



Housing & Redevelopment Authority

Crow Wing County HRA Board Meeting Agenda
5:00pm Tuesday April 8th, 2025

Crow Wing County Land Services Building Pine/Maple Meeting Room
322 Laurel St. Brainerd, MN 56401

Commissioner Craig Nathan attending via WebEx at 8986 Sugarberry Creek,
Brainerd, MN 56401

Join from browser:

<https://brainerdhra.my.webex.com/brainerdhra.my/j.php?MTID=mc8ed899618fefbebeb3ce4932431b509>

Join by phone: 415-655-0001

Meeting number (access code): 2559 771 2026

Meeting password: zPQATpgs283

"Our mission is to support the creation and preservation of affordable housing, economic development, and redevelopment projects towards a more vibrant Crow Wing County."

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF AGENDA**
- 4. PRESENTATION**
 - a.** 2024 Crow Wing County Audit: Mary Reedy, Clifton Larson Allen
- 5. APPROVE MINUTES** (*Attachment 1 – Pg. 3*)
 - a.** Approval of the Tuesday, March 11th, 2025 Meeting Minutes
- 6. REVIEW & ACCEPT FINANCIAL STATEMENTS** (*Attachment 2 – Pg. 7*)
 - a.** CWC HRA Balance Sheets for March 2025
 - b.** CWC HRA Operating Statements for March 2025
 - c.** CWC HRA Payments for March 2025
- 7. PUBLIC HEARING: PROPOSED SALE OF OUTLOTS E & F, BRAINERD OAKS** (*Attachment 3 -- Pg. 23*)

8. UNFINISHED BUSINESS

- a.* Resolution request to approve the Master PDA (fourth amendment) and Redevelopment Plan between the CWC HRA and Level Contracting (*Attachment 4 – Pg. 25*)

9. NEW BUSINESS

- a.* Housing Trust Fund Loan Request for Proposed Project with My Neighbor to Love Coalition (*Attachment 5 – Pg. 71*)

10. HOUSING TRUST FUND

- a.* Review of State Statute 462C.16 and County Ordinance #2001 (*Attachment 6 – Pg. 105*)

11. REPORTS/UPDATES:

- a.* Executive Director Report (*Attachment 7 – Pg. 115*)
- b.* Housing Trust Fund (*Attachment 8 – Pg. 117*)
- c.* Brainerd HRA/Rehab Programs (*Attachment 9 – Pg. 119*)
- d.* BLAEDC/CREDI
- e.* CWC

12. COMMISSIONER COMMENTS

13. NEXT MEETING May 13th, 2025

14. ADJOURNMENT

CWC HRA Commissioners:

Katie Heppner, Commissioner - District 3 (12-31-29)
Richard (George) Burton, Commissioner - District 1 (12-31-27)
Tyler Gardner, Commissioner - District 2 (12-31-28)
Michael Aulie, Commissioner - District 5 (12-31-26)
Craig Nathan, Commissioner - District 4 (12-31-25)



Housing & Redevelopment Authority

**Crow Wing County HRA
BOARD MEETING MINUTES
Tuesday, March 11th, 2025 @ 5:00pm**

A regular meeting of the Board of Commissioners of the Housing and Redevelopment Authority (HRA) in and for the County of Crow Wing, Minnesota, was held at the Crow Wing County Land Services Building, Pine/Maple Meeting Room and via Webex video/teleconference at 5:00 p.m., Tuesday, March 11th, 2025.

1. **CALL TO ORDER:** Chair Heppner called the meeting to order at 5:00 p.m.
2. **ROLL CALL:** Present: Commissioners Katherine Heppner, Richard (George) Burton, Michael Aulie, Tyler Gardner, and Craig Nathan.

Others present: Executive Director Eric Charpentier, Finance Director Karen Young, Operations Administrative Specialist Hannah Anderson, BLAEDC Executive Director Tyler Glynn, Crow Wing County Administrative Services Director Jory Danielson, and Crow Wing County Commissioner Jamie Lee.

3. **REVIEW AND APPROVE AGENDA:**

Commissioner Aulie motioned to approve the agenda for Tuesday, March 11th, 2025, as presented. Seconded by Commissioner Burton. Motion Carried Unanimously via Roll Call Vote.

4. **APPROVE MINUTES:**

- a. Approval of the Tuesday, February 11th, 2025 Meeting Minutes

Commissioner Burton motioned to approve the minutes of the February 11th, 2025, regular board meeting, as presented. Seconded by Commissioner Gardner. Motion Carried Unanimously via Roll Call Vote.

5. **REVIEW AND ACCEPT FINANCIAL STATEMENTS:**

The Housing Trust Fund and financial information for February 2025 was presented by Karen Young.

- a. CWC HRA Balance Sheet February 2025
- b. CWC HRA Operating Statement February 2025

c. CWC HRA February 2025 Payments

Commissioner Aulie motioned to accept the February financial statements as submitted. Seconded by Commissioner Burton. Motion Carried Unanimously via Roll Call Vote.

6. UNFINISHED BUSINESS:

a. Resolution Request to Accept the Conveyance of the Outlots E & F from the Brainerd HRA

The resolution request was presented by John Schommer.

Commissioner Gardner inquired if the amended Master PDA will be presented to the board at a future meeting. Charpentier confirmed that it will be, along with most of the procedural steps to convey the outlots. Commissioner Aulie sought clarification on if the board can accept conveyance of the outlots before the Brainerd HRA approves the conveyance. Schommer confirmed that the board can make this motion, as legal has drafted and approved the documents and process.

Commissioner Aulie motioned to approve Resolution 2025-01 accepting conveyance of Outlots E & F from Brainerd HRA and adding it to the PDA to convey this property to the developer for the construction of additional housing units, as presented. Seconded by Commissioner Burton. Motion Carried Unanimously via Roll Call Vote.

7. NEW BUSINESS: None

8. REPORTS:

a. Executive Director Report

The executive director's report was presented by Eric Charpentier.

Commissioner Gardner inquired on whether the HRA has looked for other funding opportunities for the Outlot E & F project. Eric Charpentier advised that staff applied for the Workforce Housing Grant, and it was not awarded.

b. Housing Trust Fund Report

The housing trust fund report was presented by Eric Charpentier.

Commissioner Burton asked for more information on the applicant who was over the income limitations. Schommer provided more information on the process: Applications are received with financial information, then when funding is available, updated financial information is received, and at that point this applicant was over the income limit.

Commissioner Gardner inquired about more information on the down payment assistance program and process. Schommer advised that the down payment assistance funding comes from the Housing Trust Fund. The process timeframe is 2 weeks at minimum. If the borrower's request is over \$50,000, it is brought to the board for approval. Charpentier added that many potential borrowers start with lender financing options, then come to the HRA for down payment assistance if needed. The board can

modify the guidelines for board approval. There was further discussion on the Housing Trust Fund and history of the program.

c. Brainerd HRA/Rehab Programs:

The rehab report was presented by John Schommer.

d. BLAEDC/CREDI:

February 2025 staff time billing reports were presented along with an overview of office happenings by Tyler Glynn.

e. CWC:

Crow Wing County updates were presented by Jory Danielson and Crow Wing County Commissioner Jamie Lee.

Crow Wing County Commissioner Lee reported that he would like to see more movement on rehabilitation projects.

9. COMMISSIONER COMMENTS:

Commissioner Gardner asked if staff could schedule time to discuss the Housing Trust Fund program in more detail at a future meeting. Charpentier responded that he will discuss adding it as an agenda item with Chair Heppner.

10. NEXT MEETING: Tuesday, April 8th, 2025

11. ADJOURNMENT:

Commissioner Burton motioned to adjourn the meeting. Seconded by Commissioner Gardner. Motion Carried Unanimously via Roll Call Vote. Meeting was adjourned at 5:40 PM.

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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Karen Young, Finance Director
Date: April 2, 2025
Re: Review and Accept Financial Statements

Housing Trust Fund (HTF) Loan Payoff

Reflected in the March financial statements is the loan payoff for a HTF owner-occupied rehab loan in the amount of \$21,216.

2024 Audit

The 2024 audit has been finalized. Mary Reedy will attend the April meeting to present the audit to the board.

Action Requested: Accept the 2024 audited financial statements.

Action Requested: Accept the March financial statements as submitted.

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Housing Trust Fund Projection

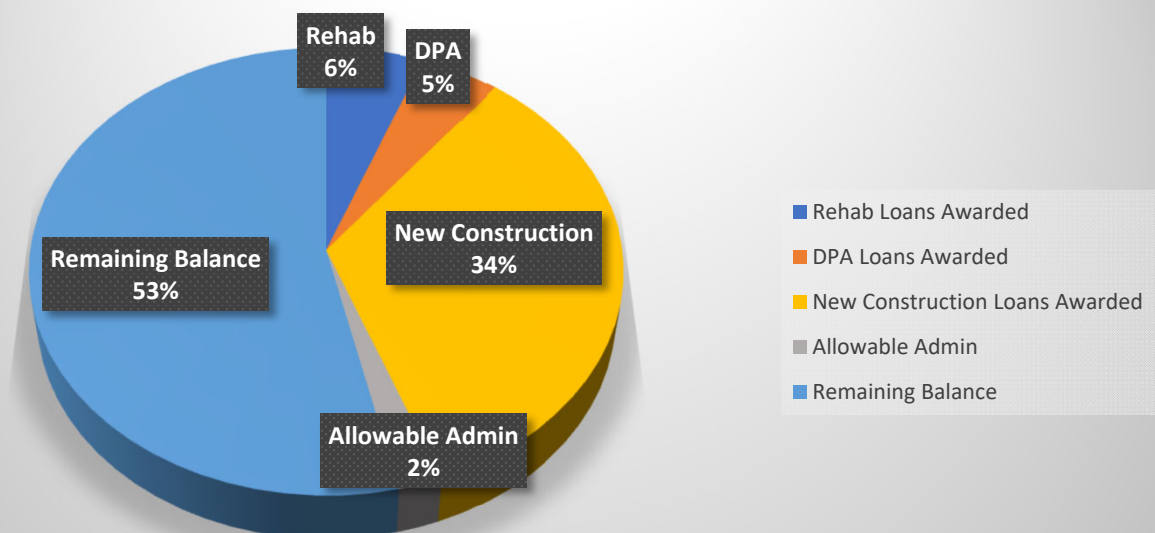
HTF - Funding Breakdown	
Revenue Sources:	
Levy Approved Total	\$ 2,600,000.00
CWC Local Housing Aid	\$ 314,992.00
Interest Earned To Date	\$ 51,414.00
Total	\$ 2,966,406.00
Loans Awarded:	
Rehabilitation (8)	\$ 172,119.00
Down Payment Assistance (7)	\$ 140,000.00
New Construction (1)	\$ 1,000,000.00
Total	\$ 1,312,119.00
Allowable Admin (2.5% of levy)	\$ 65,000.00
Remaining Balance	\$ 1,589,287.00

Approved Applications:	
New Construction	\$ 1,300,000.00
Total	\$ 1,300,000.00
Balance	\$ 289,287.00

Other Funding Sources:	
TIF - RLF	\$ 450,601.68
CWC - 2025 SAHA	\$ 67,171.00
MH Funding	\$ -
Total	\$ 517,772.68
Balance	\$ 807,059.68

Applications:	
Creekside Comm. (12)	\$ 382,000.00
Owner Occupied (3)	\$ 75,000.00
Rental Rehab (8)	\$ 120,000.00
Owner Occupied (2)	\$ 50,000.00
Rental Rehab (6)	\$ 75,000.00
Rental Rehab (7)	\$ 175,000.00
Total	\$ 877,000.00
Balance	\$ (69,940.32)

HTF - Funding Breakdown



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Crow Wing County HRA

Balance Sheet

March 2025

Program: 850 - Crow Wing County HRA

Project: 1. General Fund

	Period Amount	Balance
ASSETS		
Cash - A/R General Fund	(15,527.87)	336,549.00
TOTAL ASSETS	(15,527.87)	336,549.00
LIABILITIES AND SURPLUS		
LIABILITIES AND SURPLUS		
SURPLUS		
Income & Expense Summary (Current Year)	(15,527.87)	(47,541.82)
Retained Earnings	0.00	384,090.82
TOTAL SURPLUS	(15,527.87)	336,549.00
TOTAL LIABILITIES AND SURPLUS	(15,527.87)	336,549.00
TOTAL LIABILITIES AND SURPLUS	(15,527.87)	336,549.00
PROOF	0.00	0.00

Crow Wing County HRA
Operating Statement
Three Months Ending 03/31/2025
Program: 850 - Crow Wing County HRA Project: 1. General Fund

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
INCOME								
Interest Revenue	1,375.97	166.67	1,209.30	4,627.50	500.00	4,127.50	2,000.00	2,627.50
Property Tax Revenue	0.00	33,387.08	(33,387.08)	0.00	100,161.25	(100,161.25)	400,645.00	(400,645.00)
TOTAL INCOME	1,375.97	33,553.75	(32,177.78)	4,627.50	100,661.25	(96,033.75)	402,645.00	(398,017.50)
EXPENSES								
4110.000 Admin Salaries	450.00	375.00	(75.00)	600.00	1,125.00	525.00	4,500.00	3,900.00
Legal	123.00	833.33	710.33	123.00	2,500.00	2,377.00	10,000.00	9,877.00
Staff Training	0.00	125.00	125.00	0.00	375.00	375.00	1,500.00	1,500.00
Travel	1.40	33.33	31.93	1.40	100.00	98.60	400.00	398.60
Auditing Fees	0.00	791.67	791.67	0.00	2,375.00	2,375.00	9,500.00	9,500.00
Management Fee	16,195.00	16,195.00	0.00	48,585.00	48,585.00	0.00	194,340.00	145,755.00
4190.000 Other Admin Exp	0.00	16.67	16.67	0.00	50.00	50.00	200.00	200.00
TIF Expense	100.00	50.00	(50.00)	100.00	150.00	50.00	600.00	500.00
Insurance	0.00	291.67	291.67	2,714.00	875.00	(1,839.00)	3,500.00	786.00
ER FICA	34.44	29.17	(5.27)	45.92	87.50	41.58	350.00	304.08
4590.000 Other General Exp	0.00	12,315.00	12,315.00	0.00	36,945.00	36,945.00	147,780.00	147,780.00
TOTAL EXPENSES	16,903.84	31,055.84	14,152.00	52,169.32	93,167.50	40,998.18	372,670.00	320,500.68
SURPLUS	(15,527.87)	2,497.91	(18,025.78)	(47,541.82)	7,493.75	(55,035.57)	29,975.00	(77,516.82)

