

CERTIFICATE OF COMPLETION OF PROJECT

_____, 20____

WHEREAS, the CITY OF NORTHFIELD, MINNESOTA, a municipal corporation under the laws of the State of Minnesota (the “City”), and Manawa, L.L.C., a Minnesota limited liability company (the “Developer”) have entered into a TIF Assistance Agreement (the “TIF Assistance Agreement”), dated November 12, 2024; and

WHEREAS, the TIF Assistance Agreement requires the Developer to construct a Project (as that term is defined in the TIF Assistance Agreement);

WHEREAS, the Developer has constructed the Project in a manner deemed sufficient by the City to permit the execution of this certification in accordance with Section 3.7 of the TIF Assistance Agreement;

NOW, THEREFORE, this is to certify that the Developer has constructed the Project in accordance with the TIF Assistance Agreement. The remaining covenants of the Developer under the TIF Assistance Agreement are not intended to run with title to the Development Property or bind successors in title to the Development Property.

The City has, as of the date and year first above written, set its hand hereon.

CITY OF NORTHFIELD, MINNESOTA

By _____
Its City Clerk

STATE OF MINNESOTA)
) SS.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of _____,
20__, by _____, the City Clerk of the City of Northfield, Minnesota, a
municipal corporation and existing under the laws of the State of Minnesota, on behalf of said
City.

Notary Public

EXHIBIT F
PROJECT SOURCES AND USES
ARCHER HOUSE REDEVELOPMENT
City of Northfield, MN
Project Sources and Uses

23-unit apartment, 19-unit extended stay hotel and 8,554 sf commercial

SOURCES		
Debt:	Amount	Percent
Senior Loan	11,000,000	53.1%
Subordinate Loan	1,500,000	7.2%
Subtotal:	12,500,000	60.3%
Other Sources:		
Equity	4,504,723	21.7%
Grants	400,000	1.9%
TIF Note	3,015,000	14.6%
Other	300,000	1.4%
Subtotal:	8,219,723	39.7%
TOTAL SOURCES	20,719,723	100.0%

USES		
Category:	Amount	Percent
Land Acquisition	1,900,000	9.2%
Construction	13,850,000	66.8%
Tenant Improvements	1,100,000	5.3%
Architect/Engineering	609,500	2.9%
Design Consultants	160,000	0.8%
FFE	375,000	1.8%
Archer History Wall	50,000	0.2%
Construction Contingency	501,852	2.4%
Sustainability	55,000	0.3%
SAC/WAC	25,000	0.1%
Other Profession Fees and Soft Costs	206,000	1.0%
Construction Period Interest	528,000	2.5%
Financing and Closing Costs	200,790	1.0%
Developer Fee	852,642	4.1%
Reserves	305,939	1.5%
TOTAL USES	20,719,723	100.0%