Crow Wing County HRA

Balance Sheet

March 2025

Program: 850 - Crow Wing County HRA

Project: 2. SCDP

	Period Amount	Balance
ASSETS		
Cash - A/R General Fund	0.00	108,473.43
TOTAL ASSETS	0.00	108,473.43
LIABILITIES AND SURPLUS		
LIABILITIES AND SURPLUS		
SURPLUS		
Retained Earnings	0.00	108,473.43
TOTAL SURPLUS	0.00	108,473.43
TOTAL LIABILITIES AND SURPLUS	0.00	108,473.43
TOTAL LIABILITIES AND SURPLUS	0.00	108,473.43
PROOF	0.00	0.00

Crow Wing County HRA
Operating Statement
Three Months Ending 03/31/2025
Program: 850 - Crow Wing County HRA Project: 2. SCDP

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
INCOME								
Other Income	0.00	750.00	(750.00)	0.00	2,250.00	(2,250.00)	9,000.00	(9,000.00)
TOTAL INCOME	0.00	750.00	(750.00)	0.00	2,250.00	(2,250.00)	9,000.00	(9,000.00)
EXPENSES								
SCDP Expense	0.00	750.00	750.00	0.00	2,250.00	2,250.00	9,000.00	9,000.00
TOTAL EXPENSES	0.00	750.00	750.00	0.00	2,250.00	2,250.00	9,000.00	9,000.00
SURPLUS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Crow Wing County HRA

Balance Sheet

March 2025

Program: 850 - Crow Wing County HRA

Project: 3. Revolving Fund - TIF

	Period Amount	Balance
ASSETS		
Cash - A/R General Fund	1,442.02	450,601.68
TOTAL ASSETS	1,442.02	450,601.68
LIABILITIES AND SURPLUS		
LIABILITIES AND SURPLUS		
SURPLUS		
Income & Expense Summary (Current Year)	1,442.02	4,014.70
Retained Earnings	0.00	446,586.98
TOTAL SURPLUS	1,442.02	450,601.68
TOTAL LIABILITIES AND SURPLUS	1,442.02	450,601.68
TOTAL LIABILITIES AND SURPLUS	1,442.02	450,601.68
PROOF	0.00	0.00

Crow Wing County HRA
Operating Statement
Three Months Ending 03/31/2025
Program: 850 - Crow Wing County HRA Project: 3. Revolving Fund - TIF

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
INCOME								
Interest Revenue	1,342.02	833.33	508.69	4,014.70	2,500.00	1,514.70	10,000.00	(5,985.30)
TOTAL INCOME	1,342.02	833.33	508.69	4,014.70	2,500.00	1,514.70	10,000.00	(5,985.30)
EXPENSES								
TIF Expense	(100.00)	0.00	100.00	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENSES	(100.00)	0.00	100.00	0.00	0.00	0.00	0.00	0.00
SURPLUS	1,442.02	833.33	608.69	4,014.70	2,500.00	1,514.70	10,000.00	(5,985.30)

Crow Wing County HRA

Balance Sheet

March 2025

Program: 850 - Crow Wing County HRA

Project: 4. Development Fund

	Period Amount	Balance
ASSETS		
Accounts Receivable Other	0.00	23.00
Cash - A/R General Fund	0.00	(27.90)
Land Held for Resale	0.00	14,033.20
TOTAL ASSETS	0.00	14,028.30
LIABILITIES AND SURPLUS		
LIABILITIES AND SURPLUS		
LIABILITIES		
Def'd Inflow of Resources	0.00	14,033.20
TOTAL LIABILITIES	0.00	14,033.20
SURPLUS		
Income & Expense Summary (Current Year)	0.00	(4.90)
TOTAL SURPLUS	0.00	(4.90)
TOTAL LIABILITIES AND SURPLUS	0.00	14,028.30
TOTAL LIABILITIES AND SURPLUS	0.00	14,028.30
PROOF	0.00	0.00

Crow Wing County HRA
Operating Statement
Three Months Ending 03/31/2025
Program: 850 - Crow Wing County HRA Project: 4. Development Fund

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
INCOME								
Development Revenue	0.00	5,916.67	(5,916.67)	0.00	17,750.00	(17,750.00)	71,000.00	(71,000.00)
TOTAL INCOME	0.00	5,916.67	(5,916.67)	0.00	17,750.00	(17,750.00)	71,000.00	(71,000.00)
EXPENSES								
Legal	0.00	208.33	208.33	0.00	625.00	625.00	2,500.00	2,500.00
Travel	0.00	0.00	0.00	4.90	0.00	(4.90)	0.00	(4.90)
Contracts Costs	0.00	100.00	100.00	0.00	300.00	300.00	1,200.00	1,200.00
Closing Costs	0.00	83.33	83.33	0.00	250.00	250.00	1,000.00	1,000.00
4592.000 SAC/WAC/Park Fees	0.00	833.33	833.33	0.00	2,500.00	2,500.00	10,000.00	10,000.00
Development Expense	0.00	4,691.67	4,691.67	0.00	14,075.00	14,075.00	56,300.00	56,300.00
TOTAL EXPENSES	0.00	5,916.66	5,916.66	4.90	17,750.00	17,745.10	71,000.00	70,995.10
SURPLUS	0.00	0.01	(0.01)	(4.90)	0.00	(4.90)	0.00	(4.90)

Crow Wing County HRA

Balance Sheet

March 2025

Program: 850 - Crow Wing County HRA

Project: 5. Housing Trust Fund

	Period Amount	Balance
ASSETS		
Cash - A/R General Fund	24,731.25	1,225,141.21
1141.000 HTF Loan Receivable	(21,216.00)	1,312,119.00
TOTAL ASSETS	3,515.25	2,537,260.21
LIABILITIES AND SURPLUS		
LIABILITIES AND SURPLUS		
SURPLUS		
Income & Expense Summary (Current Year)	3,515.25	10,335.03
Retained Earnings	0.00	2,526,925.18
TOTAL SURPLUS	3,515.25	2,537,260.21
TOTAL LIABILITIES AND SURPLUS	3,515.25	2,537,260.21
TOTAL LIABILITIES AND SURPLUS	3,515.25	2,537,260.21
PROOF	0.00	0.00

Crow Wing County HRA
Operating Statement
Three Months Ending 03/31/2025
Program: 850 - Crow Wing County HRA Project: 5. Housing Trust Fund

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
INCOME								
Interest Revenue	3,586.65	250.00	3,336.65	10,406.43	750.00	9,656.43	3,000.00	7,406.43
Property Tax Revenue	0.00	33,333.33	(33,333.33)	0.00	100,000.00	(100,000.00)	400,000.00	(400,000.00)
TOTAL INCOME	3,586.65	33,583.33	(29,996.68)	10,406.43	100,750.00	(90,343.57)	403,000.00	(392,593.57)
EXPENSES								
Legal	0.00	81.25	81.25	0.00	243.75	243.75	975.00	975.00
Travel	71.40	2.08	(69.32)	71.40	6.25	(65.15)	25.00	(46.40)
HTF Expense	0.00	1,583.33	1,583.33	0.00	4,750.00	4,750.00	19,000.00	19,000.00
TOTAL EXPENSES	71.40	1,666.66	1,595.26	71.40	5,000.00	4,928.60	20,000.00	19,928.60
SURPLUS	3,515.25	31,916.67	(28,401.42)	10,335.03	95,750.00	(85,414.97)	383,000.00	(372,664.97)

**Crow Wing County HRA
Payment Summary Report
March 2025**

Payment Number	Payment Date	Vendor	Description	Check Amount
167	3/6/2025	John Schommer	Mileage	\$ 72.80
27101	3/6/2025	Kennedy & Graven, Chartered	Crosby SCDP Loan Payoff	\$ 123.00
Total				\$ 195.80

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NOTICE OF PUBLIC HEARING

HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE COUNTY OF CROW WING

NOTICE IS HEREBY GIVEN that the Board of Commissioners (the “Board”) of the Housing and Redevelopment Authority in and for the County of Crow Wing (the “HRA”), will hold a public hearing on Tuesday, April 8, 2025, at or after 5:00 P.M. Pine/Maple Meeting Room, located in the Land Services Building, 322 Laurel Street, Brainerd, Minnesota, to consider a proposal for the conveyance of land located in the City of Brainerd and legally described as Outlots E and F, Brainerd Oaks, Crow Wing County, Minnesota.

The proposed terms of the conveyance are available for review by the public at the office of the Executive Director of the HRA on and after the date of this notice.

At the time and place fixed for the public hearing, the Board will give all persons who appear at the hearing an opportunity to express their views with respect to the proposal. In addition, interested persons may direct any questions or file written comments respecting the proposal with the Executive Director of the HRA, at or prior to said public hearing.

Dated: April 8th, 2025

BY ORDER OF THE BOARD OF
COMMISSIONERS OF THE HOUSING AND
REDEVELOPMENT AUTHORITY IN AND
FOR THE COUNTY OF CROW WING

/s/ Eric Charpentier
Executive Director

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Housing & Redevelopment Authority

To: Crow Wing County HRA Board Members
From: John Schommer, Rehab & Maintenance Director
Date: April 2, 2025
Re: Outlots E and F in Brainerd Oaks

At their March 20, 2025 meeting, the Brainerd HRA board approved a resolution conveying Outlots E and F to CWC HRA and approving the grant agreement outlining how the funds each board has committed to the installation of infrastructure, is to be administered. Resolution 2025-02 (*attachment 4d*) combines and accomplishes the last steps of approving the fourth amendment, the sale of Outlots E and F to the developer, a purchase and redevelopment contract to the developer and the grant agreement that outlines how the funds committed by the board at the February meeting are to be administered.

Action Requested: Approve resolution 2025-02 that (1) approves a Fourth Amendment to Master Purchase and Redevelopment Contract, (2) approves the sale of Outlots E and F, BRAINERD OAKS, Crow Wing County, Minnesota, (3) approves a Purchase and Redevelopment Contract with Level Contracting, and (4) approves a Grant Agreement between CWC HRA, Brainerd HRA, and Level Contracting in connection with redevelopment of Outlots E and F.

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FOURTH AMENDMENT TO MASTER PURCHASE AND REDEVELOPMENT CONTRACT

This Fourth Amendment to Master Purchase and Redevelopment Contract (“Fourth Amendment”) is made this ____ day of _____, 2025 by and between the Housing and Redevelopment Authority in and for the County of Crow Wing, a public body corporate and politic and political subdivision of the State of Minnesota (the “Authority”), and Level Contracting, LLC, a Minnesota limited liability company (the “Redeveloper”).

WHEREAS, the Authority currently administers its Redevelopment Project No. 1 (the “Project”), pursuant to Minnesota Statutes, Sections 469.001 to 469.047 (the “HRA Act”), as amended, the boundaries of which are coterminous with the geographic boundaries of Crow Wing County, Minnesota (the “County”); and

WHEREAS, in connection with the Project, the Authority created a Redevelopment Plan for the Project (the “Redevelopment Plan”) providing for certain redevelopment activities to take place in the City of Brainerd, Minnesota (the “City”) within the Project, as shown in in Exhibit A to the Redevelopment Plan, including the area consisting of the Brainerd Oaks, Serene Pines, and Dal Mar Estates housing subdivisions. Following a duly noticed public hearing held by the City Council of the City in accordance with the HRA Act, the City Council of the City approved the Redevelopment Plan by resolution adopted on September 6, 2016, and the Board of the Authority approved the Redevelopment Plan by resolution adopted on September 13, 2016; and

WHEREAS, the Authority and Paxmar-Brainerd, LLC, a Minnesota limited liability company (the “Prior Redeveloper”), entered into that certain Master Purchase and Redevelopment Contract dated as of September 13, 2016, recorded in the office of the Crow Wing County Recorder on March 17, 2017 as document umber A-886215 (the “Master PDA”), as amended by a First Amendment to Master Purchase and Redevelopment Contract dated November 8, 2016, recorded in the office of the Crow Wing County Recorder on March 17, 2017 as document number A-886216, as further amended by a Second Amendment to Master Purchase and Redevelopment Contract dated March 14, 2017, recorded in the office of the Crow Wing County Recorder on March 17, 2017 as document number A-886217, as further amended by a Third Amendment to Master Purchase and Redevelopment Contract dated April 12, 2022, recorded in the office of the Crow Wing County Recorder on June 20, 2023 as Document No. 985256, and as assigned by the Prior Redeveloper and assumed by the Redeveloper pursuant to an Assignment and Assumption of Master Purchase and Redevelopment Contract dated October 8, 2019, recorded in the office of the Crow Wing County Recorder on October 17, 2019 as document number A-924227 (as so amended, assigned, and assumed the “Contract”) providing for the conveyance by the Authority to the Redeveloper of certain property located in the City of Brainerd, Crow Wing County, Minnesota (the “Redevelopment Property”); and

WHEREAS, the parties have determined to further amend the Contract to add certain property located in the City, described as Outlots E and F, Brainerd Oaks, Crow Wing County, Minnesota (the “Outlot E” and “Outlot F,” respectively, and together, the “Additional Parcels”), to the definition of “Redevelopment

Property” in the Contract and described in Schedule A attached to the Contract and to provide for the redevelopment by the Redeveloper of the Additional Parcels and the construction thereon of owner-occupied and/or rental twin homes, in accordance with the Redevelopment Plan.

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 (underline indicates added and/or revised text; strikethrough indicates deleted text):

1. Amendment to Section 1.1 of the Contract. (a) The definition of “Minimum Improvements” in Section 1.1 of the Contract is amended to provide:

“Minimum Improvements” means the construction on each Lot of the Redevelopment Property of owner-occupied single-family housing with a minimum completed market value of \$130,000 per Brainerd Oaks Lot, \$160,000 per Serene Pines Lot, and \$190,000 per Dal Mar Lot, as further described in Section 4.3 hereof; provided, however, that completed market values of each Lot will be dependent on the configuration of each Lot and may exceed these amounts. Notwithstanding the foregoing, “Minimum Improvements” as to Outlot E means the construction on such Lot of a roadway and infrastructure necessary to access Outlot F, and as to Outlot F, means the construction on such Lot of 18 units of owner-occupied and/or rental single-family housing, comprised of nine (9) twin homes, with a minimum completed market value of \$130,000 as to each of the twin homes.

(b) The definition of “Redevelopment Property” in Section 1.1 of the Contract is amended to include the Additional Parcels as part of the Brainerd Oaks Lots, as follows:

“Redevelopment Property” means the real property so described in Schedule A attached hereto, consisting of eighty-five (85) Brainerd Oaks Lots, twenty-four (24) Serene Pines Lots, and seven (7) Dal Mar Lots.

(c) The following definitions of “Outlot E” and “Outlot F” are added to Section 1.1 of the Contract:

“Outlot E” means the real property so described in Schedule A attached hereto as Outlot E, Brainerd Oaks, Crow Wing County, Minnesota, which is part of the Brainerd Oaks Lots.

“Outlot F” means the real property so described in Schedule A attached hereto as Outlot F, Brainerd Oaks, Crow Wing County, Minnesota, which is part of the Brainerd Oaks Lots.

2. Amendment to 3.1(a) of the Contract. Section 3.1(a) of the Contract is amended to except from the statement that the County owns the Redevelopment Property, as follows:

Section 3.1. Status of the Property. (a) As of the date of this Agreement, except Outlot E and Outlot F, the County owns the Redevelopment Property, and will convey title to and possession of the Redevelopment Property to the Authority for reconveyance to the Redeveloper, subject to all the terms and conditions of this Agreement. As of the date of the fourth amendment to this Agreement, the City owns Outlot E and Outlot F, and has approved by resolution of the City Council of the City adopted on March 26, 2025 the conveyance of title to and possession of such portion of the Redevelopment Property to the

Authority for reconveyance to the Redeveloper, subject to all the terms and conditions of this Agreement. The Redevelopment Property is described in Schedule A.

3. Amendment to Section 3.2(a) of the Contract. Section 3.2(a) of the Contract is amended to revise the Purchase Price, as defined therein, to include the purchase price of \$18,300.00 for Outlot E and the purchase price of \$55,500.00 for Outlot F (for a total additional Purchase Price of \$73,800.00), as follows:

Section 3.2. Purchase Price. (a) The total purchase price (the "Purchase Price") to be paid to the Authority by the Redeveloper in exchange for the conveyance of the Redevelopment Property shall be ~~\$932,800~~1,006,600, payable as follows: earnest money of \$125,000 (the "Earnest Money") will be due and payable at the time of Closing (as defined in Section 3.3(b)) on the first Lot conveyed pursuant to this Agreement. Such Earnest Money shall be placed in escrow with Complete Title, or such other title company selected by the Authority (the "Title Company"), and applied to the Purchase Price of each Lot at the time of Closing on such Lot pursuant to the schedule of prices provided in Schedule A. After application in full of the Earnest Money to the Purchase Price of Lots, the Purchase Price for each Lot will be payable at the time of Closing on such Lot.

4. Amendment to Section 3.2(b) of the Contract. Section 3.2(b) of the Contract is amended to provide that the Purchase Price for the Additional Parcels does not include City park dedication fees, City SAC fees, and City WAC fees as follows:

(b) The Purchase Price for each Lot shall include (i) \$500 allocated to City park dedication fees, \$1,150 allocated to City SAC fees, and \$650 allocated to City WAC fees, which shall be disbursed by the Title Company from the Purchase Price to the City at Closing; (ii) a pro rata share of the then-current expenses incurred by the Authority in the negotiation and drafting of this Agreement and related documents, closing costs, and other administrative costs associated with this Agreement and not previously paid to the Authority, which shall be calculated by the Authority at each Closing pursuant to this Agreement and disbursed by the Title Company from the Purchase Price to the Authority; and (iii) the balance of the Purchase Price net of the total amounts described in this Section 3.2(b)(i) and (ii), which shall be disbursed by the Title Company to the City at Closing. The parties agree that the Purchase Price does not include \$1,500 in additional City SAC/WAC fees per Lot, payable by the Redeveloper to the City at the time a building permit is issued for such Lot. Notwithstanding the foregoing, the Purchase Price for Outlot E and Outlot F shall not include any amounts for City park dedication fees, City SAC fees, or City WAC fees, which fees shall be payable by the Redeveloper to the City.

5. Amendment of the Contract to Update all References to Current Economic Development Counsel. All references in the Contract to Kennedy & Graven, Chartered, shall be replaced with Kutak Rock LLP, with the following address:

Kutak Rock LLP
60 South Sixth Street, Suite 3400
Minneapolis, MN 55402

6. Amendment to Schedule A of the Contract. Schedule A of the Contract is amended to revise the real property so described therein to include the Additional Parcels and the purchase price therefor, and to revise the total Purchase Price (as defined in the Contract) for the Redevelopment Property as follows:

SCHEDULE A

REDEVELOPMENT PROPERTY AND LOT PRICES

Legal Description	Price
Lot 2, Block, 2, Brainerd Oaks	\$5,011.28
Lot 3, Block, 2, Brainerd Oaks	4,366.97
Lot 4, Block, 2, Brainerd Oaks	5,154.46
Lot 5, Block, 2, Brainerd Oaks	3,865.84
Lot 6, Block, 2, Brainerd Oaks	5,011.28
Lot 7, Block, 2, Brainerd Oaks	4,796.51
Lot 8, Block, 2, Brainerd Oaks	5,011.28
Lot 9, Block 2, Brainerd Oaks	5,011.28
Lot 10, Block 2, Brainerd Oaks	3,865.84
Lot 11, Block 2, Brainerd Oaks	4,581.74
Lot 12, Block 2, Brainerd Oaks	5,154.46
Lot 13, Block 2, Brainerd Oaks	5,584.00
Lot 14, Block 2, Brainerd Oaks	5,512.41
Lot 15, Block 2, Brainerd Oaks	5,154.46
Lot 16, Block 2, Brainerd Oaks	5,584.00
Lot 17, Block 2, Brainerd Oaks	4,080.61
Lot 18, Block 2, Brainerd Oaks	4,868.10
Lot 1, Block 4, Brainerd Oaks	5,011.28
Lot 2, Block 4, Brainerd Oaks	5,154.46
Lot 3, Block 4, Brainerd Oaks	4,080.61
Lot 4, Block 4, Brainerd Oaks	5,011.28
Lot 5, Block 4, Brainerd Oaks	4,724.92
Lot 6, Block 4, Brainerd Oaks	3,865.84
Lot 7, Block 4, Brainerd Oaks	4,366.97
Lot 8, Block 4, Brainerd Oaks	4,868.10
Lot 9, Block 4, Brainerd Oaks	4,868.10
Lot 10, Block 4, Brainerd Oaks	5,512.41
Lot 11, Block 4, Brainerd Oaks	5,154.46
Lot 13, Block 4, Brainerd Oaks	5,297.64
Lot 14, Block 4, Brainerd Oaks	5,512.41
Lot 1, Block 5, Brainerd Oaks	4,868.10
Lot 2, Block 5, Brainerd Oaks	4,868.10
Lot 3, Block 5, Brainerd Oaks	5,297.64
Lot 4, Block 5, Brainerd Oaks	5,584.00
Lot 5, Block 5, Brainerd Oaks	4,868.10
Lot 6, Block 5, Brainerd Oaks	5,870.36
Lot 7, Block 5, Brainerd Oaks	4,724.92
Lot 8, Block 5, Brainerd Oaks	4,581.74
Lot 9, Block 5, Brainerd Oaks	4,581.74
Lot 10, Block 5, Brainerd Oaks	4,080.61
Lot 11, Block 5, Brainerd Oaks	4,581.74
Lot 12, Block 5, Brainerd Oaks	4,581.74
Lot 13, Block 5, Brainerd Oaks	4,868.10
Lot 14, Block 5, Brainerd Oaks	5,154.46
Lot 15, Block 5, Brainerd Oaks	5,512.41
Lot 16, Block 5, Brainerd Oaks	4,080.61
Lot 17, Block 5, Brainerd Oaks	4,868.10
Lot 18, Block 5, Brainerd Oaks	5,297.64

Lot 19, Block 5, Brainerd Oaks	4,581.74
Lot 20, Block 5, Brainerd Oaks	3,579.49
Lot 21, Block 5, Brainerd Oaks	5,154.46
Lot 22, Block 5, Brainerd Oaks	4,868.10
Lot 23, Block 5, Brainerd Oaks	4,724.92
Lot 24, Block 5, Brainerd Oaks	4,868.10
Lot 25, Block 5, Brainerd Oaks	4,581.74
Lot 26, Block 5, Brainerd Oaks	4,366.97
Lot 27, Block 5, Brainerd Oaks	5,011.28
Lot 28, Block 5, Brainerd Oaks	4,724.92
Lot 29, Block 5, Brainerd Oaks	5,154.46
Lot 30, Block 5, Brainerd Oaks	4,868.10
Lot 31, Block 5, Brainerd Oaks	5,655.59
Lot 2, Block 6, Brainerd Oaks	4,868.10
Lot 3, Block 6, Brainerd Oaks	4,868.10
Lot 4, Block 6, Brainerd Oaks	5,297.64
Lot 5, Block 6, Brainerd Oaks	5,297.64
Lot 6, Block 6, Brainerd Oaks	4,366.97
Lot 7, Block 6, Brainerd Oaks	3,865.84
Lot 8, Block 6, Brainerd Oaks	5,011.28
Lot 9, Block 6, Brainerd Oaks	5,297.64
Lot 10, Block 6, Brainerd Oaks	5,655.59
Lot 11, Block 6, Brainerd Oaks	5,297.64
Lot 12, Block 6, Brainerd Oaks	5,154.46
Lot 13, Block 6, Brainerd Oaks	5,297.64
Lot 14, Block 6, Brainerd Oaks	4,581.74
Lot 15, Block 6, Brainerd Oaks	5,369.23
Lot 16, Block 6, Brainerd Oaks	4,581.74
Lot 17, Block 6, Brainerd Oaks	4,366.97
Lot 18, Block 6, Brainerd Oaks	4,724.92
Lot 19, Block 6, Brainerd Oaks	4,581.74
Lot 20, Block 6, Brainerd Oaks	4,581.74
Lot 21, Block 6, Brainerd Oaks	4,724.92
Lot 22, Block 6, Brainerd Oaks	4,868.10
Lot 23, Block 6, Brainerd Oaks	5,512.41
<u>Outlot E, Brainerd Oaks</u>	<u>18,300.00</u>
<u>Outlot F, Brainerd Oaks</u>	<u>55,500.00</u>
Lot 1, Block 1, Dalmar Estates	16,405.65
Lot 2, Block 1, Dalmar Estates	15,333.93
Lot 3, Block 1, Dalmar Estates	17,807.14
Lot 4, Block 1, Dalmar Estates	20,775.00
Lot 5, Block 1, Dalmar Estates	21,352.08
Lot 6, Block 1, Dalmar Estates	23,083.33
Lot 7, Block 1, Dalmar Estates	30,667.86
Lot 1, Block 1, Serene Pines	15,448.24
Lot 2, Block 1, Serene Pines	16,231.84
Lot 3, Block 1, Serene Pines	15,784.07
Lot 4, Block 1, Serene Pines	15,784.07
Lot 5, Block 1, Serene Pines	17,351.28
Lot 6, Block 1, Serene Pines	16,903.51

Lot 7, Block 1, Serene Pines	14,328.80
Lot 1, Block 2, Serene Pines	17,127.39
Lot 2, Block 2, Serene Pines	17,015.45
Lot 3, Block 2, Serene Pines	16,231.84
Lot 4, Block 2, Serene Pines	14,888.52
Lot 5, Block 2, Serene Pines	14,888.52
Lot 6, Block 2, Serene Pines	14,888.52
Lot 1, Block 3, Serene Pines	14,888.52
Lot 2, Block 3, Serene Pines	15,000.46
Lot 3, Block 3, Serene Pines	15,336.29
Lot 4, Block 3, Serene Pines	15,112.41
Lot 7, Block 3, Serene Pines	14,888.52
Lot 8, Block 3, Serene Pines	15,000.48
Lot 9, Block 3, Serene Pines	16,679.62
Lot 1, Block 4, Serene Pines	16,007.96
Lot 2, Block 4, Serene Pines	14,664.63
Lot 3, Block 4, Serene Pines	17,799.06
Lot 5, Block 3, Serene Pines	20,500.00
	<hr/>
	\$ 932,800 1,006,600.00

All in the County of Crow Wing, Minnesota.

7. **Miscellaneous.** Except as amended by this Fourth Amendment, the Contract shall remain in full force and effect.

(Remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, the parties have executed this Fourth Amendment to Master Purchase and Redevelopment Contract as of the date written above.

AUTHORITY

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE COUNTY OF CROW WING**

By: _____
Its Chair

By: _____
Its Executive Director

STATE OF MINNESOTA

} ss.

COUNTY OF CROW WING

The foregoing was acknowledged before me this 8th day of April, 2025, by Katherine Heppner the Chair of the Housing and Redevelopment Authority in and for the County of Crow Wing, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

Notary Public

STATE OF MINNESOTA

} ss.

COUNTY OF CROW WING

The foregoing was acknowledged before me this 8th day of April, 2025, by Eric Charpentier the Executive Director of the Housing and Redevelopment Authority in and for the County of Crow Wing, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

Notary Public

**REDEVELOPER
LEVEL CONTRACTING, LLC**

By: _____
Montgomery L. Jensen
Its: Chief Manager

STATE OF MINNESOTA

} ss.

COUNTY OF _____

The foregoing was acknowledged before me this _____ day of _____ 2025, by Montgomery L. Jensen, the Chief Manager of Level Contracting, LLC, a Minnesota limited liability company, on behalf of the company.

Notary Public

This document drafted by:

Kutak Rock LLP (SEL)
60 South Sixth Street, Suite 3400
Minneapolis, MN 55402

PURCHASE AND REDEVELOPMENT AGREEMENT

Outlots E and F, BRAINERD OAKS, Crow Wing County, Minnesota

1. **Parties.** This Purchase and Redevelopment Agreement (the “Agreement”) is made as of _____, 2025, between HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE COUNTY OF CROW WING, a public body corporate and politic under the laws of Minnesota having its office located at 324 East River Road, Brainerd MN 56401 (the “Seller”), and LEVEL CONTRACTING, LLC, a Minnesota limited liability company, having its principal office at 3062 Ni Gig Trl NW, Cass Lake MN 56633 (the “Buyer”).

2. **Offer/Acceptance.** Buyer offers to purchase and Seller agrees to sell real property in Crow Wing County, Minnesota, legally described as follows (the “Property”):
 Outlots E and F, BRAINERD OAKS, Crow Wing County, Minnesota
 Check here if part or all of the land is Registered (Torrens) ☐

3. **Acceptance Deadline and Date of Closing.** This offer to purchase, unless accepted sooner, shall be null and void at 4:30 p.m. on _____, 2025 (*1 day from date of this Agreement*). The “Date of Closing” or “Closing” shall be no later than _____, 2025.

4. **A. Price and Terms.** The price for the Property is \$73,800.00 (“Purchase Price”), allocated to each lot of the Property (“Outlot E” and “Outlot F,” each a “Lot”) as shown on Exhibit A. The Purchase Price shall be financed by the Seller and payable by the Buyer in the form of the Forgivable Loan (as hereinafter defined). The Buyer shall not be required to issue payment to the Seller for the Purchase Price of the Property prior to transfer of the Property but shall instead execute the Promissory Note described below. The Seller and Buyer agree that the Purchase Price is the fair market or rental value of the Property as determined pursuant to Minnesota Statutes, Section 469.032, as amended, for the proposed uses in accordance with the Redevelopment Plan for Redevelopment Project No. 1, which provides for certain redevelopment activities to take place in the City of Brainerd, Minnesota (the “City”).

B. Forgivable Loan for Purchase Price; Promissory Note. (i) For and in consideration of the obligations being assumed by Buyer hereunder, Seller agrees to make a forgivable loan to Buyer in the amount of Seventy-Three Thousand Dollars (\$73,800.00) (the “Forgivable Loan”) at Closing to be used for the sole purpose of paying the Purchase Price, subject to the following terms and conditions:

- (a) Seller and Buyer shall have executed this Agreement;

- (b) Buyer shall have executed a promissory note in an amount equal to the amount of the Forgivable Loan (the "Promissory Note"), in the form attached as Exhibit D.
- (c) No event of default under this Agreement shall have occurred and be continuing beyond any applicable cure periods.

(ii) The Forgivable Loan shall be forgiven over a period not exceeding two (2) years from the Date of Closing or such other longer period approved in writing by Seller, consistent with this Agreement, with one-tenth (1/10) of the Forgivable Loan amount forgiven upon receipt by Buyer and provided to Seller of a final certificate of occupancy for each of the Housing Minimum Improvements (total of nine (9) to be received) and the final certificate of construction completion or similar document for the Infrastructure Minimum Improvements, subject to and conditioned upon satisfaction of the following conditions:

- (a) Buyer shall have timely paid all property taxes, and all fees and other charges that are due and owing on any portion of the Property that Buyer owns as of the date such property taxes, fees and other charges became delinquent; and
- (b) No event of default related to the Minimum Improvements under this Agreement shall have occurred, subject to applicable cure periods.

Notwithstanding the foregoing, in the event that subsequent to conveyance of the Property or any part thereof to the Buyer and prior to receipt by the Buyer of Certificates of Completion for the Minimum Improvements, Seller re-enters and takes possession of the Property and terminates (and reverts in the Seller) the estate conveyed by the Deed to the Buyer, as set forth in Section 16 hereof, any portion of the Forgivable Loan not yet forgiven shall be forgiven and the Promissory Note shall be cancelled upon reimbursement by Buyer of all costs and expenses incurred by the Seller, including but not limited to proportionate salaries of personnel, in connection with the recapture, management, and resale of the Property or part thereof (but less any income derived by the Seller from the Property or part thereof in connection with such management); all taxes, assessments, and water and sewer charges with respect to the Property or part thereof (or, in the event the Property is exempt from taxation or assessment or such charge during the period of ownership thereof by the Seller, an amount, if paid, equal to such taxes, assessments, or charges (as determined by the Seller assessing official) as would have been payable if the Property were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Property or part thereof at the time of reversion of title thereto in the Seller or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Buyer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the Minimum Improvements or any part thereof on the Property or part thereof; and any amounts otherwise owing the Seller by the Buyer and its successor or transferee

In the event that subsequent to conveyance of the Property or any part thereof to the Buyer and after receipt by the Buyer of Certificates of Completion for the Minimum Improvements, Buyer and its successors and assigns breach the covenants set forth in Sections 15F of this Agreement, if the Forgivable Loan has not yet been forgiven and the Promissory Note has not yet been cancelled, in addition to all other remedies available to Seller in this Agreement, Seller may immediately demand repayment of the Forgivable Loan and the entire outstanding balance of the Promissory Note will become immediately due and payable thirty (30) days after Seller gives written notice to Buyer of such demand for repayment. In the event Seller accelerates the debt secured by the Promissory Note subsequent to receipt of the Buyer of Certificates of Completion for the Minimum Improvements, and Buyer fully and timely satisfies repayment of such debt, Buyer shall retain fee simple title to the Property without further obligation under the Promissory Note, Forgivable Loan or this Agreement. All unpaid sums will accrue interest at the rate of **[4%]** per annum accruing from the date payment is due.

(iii) The Promissory Note shall be terminated and cancelled upon forgiveness of the Forgivable Loan. Should the Buyer fail to qualify for forgiveness of the Forgivable Loan in whole, the entire outstanding balance of the Promissory Note will become immediately due and payable thirty (30) days after Seller gives written notice to Buyer of such failure to qualify for loan forgiveness. All unpaid sums will accrue interest at the rate of **[4%]** per annum accruing from the date payment is due. Following Buyer's full satisfaction of the Promissory Note, Seller shall provide, within thirty (30) days upon receipt of the written request of Buyer, an instrument executed by Seller evidencing termination and cancellation of the Forgivable Loan and Promissory Note. In the event Seller accelerates the debt secured by the Promissory Note as provided above, and Buyer fully and timely satisfies repayment of such debt, Buyer shall retain fee simple title to the Property without further obligation under the Promissory Note, Forgivable Loan or this Agreement.

5. **Personal Property Included in Sale.** There are no items of personal property or fixtures owned by Seller and currently located on the Property for purposes of this sale.
6. **Deed.** Upon performance by Buyer, Seller shall deliver a quit claim deed conveying title to the Property to Buyer, in substantially the form attached as Exhibit B, subject to the conditions subsequent required by Sections 15, 16, and 17 of this Agreement (the "Deed"), and further subject to the terms and conditions of the Master Purchase and Redevelopment Contract between the Seller and Paxmar-Brainerd, LLC, dated as of September 13, 2016, recorded in the office of the Crow Wing County Recorder on March 17, 2017 as Document No.A-886215, as amended by a First Amendment thereto, dated November 8, 2016, recorded in the office of the Crow Wing County Recorder on March 17, 2017 as Document No. A-886216, as further amended by a Second Amendment thereto, dated as of March 14, 2017, recorded in the office of the Crow Wing County Recorder on March 17, 2017 as Document No. A-886217, as further amended by a Third Amendment thereto, dated as of April 12, 2022, recorded in the office of the Crow Wing Recorder on June 20, 2023 as Document No. 985256, and as assigned to and assumed by the Buyer pursuant to an Assignment and Assumption of Master Purchase and Redevelopment Contract, dated as of October 8, 2019, recorded in the office of the Crow Wing County Recorder on October 17,

2019 as Document No. A-924227 (as to amended, assigned, and assumed, the “Master Contract”).

7. Real Estate Taxes and Special Assessments.

- A. Seller shall pay, at or before closing, any and all real estate taxes due and payable in 2024 and prior years. Real estate taxes for taxes payable year 2025 are exempt.
- B. Seller represents that there are no special assessments payable or pending as of the date of this Agreement. If a special assessment becomes pending after the date of this Agreement and before the Date of Closing, Buyer may, as Buyer’s option:

- (1) Assume payment of the pending special assessment without adjustment to the purchase agreement price of the property; or

- (2) Require Seller to pay the pending special assessment and Buyer shall pay a commensurate increase in the purchase price of the Property, which increase shall be the same as the estimated amount of the assessment; or

- (3) Declare this Agreement null and void by notice to Seller, and earnest money shall be refunded to Buyer.

- 8. Closing Costs and Related Items.** The Buyer will pay: (a) one-half the closing fees charged by the title insurance or other closing agent, if any, utilized to close the transaction contemplated by this Agreement; (b) fees for title evidence obtained by Buyer; (c) the recording fees for this Agreement and for the Deed transferring title to Buyer; and (d) any transfer taxes. Seller will pay all other fees normally paid by sellers, including (a) Well Disclosure fees required to enable Buyer to record its deed from Seller under this Agreement, (b) one-half the closing fees charged by the title insurance or other closing agent, if any, utilized to close the transaction contemplated by this Agreement, and (c) fees and charges related to the filing of any instrument required to make title marketable. Each party shall pay its own attorney fees. The Purchase Price shall be allocated and disbursed as provided in Sections 3.2 (b) and (c) of the Master Contract.

- 9. Sewer and Water.** Seller represents that neither city sewer nor city water is available at the Property.

- 10. Condition of Property.** Buyer acknowledges that it has inspected or has had the opportunity to inspect the Property and agrees to accept the Property “AS IS.” Buyer has the right, at its own expense to take soil samples for the purpose of determining if the soil is suitable for construction of the dwelling described in section 14 below. If the soil is determined to be unacceptable the Buyer may rescind this agreement by written notice to the Seller, in which case the agreement shall be null and void. Seller makes no warranties as to the condition of the Property.

- 11. Marketability of Title.** As soon as reasonably possible after execution of this Agreement

by both parties:

- A. Seller shall surrender any abstract of title and a copy of any owner's title insurance policy for the property, if in Seller's possession or control, to Buyer or to Legacy Title, Buyer's designated title service provider; and
- B. Buyer shall obtain the title evidence determined necessary or desirable by Buyer.

The Buyer shall have 20 days from the date it receives such title evidence to raise any objections to title it may have. Objections not made within such time will be deemed waived. The Seller shall have 30 days from the date of such objection to affect a cure; provided, however, that Seller shall have no obligation to cure any objections, and may inform Buyer of such. The Buyer may then elect to close notwithstanding the uncured objections or declare this Agreement null and void, and the parties will thereby be released from any further obligation hereunder.

- 12. Title Clearance and Remedies.** If Seller shall fail to have title objections timely removed, the Buyer may, at its sole election: (a) terminate this Agreement without any liability on its part; or (b) take title to the Property subject to such objections.

If title is marketable, or is made marketable as provided herein, and Buyer defaults in any of the agreements herein, Seller may elect either of the following options, as permitted by law:

- A. Cancel this contract as provided by statute and retain all payments made hereunder as liquidated damages. The parties acknowledge their intention that any note given pursuant to this contract is a down payment note, and may be presented for payment notwithstanding cancellation;
- B. Seek specific performance within six months after such right of action arises, including costs and reasonable attorney's fees, as permitted by law.

If title is marketable, or is made marketable as provided herein, and Seller defaults in any of the agreements herein, Buyer may, as permitted by law:

- C. Seek damages from Seller including costs and reasonable attorney's fees;
- D. Seek specific performance within six months after such right of action arises.

- 13. Well Disclosure.** Seller's knowledge of wells is as follows:

- ☒ The Seller certifies that the Seller does not know of any wells on the described real property.
- ☐ A well disclosure certificate accompanies this document.
- ☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the Property have not changed since the last previously filed well disclosure certificate.

- 14. Individual Sewage Treatment System Disclosure and Methamphetamine Disclosure.** Seller certifies that there is no individual sewage treatment system on or serving the Property. To the best of Seller's knowledge, methamphetamine production has not occurred on the Property.
- 15. Construction Minimum Improvements and Transfer Thereof.** Buyer agrees that it will construct on Outlot E a roadway and infrastructure necessary to access Outlot F. Buyer further agrees that it will construct on Outlot F 18 units of single-family housing, comprised of nine (9) twin homes, intended for sale to a person or persons for residential occupancy (an "Owner Occupant") or rental to a person or persons for residential occupancy (a "Renter Occupant"). This covenant shall survive the delivery of the Deed.
- A.** Each single-family dwelling described in this Section is referred to as "Housing Minimum Improvements." The roadway and infrastructure improvements described in this Section is referred to as the "Infrastructure Minimum Improvements." Collectively, the Housing Minimum Improvements and the Infrastructure Minimum Improvements are referred to as the "Minimum Improvements."
- B.** (i) The Housing Minimum Improvements shall consist of a new single-family dwelling and shall be constructed substantially in accordance with the Declaration of Covenants, Easements and Restrictions of record and applicable to Outlot F provided that approval of the building plans for such Housing Minimum Improvements shall be evidenced by the issuance by the City of a building permit for each of the nine (9) Housing Minimum Improvements.
- (ii) The Infrastructure Minimum Improvements shall consist of roadway and infrastructure necessary to access Outlot F and shall be constructed substantially in accordance with the Declaration of Covenants, Easements and Restrictions of record and applicable to Outlot E provided that approval of the building plans for the Infrastructure Minimum Improvements shall be evidenced by the issuance by the City of a building permit for the Infrastructure Minimum Improvements.
- C.** Construction of the Minimum Improvements on each Lot must commence within six (6) months of the Date of Closing and must be substantially completed within two (2) years of the Date of Closing. Construction of each of the nine (9) Housing Minimum Improvements on Outlot F will be considered substantially complete when the final certificate of occupancy has been issued by the City building official for such Housing Minimum Improvements. Construction of the Infrastructure Minimum Improvements on Outlot E will be considered substantially complete when the final certificate of construction completion or similar document has been issued by the City building and/or engineering official(s) for the Infrastructure Minimum Improvements.

- D. Promptly after substantial completion of all of the Minimum Improvements on each Lot in accordance with those provisions of this Agreement relating solely to the obligations of the Buyer to construct such Minimum Improvements (including the date for completion thereof), the Seller will furnish the Buyer with a Certificate of Completion, in the form attached hereto as Exhibit C, for the Minimum Improvements on such Lot. Such certification by the Seller shall be (and it shall be so provided in the Deed and in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants in the Master Contract, in this Agreement and in the Deed with respect to the obligations of the Buyer and its successors and assigns, to construct the Minimum Improvements on the applicable Lot and the dates for completion thereof.

The certificates provided for in this Section of this Agreement shall be in such form as will enable them to be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Property. If the Seller shall refuse or fail to provide any certification in accordance with the provisions of this Section, the Seller shall, within thirty (30) days after written request by the Buyer, provide the Buyer with a written statement, indicating in adequate detail in what respects the Buyer has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Seller for the Buyer to take or perform in order to obtain such certification.

- E. The Buyer represents and agrees that until issuance of the Certificate of Completion for the Minimum Improvements on each Lot:

(1) Except for any agreement for sale to an Owner Occupant or lease to a Renter Occupant, the Buyer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity (collectively, a "Transfer"), without the prior written approval of the Seller's board of commissioners. Notwithstanding the foregoing, Developer may transfer or assign a Lot to a third-party builder for the purpose of construction of the Minimum Improvements on that Lot without the prior written consent of the Authority; provided that if Developer effects a such a Transfer to a third-party builder, Developer shall remain bound by all obligations with respect to the Property under this Agreement and the Master Contract.

(2) If the Buyer seeks to effect a Transfer of any Lot with respect to this Agreement prior to issuance of the Certificate of Completion for that Lot, the Seller shall be entitled to require as conditions to such Transfer that:

- (i) any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the Seller, necessary

and adequate to fulfill the obligations undertaken in this Agreement by the Buyer as to the portion of the Property to be transferred; and

(ii) Any proposed transferee, by instrument in writing satisfactory to the Seller and in form recordable in the public land records of Crow Wing County, Minnesota, shall, for itself and its successors and assigns, and expressly for the benefit of the Seller, have expressly assumed all of the obligations of the Buyer under this Agreement as to the portion of the Property to be transferred and agreed to be subject to all the conditions and restrictions to which the Buyer is subject as to such portion; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the Seller) deprive the Seller of any rights or remedies or controls with respect to the Property, the Minimum Improvements or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally, or practically, to deprive or limit the Seller of or with respect to any rights or remedies or controls provided in or resulting from this Agreement with respect to the Property that the Seller would have had, had there been no such transfer or change. In the absence of specific written agreement by the Seller to the contrary, no such transfer or approval by the Seller thereof shall be deemed to relieve the Buyer, or any other party bound in any way by this Agreement or otherwise with respect to the Property, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Property governed by this subsection E. shall be in a form reasonably satisfactory to the Seller.

(3) If the conditions described in paragraph (2) above are satisfied then the Transfer will be approved and the Buyer shall be released from its obligation under this Agreement, as to the portion of the Property that is transferred, assigned, or otherwise conveyed. The provisions of this paragraph (3) apply to all subsequent transfers.

(4) Upon issuance of the Certificate of Completion for a Lot, the Buyer may Transfer such Lot and/or the Buyer's rights and obligations under this Agreement with respect to such Lot without the prior written consent of the Seller.

F. The Buyer, and its successors and assigns, agree that they (a) will use the Housing Minimum Improvements only as single family dwellings, and in the case of an Owner Occupant, will occupy the Property as a residence, and in the case of a Renter Occupant, will lease the Property to individuals or families who will occupy the Property as a residence, (b) will not seek exemption from real estate taxes on the Property under State law, and (c) will not transfer or permit transfer of the Property to any entity whose ownership or operation of the Property would result in the Property being exempt from real estate taxes under State law (other than any portion thereof dedicated or conveyed to the City or Seller in accordance with this Agreement). **The covenants in this paragraph run with the land, survive both delivery of the Deed and issuance of the Certificate of Completion for the Minimum Improvements on each Lot, and shall remain in effect for ten years after the Date of Closing.**

16. **Revesting Title in Seller upon Happening of Event Subsequent to Conveyance to Buyer.** In the event that subsequent to conveyance of the Property or any part thereof to the Buyer and prior to receipt by the Buyer of the Certificate of Completion for the Minimum Improvements on any Lot, the Buyer, subject to Unavoidable Delays (as hereafter defined), fails to carry out its obligations with respect to the construction of the Minimum Improvements (including the nature and the date for the completion thereof), or abandons or substantially suspends construction work, and any such failure, abandonment, or suspension shall not be cured, ended, or remedied within thirty (30) days after written demand from the Seller to the Buyer to do so, then the Seller shall have the right to re-enter and take possession of the Property and to terminate (and re-vest in the Seller) the estate conveyed by the Deed to the Buyer, it being the intent of this provision, together with other provisions of the Agreement, that the conveyance of the Property to the Buyer shall be made upon, and that the Deed shall contain a condition subsequent to the effect that in the event of any default on the part of the Buyer and failure on the part of the Buyer to remedy, end, or abrogate such default within the period and in the manner stated in such subdivisions, the Seller at its option may declare a termination in favor of the Seller of the title, and of all the rights and interests in and to the Property conveyed to the Buyer, and that such title and all rights and interests of the Buyer, and any assigns or successors in interest to and in the Property, shall revert to the Seller, but only if the events stated in this Section have not been cured within the time periods provided above.

Notwithstanding anything to the contrary contained in this Section, the Seller shall have no right to reenter or retake title to and possession of a portion of the Property for which a Certificate of Completion has been issued.

For the purposes of this Agreement, the term "Unavoidable Delays" means delays beyond the reasonable control of the Buyer as a result thereof which are the direct result of strikes, other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the Seller in exercising its rights under this Agreement) which directly results in delays. Unavoidable Delays shall not include delays in the Buyer's

obtaining of permits or governmental approvals necessary to enable construction of the Minimum Improvements by the dates such construction is required under this section of this Agreement.

17. **[Reserved.]**
18. **Time is of the essence for all provisions of this Agreement.**
19. **Notices.** All notices required herein shall be in writing and delivered personally or mailed to the address shown at paragraph 1 above and, if mailed, are effective as of the date of mailing.
20. **Minnesota Law.** This Agreement shall be governed by the laws of the State of Minnesota.
21. **Specific Performance.** This Agreement may be specifically enforced by the parties, provided that an action is brought within one year of the date of alleged breach of this Agreement.
22. **No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Seller or Buyer 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.
23. **No Merger of Representations, Warranties.** All representations and warranties contained in this Purchase Agreement shall not be merged into any instruments or conveyance delivered at closing, and the parties shall be bound accordingly.
24. **Recording.** This Agreement shall be filed of record with the Crow Wing County Registrar of Titles or Office of Recorder, as the case may be. Buyer shall pay all recording costs.
25. **No Broker Involved.** The Seller and represent and warrant to each other that there is no broker involved in this transaction with whom it has negotiated or to whom it has agreed to pay a broker commission. Buyer agrees to indemnify Seller for any and all claims for brokerage commissions or finders' fees in connection with negotiations for purchase of the Property arising out of any alleged agreement or commitment or negotiation by Buyer, and Seller agrees to indemnify Buyer for any and all claims for brokerage commissions or finders' fees in connection with negotiations for purchase of the Property arising out of any alleged agreement or commitment or negotiation by Seller.

In witness of the foregoing, the parties have executed this agreement on the year and date written above.

**SELLER: HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE
COUNTY OF CROW WING**

By: _____
Its Chair

By: _____
Its Executive Director

STATE OF MINNESOTA

} ss.

COUNTY OF CROW WING

The foregoing was acknowledged before me this 8th day of April 2025, by Katherine Heppner and Eric Charpentier, the Chair and Executive Director, respectively, of the Housing and Redevelopment Authority in and for the County of Crow Wing, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

Notary Public

BUYER: LEVEL CONTRACTING, LLC

By:

Its: Chief Manager_____

STATE OF MINNESOTA

} ss.

COUNTY OF _____

The foregoing was acknowledged before me this ____ day of April, 2025, by Montgomery Jensen, the Chief Manager of Level Contracting, LLC, a Minnesota limited liability company, on behalf of the company.

Notary Public

This document drafted by:

Kutak Rock LLP
60 South Sixth Street, Suite 3400
Minneapolis, MN 55402

EXHIBIT A

ALLOCATION OF PURCHASE PRICE BY LOT

Legal Description	PID	Price
Outlot E, BRAINERD OAKS	41290605	\$18,300.00
Outlot F, BRAINERD OAKS	41290604	55,500.00
Total		\$73,800.00

EXHIBIT B

FORM OF QUIT CLAIM DEED

Deed Tax Due: \$ _____

ECRV: _____

THIS INDENTURE, between the Housing and Redevelopment Authority in and for the County of Crow Wing, a public body corporate and politic (the “Grantor”), and Level Contracting, LLC, a Minnesota limited liability company (the “Grantee”).

WITNESSETH, that Grantor, in consideration of the sum of \$73,800 and other good and valuable consideration the receipt whereof is hereby acknowledged, does hereby grant, bargain, quitclaim and convey to the Grantee, its successors and assigns forever, all the tract or parcel of land lying and being in the County of Crow Wing and State of Minnesota described as follows, to-wit (such tract or parcel of land is hereinafter referred to as the “Property”):

Check here if part or all of the land is Registered (Torrens) ☐

To have and to hold the same, together with all the hereditaments and appurtenances thereunto belonging.

SECTION 1.

It is understood and agreed that this Deed is subject to the covenants, conditions, restrictions and provisions of: (A) an agreement recorded with the Crow Wing County Recorder on March 17, 2017 as Document No. A-886215, entered into between the Grantor and Paxmar-Brainerd, LLC, dated as of September 13, 2016, identified as “Master Purchase and Redevelopment Contract,” as amended by a First Amendment thereto, dated November 8, 2016, and recorded in the office of the Crow Wing County Recorder on March 17, 2017 as Document No. A-886216, as further amended by a Second Amendment thereto, dated as of March 14, 2017, and recorded in the office of the Crow Wing County Recorder on March 17, 2017 as Document No. A-886217, as further amended by a Third Amendment thereto, dated as of April 12, 2022, and recorded in the office of the Crow Wing Recorder on June 20, 2023 as Document No. 985256, and as assigned by an Assignment and Assumption of Master Purchase and Redevelopment Contract, dated October 8, 2019, and recorded in the office of the Crow Wing County Recorder on October 17, 2019 as Document No. A-924227 (hereafter collectively referred to as the “Master Contract”), and (B) an agreement entered into between the Grantor and Grantee on [_____, 2025, recorded herewith and identified as “Purchase and Redevelopment Agreement” (herein referred to as the “Agreement”) and that the Grantee shall not convey this Property, or any part thereof, except as permitted by the Agreement until a certificate of completion releasing the Grantee from certain obligations of said Agreement as to this Property or such part thereof then to be conveyed, has been placed of record.

It is specifically agreed that the Grantee shall promptly begin and diligently prosecute to completion the redevelopment of the Property through the construction of the Minimum Improvements thereon, as provided in the Agreement.

Promptly after completion of the Minimum Improvements in accordance with the provisions of the Agreement, the Grantor will furnish the Grantee with an appropriate instrument so certifying. Such certification by the Grantor shall be (and it shall be so provided in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants of the Agreement and of this Deed with respect to the obligation of the Grantee, and its successors and assigns, to construct the Minimum Improvements and the dates for the beginning and completion thereof. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Grantee to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the purchase of the Property hereby conveyed or the Minimum Improvements, or any part thereof.

All certifications provided for herein shall be in such form as will enable them to be recorded with the County Recorder, or Registrar of Titles, Crow Wing County, Minnesota. If the Grantor shall refuse or fail to provide any such certification in accordance with the provisions of the Agreement and this Deed, the Grantor shall, within thirty (30) days after written request by the Grantee, provide the Grantee with a written statement indicating in adequate detail in what respects the Grantee has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Grantor, for the Grantee to take or perform in order to obtain such certification.

SECTION 2.

The Grantee's rights and interest in the Property are subject to the terms and conditions of Sections 15, 16 and 17 of the Agreement relating to the Grantor's right to re-enter and revest in Grantor title to the Property under conditions specified therein, including but not limited to termination of such right upon issuance of a Certificate of Completion as defined in the Agreement.

SECTION 3.

The Grantee agrees for itself and its successors and assigns to or of the Property or any part thereof, hereinbefore described, that the Grantee and such successors and assigns shall comply with Section 15F of the Agreement for a period of ten years after the date hereof.

It is intended and agreed that the above and foregoing agreements and covenants shall be covenants running with the land for the respective terms herein provided, and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided in this Deed, be binding, to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by, the Grantor against the Grantee, its successors and assigns, and every successor in interest to the Property, or any part thereof or any interest therein, and any party in possession or occupancy of the Property or any part thereof.

In amplification, and not in restriction of, the provisions of the preceding section, it is intended and agreed that the Grantor shall be deemed a beneficiary of the agreements and covenants provided herein, both for and in its own right, and also for the purposes of protecting the interest of the community and the other parties, public or private, in whose favor or for whose benefit these agreements and covenants have been provided. Such agreements and covenants shall run in favor of the Grantor without regard to whether the Grantor has at any time been, remains, or is an owner of any land or interest therein to, or in favor of, which such agreements and covenants relate. The Grantor shall have the right, in the event of any breach of any such agreement or covenant to exercise all the rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant, to which it or any other beneficiaries of such agreement or covenant may be entitled; provided that Grantor shall not have any right to re-enter the Property or revert in the Grantor the estate conveyed by this Deed, or any part thereof, on grounds of Grantee's failure to comply with its obligations under this Section 3.

IN WITNESS WHEREOF, the Grantor has caused this Deed to be duly executed in its behalf by its Chair and Executive Director, this 8th day of April 2025.

- ☒ The Seller certifies that the Seller does not know of any wells on the described real property.
- ☐ A well disclosure certificate accompanies this document or has been electronically filed. (If electronically filed, insert WDC number: _____).
- ☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE COUNTY OF
CROW WING

By _____
Its Chair

By _____
Its Executive Director

[illegible]

On this 8th day of April, 2025, before me, a notary public within and for Crow Wing County, personally appeared Katherine Heppner and Eric Charpentier to me personally known who by me duly sworn, did say that they are the Chair and Executive Director of the Housing and Redevelopment Authority in and for the County of Crow Wing (the “Authority”) named in the foregoing instrument; that said instrument was signed on behalf of said Authority pursuant to a resolution of its governing body; and said Katherine Heppner and Eric Charpentier acknowledged said instrument to be the free act and deed of said Authority.

Notary Public

This instrument was drafted by:

Kutak Rock LLP
60 South Sixth Street, Suite 3400
Minneapolis, MN 55402
(612) 334-5000

Tax Statements should be sent to:

Level Contracting, LLC
3062 Ni Gig Trl NW
Cass Lake, MN 56633

EXHIBIT C

FORM OF CERTIFICATE OF COMPLETION

[Housing Minimum Improvements] [Infrastructure Minimum Improvements]

WHEREAS, the Housing and Redevelopment Authority in and for the County of Crow Wing, a public body corporate and politic (the “Grantor”), conveyed land in Crow Wing County, Minnesota to Level Contracting, LLC, a Minnesota limited liability company (the “Grantee”), by a Deed recorded in the Office of the County Recorder in and for the County of Crow Wing and State of Minnesota, as Document Number _____; and

WHEREAS, said Deed contained certain covenants and restrictions set forth in Sections 1, 2 and 3 of said Deed; and

WHEREAS, said Grantee has performed said covenants and conditions insofar as it is able in a manner deemed sufficient by the Grantor to permit the execution and recording of this certification.

NOW, THEREFORE, this is to certify that all building construction and other physical improvements specified to be done and made by the Grantee have been completed and the above covenants and conditions in said Deed and the agreements and covenants in Sections 15A and 15B of the Agreement (as described in said Deed) have been performed by the Grantee therein, and the County Recorder [and the Registrar of Titles] in and for the County of Crow Wing and State of Minnesota are hereby authorized to accept for recording and to record, the filing of this instrument, to be a conclusive determination of the satisfactory termination of the covenants and conditions of Sections 15A and 15B of the Agreement and the covenants and restrictions set forth in Sections 1 and 2 of said Deed; provided that the covenants set forth in Sections 15F of the Agreement, and in Section 3 of the Deed, remain in full force and effect through the period stated thereon.

Dated: _____, 20__.

HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE COUNTY OF
CROW WING

By _____
Its Chair

By _____
Its Executive Director

STATE OF MINNESOTA)
) ss
COUNTY OF CROW WING)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by _____ and _____, the Chair and Executive Director, respectively, of the Housing and Redevelopment Authority in and for the County of Crow Wing, on behalf of the authority.

Notary Public

This document drafted by:
KUTAK ROCK LLP
60 South Sixth Street, Suite 3400
Minneapolis, MN 55402
(612) 334-5000

EXHIBIT D

FORM OF PROMISSORY NOTE

FOR VALUE RECEIVED, LEVEL CONTRACTING, LLC, a Minnesota limited liability company (the “Borrower”), agrees and promises to pay to the order of the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE COUNTY OF CROW WING, a public body corporate and politic under the laws of Minnesota (the “Lender”), the sum of Seventy-Three Thousand Dollars (\$73,800.00), which is the total amount of the Forgivable Loan as defined in that certain Purchase and Redevelopment Agreement between the Lender and the Borrower dated April 8th, 2025 (the “Agreement”). The following are the terms of this Promissory Note (the “Note”).

1. The entire principal balance hereof or the portion due and owing shall be payable to the Lender according to the terms of the Agreement, unless this Note is forgiven or cancelled pursuant to the terms of the Agreement. If Lender does not forgive or cancel this Note, or if Borrower has not repaid the amount of the principal or the portion due and owing, as defined by the Agreement, or if Borrower defaults under any term or condition of the Agreement, then Borrower will be in Default and subject to the consequences for Default in Paragraph 3 of this Note and the Agreement.

2. The Borrower may at any time prepay without penalty all or any part of the unpaid principal balance of this Note.

3. Any default under the Agreement shall be a Default hereunder and payment may be accelerated. Upon Default, the Lender may, at its option, exercise any and all rights and remedies available to it under this Promissory Note, or any applicable law, including, without limitation, the right to collect from the Borrower all sums due under this Note with interest accruing at an annual rate of [4%] beginning 30 days following Lender’s demand for payment until paid in full. The Borrower hereby waives presentment, demand for payment, notice of nonpayment, notice of dishonor, protest, and all other notices or demands in connection with the delivery, acceptance, performance, or Default of this Note.

4. If this Note is placed in the hands of an attorney for collection after default in the payment of principal or interest, or if all or any part of the indebtedness represented hereby is proved, established, or collected in any court or in any bankruptcy, receivership, debtor relief, probate, or other court proceeding, the Borrower shall pay all reasonable costs and expenses incurred by or on behalf of Lender in connection with the Lender’s exercise of any or all of its rights and remedies under this Note, including, without limitation, court costs, and attorneys’ fees.

5. No delay or failure of the Lender to exercise any power or right shall operate as a waiver thereof, and such rights and powers shall be deemed continuous; nor shall a partial exercise preclude full exercise of such rights and powers. No right or remedy of the Lender shall be deemed abridged or modified by any course of conduct, and no waiver thereof shall be predicated thereon.

6. The obligations of the Borrower under the terms of this Note shall be binding on the successors-in-interest, legal representatives, and assigns of the Borrower, and shall inure to the benefit of the Lender and the Lender's successors-in-interest, legal representatives, and assigns.

7. This Note is also subject to the terms and conditions of the Agreement.

IMPORTANT: READ BEFORE SIGNING: The terms of this Note and the Agreement should be read carefully because only those terms in writing are enforceable. No other terms or oral promises not contained may be legally enforced. You may change the terms of this Note only by another written agreement.

Dated as of _____, 2025.

LEVEL CONTRACTING, LLC

By: Montgomery Jensen

Its: Chief Manager

This document drafted by:
KUTAK ROCK LLP
60 South Sixth Street, Suite 3400
Minneapolis, MN 55402
(612) 334-5000

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GRANT AGREEMENT

This Grant Agreement (“Agreement”) is made this ____ day of _____, 2025, between the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE COUNTY OF CROW WING, a county housing authority, a public body, corporate and politic, and a political subdivision of the State of Minnesota (“County HRA”), the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF BRAINERD, MINNESOTA (“Brainerd HRA”), a housing and redevelopment authority, public body, corporate and politic, and a political subdivision of the State of Minnesota (hereinafter, the County HRA and Brainerd HRA may be referred to individually as a “Grantor” or collectively as “Grantors”), and LEVEL CONTRACTING, LLC, a Minnesota limited liability company (“Grantee”).

RECITALS

A. On or before the date hereof, pursuant to the authority granted under Minnesota Statutes, Sections 465.035 and 471.64, as amended, Brainerd HRA conveyed Outlot E and Outlot F to County HRA to facilitate redevelopment of such property in accordance with a redevelopment plan for Redevelopment Project No. 1, which was established by County HRA pursuant to Minnesota Statutes, Sections 469.001 to 469.047 (“HRA Act”), the area of which includes all property in Crow Wing County (the “County”), and a Master Purchase and Redevelopment Contract, dated as of September 13, 2016 (the “Master Contract”), between the County HRA and Paxmar-Brainerd, LLC, as amended and assigned to and assumed by Grantee.

B. On or before the date hereof, County HRA entered into a separate purchase and redevelopment agreement with Grantee, in accordance with and conforming to the Master Contract, pursuant to which County HRA will convey Outlot E and Outlot F, located in the City of Brainerd, Minnesota (the “City”), to Grantee and Grantee will construct owner-occupied and/or rental twin homes thereon (the “Project”).

C. Pursuant to Section 469.041(6) of the HRA Act, Grantors may do any and all things necessary or convenient to aid and cooperate in the planning, undertaking, construction, or operation of projects, including a redevelopment project, which term is defined to include but is not limited to, any work or undertaking to acquire real property for purposes of preventing, blighting factors, or the causes of blight, to clear any areas acquired and install, construct or reconstruct streets, utilities, and site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan, and to sell or lease land so acquired for uses in accordance with the redevelopment plan.

D. In connection with the Project, County HRA and Brainerd HRA have committed up to \$150,000 and \$100,000, respectively, of available funds (the “Grants”) to reimburse Grantee for the costs of constructing certain roadway and other infrastructure improvements (the “Infrastructure Project”).

E. Grantors and Grantee wish to memorialize the terms of the Grants in this Agreement.

ACCORDINGLY, the parties agree as follows:

1. **The Grant Amounts and Completion.** Subject to the terms of this Agreement, upon completion of the Infrastructure Project, County HRA agrees to grant to Grantee the sum not to exceed One Hundred Fifty Thousand and no/100ths Dollars (\$150,000.00), and Brainerd HRA agrees to grant to Grantee the sum not to exceed One Hundred Thousand and no/100ths Dollars (\$ 100,000.00), as reimbursement for the costs of the Infrastructure Project paid by Grantee (collectively, the “Grant Proceeds”). Grant Proceeds shall be used only for reimbursement of hard costs of construction of the Infrastructure Project and shall not be used for reimbursement of administration expenses.

Grantee shall complete the Infrastructure Project within two (2) years of execution of this Agreement and within the terms stated herein (the “End Date”). Any material change in the scope of the Infrastructure Project, including the time schedule, plans and budget submitted by Grantee to Grantors (the “Infrastructure Project Plans and Budget”, must be approved in writing by Grantors. Upon approval by an authorized representative of each of the Grantors, the duration of this Agreement may be extended for up to twelve (12) months. Grant Proceeds shall be used only for reimbursement of expenses incurred in performing such purposes and activities with respect to the Infrastructure Project and this Agreement.

Upon the earlier of (a) the End Date or (b) the termination of this Agreement pursuant to Section 7(g) hereof (the “Grant Termination Date”), any undisbursed Grant Proceeds shall be cancelled by operation of this Agreement and without any additional action by either Grantor.

2. Accounting, Record Keeping, Availability/Access

For all expenditures made by Grantee for the Infrastructure Project to be reimbursed with Grant Proceeds pursuant to this Agreement, Grantee shall keep financial records including properly executed contracts, invoices, and other documents sufficient to evidence in proper detail the nature and propriety of such expenditures. Accounting methods shall be in accordance with generally accepted accounting principles.

Subject to the requirements of Minnesota Statutes section 16C.05, subd. 5, County, the State Auditor, or any of their duly authorized representatives, at any time during normal business hours, and as often as they may reasonably deem necessary, shall have access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, records, etc., which are pertinent to the accounting practices and procedures of Grantee and involve transactions relating to this Agreement. Grantee shall maintain these materials and allow access during the period of this Agreement and for six (6) years after its expiration, termination, or cancellation.

3. Reimbursements. Grantors will disburse Grant Proceeds on a pro rata basis to Grantee pursuant to this Agreement upon receipt of a reimbursement request submitted by Grantee in the form attached hereto as Exhibit A (“Reimbursement Request”). Reimbursement Requests may be submitted once per month and must be accompanied by supporting invoices that relate to activities in the approved Infrastructure Project Plans and Budget. Subject to verification of adequacy of a Reimbursement Request and approval of consistency with this Agreement, Grantors will disburse the requested amount to Grantee within six (6) weeks after receipt of a Reimbursement Requests. The final Reimbursement Request must be submitted within six (6) months of the expiration date of this Agreement.

4. Representations and Warranties. Grantee represents and warrants to each Grantor that:

(a) Grantee is duly organized in good standing under applicable laws of the State of Minnesota and that it has legal authority to execute, deliver, and perform its obligations under this Agreement. Grantee further represents and warrants that executing this Agreement will not violate any provisions of Grantee’s organizational documents, the laws of the State of Minnesota or the United States of America or cause a breach or default of any other agreement to which the Grantee is a party.

(b) Grantee and its officers have paid all City and County personal property taxes and property taxes due on all of its properties within the County for taxes owed on or before **[October 15, 2024][May 15, 2025]**. If Grantors find that property taxes have not been paid by or on behalf of Grantee, Grantors may refuse to disburse Grant Proceeds or require the return of all or some of such

proceeds already disbursed.

(c) Grantee shall use the Grant Proceeds solely for eligible uses in accordance with Section 1 hereof.

(d) Grantee has not made any materially false statements or misstatements of fact to Grantors in connection with this Agreement.

(e) Grantee agrees that it will keep and maintain books, records, and other documents relating directly to the receipt and payment of Grant Proceeds and that any authorized representative of either of the Grantors, with reasonable advance notice, may have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of Grantee related to the Grants until six (6) months after the Grant Termination Date.

5. **No Business Subsidy.** The parties agree that the Grants are not a business subsidy as defined in Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act"), because the assistance is assistance for housing.

6. **Indemnification.**

(a) Grantee agrees to indemnify against and to hold each Grantor, and its respective officers, agents, and employees, harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against either Grantor by reason of any alleged obligations or undertakings on their part to perform or discharge any of the terms, covenants, or agreements contained herein.

(b) This indemnification and hold harmless provision will survive the execution, delivery, and performance of this Agreement and the payment by Grantors of any portion of the Grants.

(c) Nothing in this Agreement will constitute a waiver of or limitation on any immunity from or limitation on liability to which Grantee is entitled under law.

7. **Miscellaneous.**

(a) **Waiver.** The performance or observance of any promise or condition set forth in this Agreement may be waived, amended, or modified only by a writing signed by Grantee and Grantor. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

(b) **Assignment.** This Agreement is binding upon the parties. All rights and powers specifically conferred upon Grantor may be transferred or delegated by Grantor to any of its successors and assigns. Grantee's rights and obligations under this Agreement may be assigned only when such assignment is approved in writing by Grantor.

(c) **Governing Law.** This Agreement is made and shall be governed in all respects by the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

(d) **Severability.** If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

(e) **Notice.** All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To Grantors: Crow Wing County HRA
324 East River Road
Brainerd, MN 56401
Attn: Executive Director

Brainerd HRA
324 East River Road
Brainerd, MN 56401
Attn: Executive Director

To Grantee: Level Contracting, LLC
3062 Ni Gig Trl NW
Cass Lake, MN 56633
Attn: Monty Jensen

(f) **Signatures.** This Agreement may be executed in counterparts, and may further be executed electronically. Grantor and Grantee are each bound by their own electronic or manual signature(s), and each acknowledges and accepts the electronic or manual signature of the other party.

(g) **Termination.** This Agreement terminates upon disbursement of Grant Proceeds pursuant to the final Reimbursement Request, as provided in Section 3 hereof, and none of the parties will have any further obligation to the other; provided that the obligation of Grantee to maintain books, documents, papers, records for transactions relating to this Agreement shall remain in effect and for six (6) years after termination of this Agreement, as provided in Section 2 hereof.

(h) **Entire Agreement.** This Agreement[, together with the Infrastructure Project Plans and Budget,] is the entire statement of agreement between Grantors and Grantee regarding the Grants.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the proper officers each Grantor and Grantee duly authorized on the day and year first written above.

**HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE COUNTY OF
CROW WING, MINNESOTA**

By: _____
Its: Chair

By: _____
Its: Executive Director

[Signature page to Grant Agreement – Grantor (County HRA)]

**HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
BRAINERD, MINNESOTA**

By: _____
Its: Chair

By: _____
Its: Executive Director

[Signature page to Grant Agreement – Grantor (Brainerd HRA)]

LEVEL CONTRACTING, LLC

By: _____
Its: _____

[Signature page to Grant Agreement – Grantee]

EXHIBIT A

FORM OF REIMBURSEMENT REQUEST

To: Crow Wing County HRA
324 East River Road
Brainerd, MN 56401
Attn: Executive Director

Brainerd HRA
324 East River Road
Brainerd, MN 56401
Attn: Executive Director

The undersigned, LEVEL CONTRACTING, LLC, a Minnesota limited liability company (the “Redeveloper”), pursuant to Sections 1 and 3 of that certain Grant Agreement, dated _____, 2025 (the “Grant Agreement”), between the Housing and Redevelopment Authority in and for the County of Crow Wing (the “County HRA”), the Housing and Redevelopment Authority in and for the City of Brainerd, Minnesota (the “Brainerd HRA”), and the Redeveloper, hereby requests reimbursement of the expenses listed on the attached Schedule A. All capitalized terms used in this Reimbursement Request (“Request”) have the meaning given to them in the Grant Agreement.

The total amount to be disbursed for reimbursement of costs paid by the Redeveloper in connection with the Infrastructure Project is: \$_____.

After this payment of this amount, the remaining undisbursed balance of the Grants is \$_____. Of such amount, \$_____ of the Grant from the County HRA remains undisbursed, and \$_____ of the Grant from the Brainerd HRA remains undisbursed.

In connection with this Request, the undersigned hereby represents as follows:

1. The amount and nature and the name and address of the payee of each item of cost of the Infrastructure Project paid by and requested to be reimbursed to the Redeveloper is attached hereto as Schedule A, together with a canceled check or receipt for such payment.
2. Each item of cost for which reimbursement is requested is or was necessary in connection with the Infrastructure Project, qualifies as an eligible cost under the Grant Agreement and was made or incurred in accordance with the Infrastructure Project Plans and Budget currently in effect for the Infrastructure Project.
3. No item of cost requested to be reimbursed by this Request has formed the basis for any previous payment from Grant Proceeds.
4. No item of cost requested to be paid or reimbursed by this Request constitutes administration expenses.
5. The balance of the Grant Proceeds remaining after disbursement of money in accordance with this Request, together with any other money available to the Redeveloper for such purpose, will be sufficient to pay the remaining costs of constructing the Infrastructure Project in accordance with the

Infrastructure Project Plans and Budget.

6. No license or permit necessary for construction of the Infrastructure Project previously issued has been revoked or the issuance thereof subjected to challenge before any court of other governmental authority having or asserting jurisdiction thereover.
7. There has not been filed with or served upon the Redeveloper any notice of any lien, right to a lien or attachment upon or claim affecting the right of any such person to receive payment of the amount stated in this Request that has not been released or will not be released simultaneously with the payment of such obligation, except for liens arising from indebtedness then being diligently contested in good faith by the Redeveloper.
8. No default by the Redeveloper under the Grant Agreement has occurred that has not been cured.
9. All representations and warranties made by the Redeveloper in the Grant Agreement are true and correct on and as of the date of this Request with the same effect as if made on this date.

Date: _____, 20__

LEVEL CONTRACTING, LLC

By: _____

Its: _____

APPROVED (as to County HRA Grant):

**HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
BRainerd, MINNESOTA**

By: _____

Its: Executive Director

APPROVED (as to Brainerd HRA Grant):

**HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
BRainerd, MINNESOTA**

By: _____

Its: Executive Director

Schedule A to Reimbursement Request

Schedule of payee of each item of cost of the Infrastructure Project paid by and requested to be reimbursed to the Redeveloper pursuant to the Reimbursement Request to which this Schedule A is attached is below. A canceled check or receipt for or other evidence of each such payment is attached hereto.

[illegible]

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR CROW WING COUNTY**

Resolution No. 2025-02

Resolution (1) Approving a Fourth Amendment to Master Purchase and Redevelopment Contract, (2) Approving the Sale of Land Located in the City of Brainerd, Crow Wing County, Minnesota (Outlots E and F), (3) Approving a Purchase and Redevelopment Contract, and (4) Approving a Grant Agreement in Connection with Redevelopment of Outlots E and F

BE IT RESOLVED BY the Board of Commissioners (“Board”) of the Housing and Redevelopment Authority in and for the County of Crow Wing (the “Authority”) as follows:

Section 1. Recitals.

1.01. The Authority currently administers its Redevelopment Project No. 1 (the “Project”), pursuant to Minnesota Statutes, Sections 469.001 to 469.047 (the “HRA Act”), as amended, the boundaries of which are coterminous with the geographic boundaries of Crow Wing County, Minnesota (the “County”).

1.02. In connection with the Project, the Authority created a Redevelopment Plan for the Project (the “Redevelopment Plan”) providing for certain redevelopment activities to take place in the City of Brainerd, Minnesota (the “City”) within the Project, as shown in in Exhibit A to the Redevelopment Plan, including the area consisting of the Brainerd Oaks, Serene Pines, and Dal Mar Estates housing subdivisions. Following a duly noticed public hearing held by the City Council of the City in accordance with the HRA Act, the City Council of the City approved the Redevelopment Plan by resolution adopted on September 6, 2016, and the Board of the Authority approved the Redevelopment Plan by resolution adopted on September 13, 2016.

1.03. The Authority and Paxmar-Brainerd, LLC (the “Prior Redeveloper”) executed a Master Purchase and Redevelopment Contract, dated as of September 13, 2016 (the “Master PDA”), as amended by a First Amendment to Master Purchase and Redevelopment Contract dated November 8, 2016, as further amended by a Second Amendment to Master Purchase and Redevelopment Contract dated March 14, 2017, as further amended by a Third Amendment to Master Purchase and Redevelopment Contract dated as of April 12, 2022, and as assigned by the Prior Redeveloper to and assumed by Level Contracting, LLC, a Minnesota limited liability company (the “Redeveloper”), pursuant to an Assignment and Assumption of Master Purchase and Redevelopment Contract dated as of October 8, 2019 (as so amended, assigned, and assumed, the “Contract”), providing for, among other things, the conveyance by the County of certain property within the Project and legally described within the Contract (the “Property”) to the Authority and purchase by the Redeveloper of such Property for the purpose of constructing owner-occupied single-family housing thereon “to foster the redevelopment [thereof] which for a variety of reasons is presently underutilized, to foster the development of workforce and market rate housing, and to increase the County’s tax base.”

1.04. Pursuant to Minnesota Statutes, Section 469.192, as amended, a housing and redevelopment authority may make a loan to a business, a for-profit or nonprofit organization, or an individual for any purpose that the housing and redevelopment authority is otherwise authorized to carry out under Section 469.001 of the HRA Act, including but not limited to providing a sufficient supply of adequate, safe, and sanitary dwellings in order to protect the health, safety, morals, and welfare of the citizens of the State of Minnesota (the “State”)

and, in cities of the first class (defined in Minnesota Statutes, Section 410.01, as amended to having more than 100,000 inhabitants), to provide housing for persons of all incomes.

1.05. Pursuant to Section 469.041(6) of the HRA Act, the Authority may do any and all things necessary or convenient to aid and cooperate in the planning, undertaking, construction, or operation of projects, including a redevelopment project, which term is defined to include but is not limited to, any work or undertaking to acquire real property for purposes of preventing, blighting factors, or the causes of blight, to clear any areas acquired and install, construct or reconstruct streets, utilities, and site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan, and to sell or lease land so acquired for uses in accordance with the redevelopment plan.

1.06. The Housing and Redevelopment Authority in and for the City of Brainerd, Minnesota (the “Brainerd HRA”) currently owns two parcels, described as Outlot E and Outlot F, Brainerd Oaks in the County of Crow Wing, Minnesota (together, “Outlots E and F”), which are located within the Project and constitute underutilized property that could be developed into workforce and market rate housing. To that end, the Board of Commissioners of the Brainerd HRA approved conveyance of Outlots E and F to the Authority by resolution adopted on March 26, 2025, and the Authority accepted conveyance thereof by resolution adopted by the Board of the Authority on March 11, 2025.

1.07. The Authority desires to add Outlots E and F, as part of the Property subject to the Contract pursuant to a Fourth Amendment Master Purchase and Redevelopment Contract, by and between the Authority and the Redeveloper (the “Fourth Amendment to Contract”), the form of which has been presented to the Board, and the Redeveloper desires to purchase Outlots E and F for the purpose of constructing owner-occupied and/or rental twin homes thereon (the “Redeveloper Project”).

1.08. On the date hereof, the Board of the Authority conducted a duly noticed public hearing on the sale of the Parcel to the Redeveloper pursuant to the Fourth Amendment to Contract, in accordance with Minnesota Statutes, Section 469.029, subdivision 2.

1.09. The Authority and the Redeveloper propose to enter into a Purchase and Redevelopment Agreement (the “2025A Agreement”), the form of which has been presented to the Board, in accordance with and conforming to the Contract, as amended by the Fourth Amendment to Contract, pursuant to which the Authority will sell and the Redeveloper will purchase Outlots E and F, for a purchase price financed by a forgivable loan from the Authority to the Redeveloper, and the Redeveloper will construct the Redeveloper Project.

1.010. In connection with the Redeveloper Project, the Authority and the Brainerd HRA have committed up to \$150,000 and \$100,000, respectively, of available funds to reimburse the Redeveloper for the costs of constructing certain roadway and other infrastructure improvements in connection with the Redeveloper Project (the “Infrastructure Improvements”), and to that end, the Authority, the Brainerd HRA, and the Redeveloper have negotiated a Grant Agreement (the “Grant Agreement”) for such committed funds, in the form presented to the Board.

Section 2. Findings.

2.01. (a) The Board finds that there is a need for redevelopment within the County and the Project to provide employment opportunities, to improve the local tax base, to provide housing, and to improve the general economy of the County and the State. The sound development of the economic security of the residents of the County depends upon proper development of marginal and other property, which includes property that meets any one of a number of conditions, including properties whose values are too low to pay for the public services required or rendered and properties whose lack of use or improper use

has resulted in stagnant or unproductive land that could otherwise contribute to the public health, safety, and welfare.

(b) The Board finds that in many cases such property cannot be developed without public participation and assistance in forms including property acquisition and/or write down, proper planning, the financing of land assembly in the work of clearance or development, and the making or financing of various other public and private improvements necessary for redevelopment. In cases where the development of property cannot be done by private enterprise alone, the Authority believes it to be in the public interest to consider the exercise of its powers, to advance and spend public money, and to provide the means and impetus for such redevelopment.

(c) The Board finds that in certain cases, property within the Project would or may not be available for redevelopment without the specific financial aid to be sought, that the Fourth Amendment to Contract will afford maximum opportunity, consistent with the needs of the County as a whole, for the redevelopment of the Project by private enterprise, and that the Fourth Amendment to Contract conforms to the general plan for the development of the County as a whole.

(d) The Board also finds that the welfare of the County and the State requires the active promotion, retention, attraction, encouragement, and redevelopment of economically sound industry and commerce through governmental action for the purpose of preventing the emergence of blighted lands and providing housing for persons of all incomes. It shall also be the policy of the Authority to facilitate and encourage such action as may be necessary to prevent the economic deterioration of such areas to the point where the process can be reversed only by total redevelopment. Through the use of the powers conferred on the HRA pursuant to the HRA Act, promoting economic development may eliminate conditions which have prevented normal development of land by private enterprise and have resulted in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety, and welfare.

2.02. The Board has reviewed the Fourth Amendment to Contract and the 2025A Agreement and finds that the addition of Outlots E and F to the Contract pursuant to the Fourth Amendment to Contract and the sale of Outlots E and F to the Redeveloper pursuant to the 2025A Agreement conforms to the provisions of the Contract, as amended. The performance of the Authority's obligations under the Fourth Amendment to Contract and the 2025A Agreement are in the best interest of the County and will foster redevelopment of Outlots E and F, which are each presently underutilized, to provide workforce and market rate housing and will increase the County's tax base, all in accordance with the Redevelopment Plan.

2.02. The Board has reviewed the Grant Agreement and finds that committing up to \$150,000 of available funds to reimburse the Redeveloper for the costs of constructing the Infrastructure Improvements pursuant to the Grant Agreement and performance of the Authority's obligations thereunder are in the best interest of the County, for the reasons stated in Section 2.01 of this resolution.

Section 3. Approval of Fourth Amendment to Contract, Sale of Outlots E and F, 2025A Agreement, and Grant Agreement

3.01. The Fourth Amendment to Contract as presented to the Board is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the Chair and Executive Director, provided that execution of the Fourth Amendment to Contract by such officials shall be conclusive evidence of approval.

3.02. The sale by the Authority of Outlots E and F to the Redeveloper pursuant to the 2025A Agreement is approved.

3.03. The 2025A Agreement as presented to the Board, including the sale of Outlots E and F described therein, is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the Chair and Executive Director, provided that execution of the documents by such officials shall be conclusive evidence of approval.

3.04. The Grant Agreement as presented to the Board is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the Chair and Executive Director, provided that execution of the Grant Agreement by such officials shall be conclusive evidence of approval.

3.05. The Chair and Executive Director are hereby authorized to execute on behalf of the Authority the Fourth Amendment to Contract, the 2025A Agreement, and the Grant Agreement and any documents or certificates necessary to carry out the transactions described in the Fourth Amendment to Contract and the 2025A Agreement, including without limitation any deeds, and in the Grant Agreement, and to carry out, on behalf of the Authority, its obligations thereunder.

3.06. Authority staff and consultants are authorized to take any actions necessary to carry out the intent of this resolution.

Approved by the Board of Commissioners of the Housing and Redevelopment Authority in and for the County of Crow Wing this 8th day of April, 2025.

Chair

ATTEST:

Secretary



Housing & Redevelopment Authority

To: CWC HRA Board Members

From: Eric Charpentier, Executive Director

Date: April 8th, 2025

Re: Housing Trust Fund Loan Request – New Development Financing

My Neighbor to Love Coalition (MNTLC), a Minnesota nonprofit corporation, has applied for funding through the Housing Trust Fund for a new development project located at 610 3rd Street NW in Brainerd. The financing request is to construct a new 12-plex multi-family housing development titled Creekside North. These funds will be used to bridge the financing gap between grant funding, fundraising and a private loan. The owner of the pledged real estate will be My Neighbor to Love Coalition and our mortgage would be in a first lien position on the real estate and building. MNTLC has hired a property manager, and their board will oversee the tenant selection for these units.

The building will have 10 studio apartments and 2 two-bedroom apartments with the stated goal of having all of these units affordable at or below 80% of the area median income (AMI). 6 of the studio apartments are targeted to be affordable to those at 30% or lower of the AMI while another 5 of the units will be targeted to be affordable to individuals or families at or below 50% of the AMI. The housing units are intended to bring people out of homelessness and to provide them with safe, decent and affordable housing for as long as they need. The tenants will have a month-to-month lease and are welcome to stay in their unit for as long as they need.

Per our housing trust fund guidelines that have been approved by this board, the primary purpose of the HTF is to assist in financing the production, preservation/stabilization of affordable and mixed-income housing projects in Crow Wing County. Our targeted population for the HTF is very low, low and moderate-income individuals. For our rental housing developments, we do encourage projects that address chronic homelessness and/or housing for extremely low-income households or households whose income does not exceed 30% AMI. This request does meet our guidelines for a preferred project for funding.

This building is at the end stages of construction. MNTLC originally applied for funding for this specific project at the end of 2023. This project is now coming to the board for review as it is next in line in our loan queue and we have the funding currently available in our fund to be able to make a decision on financing. As we have stated before, the housing trust fund is a first come first reviewed which is why there was a delay from application to full review.

The Creekside Project does have a loan offer from the Initiative Foundation that carries with it a 1% interest rate amortized over 20 years with a 5-year balloon. This loan offer is for \$225,000 worth of financing. This funding would help close the gap for this project, but does come with an amortizing loan payment required monthly. With that monthly payment requirement, the project's debt service coverage ratio (DSCR) drops below 1.0X, meaning the project would not cash flow. If our board approves funding in the proposed amount of \$382,000, this project would no longer need the Initiative Foundation's loan, which decreases the project's debt service requirements and improves the DSCR to 1.46X. This change in financing changes the dynamic for the development and allows them to cash flow their operations and to stabilize their operations. The HTF loan does not have a monthly payment requirement and would have a balloon payment due at maturity. The HTF loan is critical to the success of this housing development.

MNTLC have worked tirelessly to bring this housing vision to Crow Wing County and they are committed to continuing to make these housing developments happen. They currently have plans and 100% of their financing needs for a 2nd 12-plex to be built to the South of these units. MNTLC will have a stronger ability to cash flow both housing developments because of the funding that they have secured for their next project.

Included in this loan request is the application, design drawings, pro forma statement, debt obligations, sources and uses of funds along with additional documentation.

I have asked representatives from MNTLC to be available to speak about this project and to answer any questions that the board may have.

Staff is recommending that this proposed project be approved in the amount of \$382,000, representing 20% of the project funding. The proposed loan would carry a 1% interest rate, a 20-year term maturity with a balloon payment required at maturity.

Action Requested: Staff recommends approval of the housing trust fund loan request of \$382,000 for a 20-year balloon term with 1% interest, due at maturity.

MNTLC – Creekside Community Request

Funding Amount Requested \$450,000.00

Total Project Costs \$1,910,348.00

20% of Project Costs \$382,000.00 (20% of project costs is a typical high mark for gap financing)

Annual Operating Revenue \$62,700 (Assuming 5% vacancy rate)

\$425/mo for studio

\$625/mo for 2 bedroom

Estimated Annual Operating Cost (Year 1) \$27,480

Annual Debt Service w/ HTF Loan \$24,000

NOI w/ HTF Loan \$35,220

DSCR w/ HTF Loan 1.467

Annual Debit Service w/o HTF Loan \$36,420

NOI w/o HTF Loan \$35,220

DSCR w/o HTF Loan .967

Funding Sources

Federal Home Loan Bank \$600,000

Donations \$155,000

Private Loan \$600,000

Private Loan (LOC) \$173,348 (Up to \$200,000 available)

HTF Proposed Loan \$382,000

Total \$1,910,348

Funding Uses

Total Development Costs **\$1,910,348**

1st Lien Position on Real Estate and Property – Strong Equity Position on Loan to Value

Margins are tight for cash flow – Management could look at housing assistance through vouchers to increase unit revenue in the future

Operation will not be sustainable w/o the HTF loan as the organization can't afford the proposed monthly debt payment with the addition of the Initiative Foundation loan

HTF Loan would balloon at maturity (20-year term) and not add to the DSCR

Fits within the mission and the stated focus points of our HTF

The HTF funding would stabilize the development to help its viability



NEW DEVELOPMENT/REDEVELOPMENT FINANCING PROGRAM BORROWER APPLICATION

INSTRUCTIONS: Complete all information on this application. Please print. Use Ink.

General Project Information

Project Name: Creekside Community 12-plex

Site Address(es) 610 3rd Street NW City Brainerd County Crow Wing

Zip Code 56401

Total Amount of Funding Requested \$ 425,000 to \$450,000

- ☐ Grant \$ _____
- ☒ Loan \$425,000 to \$450,000

Period of Affordability 15 years (minimum 15 years)

Number of buildings: 1, number of units: 12, type of units: Studio/ 2-Bedroom

- | | |
|---|---|
| <input checked="" type="checkbox"/> New construction rental | <input type="checkbox"/> New construction ownership |
| <input type="checkbox"/> Rehabilitation rental | <input type="checkbox"/> Rehabilitation ownership |
| <input type="checkbox"/> Conversion rental | <input type="checkbox"/> Conversion ownership |
| <input type="checkbox"/> Preservation rental | <input type="checkbox"/> Preservation ownership |

Building Type

- | | |
|--|---|
| <input type="checkbox"/> Single family | <input checked="" type="checkbox"/> Condominium |
| <input type="checkbox"/> Duplex | <input type="checkbox"/> Twin Home |
| <input type="checkbox"/> Townhome | <input type="checkbox"/> Manufactured home |

Project specifics (priority will be given to projects with the greatest percentage of affordable units)

Population served	Total	0 BR	1 BR	2 BR	3 BR	4BR
Extremely Low Income (at or below 30% AMI)	6	6		0		
Very Low Income (at or below 50% AMI)	5	3		2		
Low Income (at or below 80% AMI)	1	1				
Moderately Low Income (at or below 115% AMI)						
Workforce Housing (between 50% to 115% AMI, at least one household member employed)						
Market Rate						
Employee Occupied						

Other:						
--------	--	--	--	--	--	--

Affordability Units of Ownership Projects

Applicant acknowledges that the price must be affordable to households with incomes at or below 115% AMI , and shall include mortgage payments, property taxes, insurance, and Homeowners' Association dues (if applicable) that are no greater than 30% of gross income for a household at or below 115% AMI.

For each type of unit, list the following on an annual basis:

Unit Size	0 BR	1 BR	2 BR	3 BR	4 BR
Sales price					
Property tax					
Insurance					
Association					
Total annual					

Targeting of Units (Indicate type and % of units)

- ☐ Families with children 16_%
- ☐ Housing for older persons ____%
- ☐ Persons with physical disabilities ____%
- ☐ Persons with mental disabilities ____%
- ☐ Homeless 90_%
- ☐ Other: _____ ____% *90% of the units will be for individuals and families experiencing homelessness. The elderly, and persons with physical and mental challenges will likely be part of that demographic.*

Supportive services

- ☐ Will be provided
 - ☐ Included in rent
 - ☐ Not included in rent, estimated cost per month \$ _____
- ☒ Will not be provided

Provide a description of the service(s) or special accommodations: We will match residents to services____
 _already provided in the Brainerd area. We will also be offering onsite classes in Life Skills & Employment Readiness. Offering onsite support groups is also in the plans. Once a community building is constructed, other services will be offered to support physical and mental health.

Description of accessibility related to housing _Some units will be handicapped accessible. _____

-
- ☐ **Letter of intent from service agency attached**
 - ☐ **Evidence of prior experience with housing projects that provide supportive services attached**
 - ☐ **Information on compliance with federal and state accessibility standards**

Developer/Applicant Information

Applicant/Developer My Neighbor to Love Coalition

Applicant Federal Taxpayer ID No. 87-2234045

Mailing Address P.O. Box 581

City Nisswa State MN Zip Code 56468

Contact Person Vicky Kinney

Phone No. 218-821-7875 Email vickyjokinney@yahoo.com

E-Mail Address alternate email: vicky@mntlc.org

- ☒ Lead Developer (majority interest in project)
☐ Joint Venture party (minority interest in project)

Contact Person During Application Process (if different from the applicant)

Contact Person _____

Company _____

Mailing Address _____

City _____ State _____ Zip Code _____

Phone No. _____ Email _____

Joint Venture Entity (if applicable) _____

Joint Venture Federal Taxpayer ID No. _____

Mailing Address _____

City _____ State _____ Zip Code _____

Contact Person _____

Phone No. _____ Email _____

- ☐ Lead Developer
☐ Joint venture minority interest

Attachments

- ☐ **Copy of Joint Venture Agreement**

Has the Lead Developer previously developed and operated multifamily housing? If yes please list the project(s) below and attach additional sheets if necessary. No ____ Yes X

Project name and location Creekside Community 4-plex, 310 Jackson Street, Brainerd, MN

Date of completion September 1, 2023

Project description 4-plex apartment complex of studio apartments

Project name and location _____

Date of completion _____

Project description _____

Use Of Funds

Construction

Describe proposed use of funds: Funds will be used toward the construction of a 12-plex apartment complex having 10 studio units and 2 two-bedroom units. Total projects cost estimates are \$1,910,378 plus an additional \$65,000 for landscaping and appliances. Construction costs per Nor-Son Construction total \$1,810,117.

Acquisition

Applicant acknowledges that the purchase price of the property to be acquired shall not exceed its appraised value unless the HRA finds that the project’s merit justifies a higher price; provided that the appraised value does not exceed the purchase price by more than 10%.

Describe proposed use of funds _____

Conversion to residential

Applicant acknowledges that they must include activities to make building safe, decent, and sanitary and to abate potential lead exposure.

Describe proposed use of funds _____

Relocation

Describe proposed use of funds _____

Rehabilitation

Describe proposed use of funds _____

Administrative fees

Applicant acknowledges that no administrative fees may not exceed 10 percent of the loan amount.

Describe proposed use of funds ___No funds will be used toward administrative fees._____

Other

Describe proposed use of funds _____

FINANCIAL INFORMATION

Pro Forma

Provide a projection of cash flow (Pro forma) using the total Project income from rent and including all expenses for the entire mortgage period. This Pro forma will be calculated using the following prescribed method: Potential Gross Income less Vacancy Loss equals Effective Gross Income, less Operating Expenses equals Net Operating Income, less Debt Service equals Cash Flow. Project the cash flow annually.

☒ **Pro forma attached.**

Cost Effectiveness

Projected cost per square foot \$ 2.74

Projected cost per affordable unit \$ Average of \$ 145,000 per unit

☒ **Documentation supporting cost effectiveness attached**

Other financing sources (attach additional pages if necessary)

Name of Source FHLB Des Moines

Address 909 Locust Street #500

City Des Moines State IA Zip Code 50309 Phone 800-544-3452

Amount of funds \$600,000 Interest rate _____ Term _____ Construction/Permanent (circle)

Repayment Terms This is a subsidy/grant. No repayment required.

Name of Source Private party - line of credit, Vicky Kinney

Address 8660 Fernmont Road

City Lake Shore State MN Zip Code 56468 Phone 218-821-7875

Amount of funds up to \$800,000 Interest rate 0% Term 30 to 40 years Construction/Permanent

Repayment Terms Monthly payments of \$2000 on loan will commence once 12-plex units are filled and will increase to \$2,800/ month once additional rental units are constructed and filled.

Name of Source U Care Foundation & Results Foundation

Address _____

City _____ State MN Zip Code _____ Phone _____

Amount of funds \$60,000 + \$10,000 Interest rate _____ Term _____ Construction/Permanent (circle) Repayment Terms Grant (\$15,000 for ADA interior construction and \$45,000 for exterior features & \$10,000 for construction.)

Name of Source Initiative Foundation

Address 405 1st Street SE

City Little Falls State MN Zip Code 56345 Phone _____ Amount of funds \$225,000

Interest rate 1% fixed Term: 20 year Amoritization, 5 year balloon

Construction/Permanent (circle) Repayment Terms \$1035 monthly

Document Checklist

- ☐ Letter of intent from service agency providing supportive services (if applicable)
- ☐ Evidence of prior experience with housing projects that provide supportive services (if applicable)
- ☐ Joint Venture Agreement (if applicable)
- ☒ Pro Forma
- ☒ Documentation supporting cost effectiveness
- ☒ Information on compliance with federal and state accessibility standards

Applicant Certification

The undersigned hereby acknowledges the following:

Applicant acknowledges that submission of an application does not ensure approval, and that, if this application is approved for funding, such funding will be further contingent on entering into an agreement with the Crow Wing County HRA that will clearly the conditions and requirements connecting with the funding.

Applicant certifies that it has reviewed the Housing Trust Fund guidelines and the Housing Trust Fund Ordinance and understands and accepts the information in those documents regarding the evaluation of this application and further requirements related to the receipt of funds.

Applicant certifies that the statements contained in this application and its attachments are true, accurate and compete to the best of its knowledge and belief. If any of the information included in this Application changes prior to the receipt of funds, Applicant agrees to notify the Crow Wing County HRA of these changes within 5 business days.

IN WITNESS WHEREOF, the undersigned, being duly authorized, has caused this document to be executed in its name on this 7 day of *February*, 20 *25*.

Vicky Kinney

Legal Name of Applicant

Signature

Executive Director 2/07/2025

Title Date

MY NEIGHBOR TO LOVE COALITION- 12 PLEX

BRainerd, MN 56401

PRELIMINARY

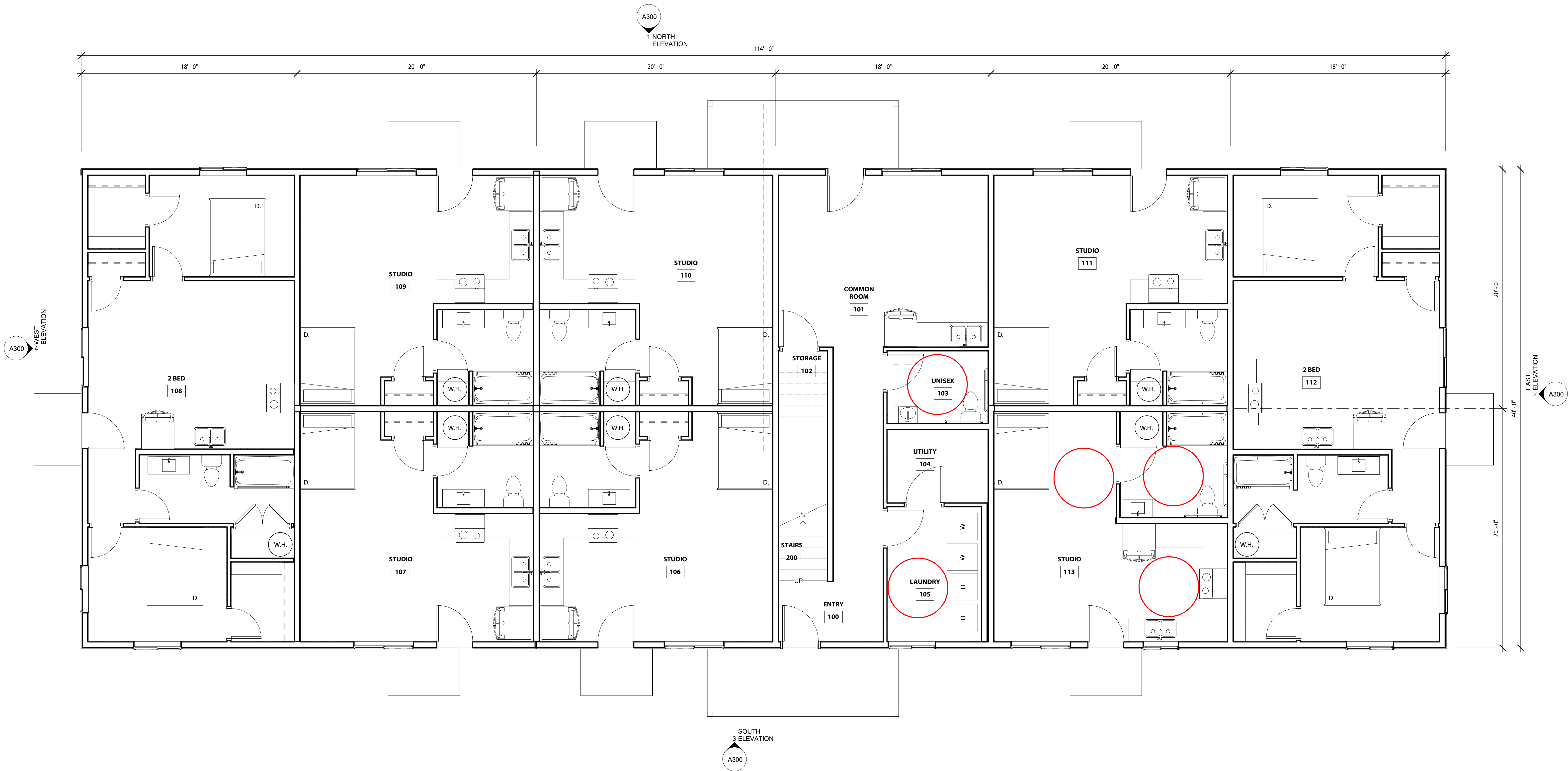
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PROJECT NUMBER: 3642

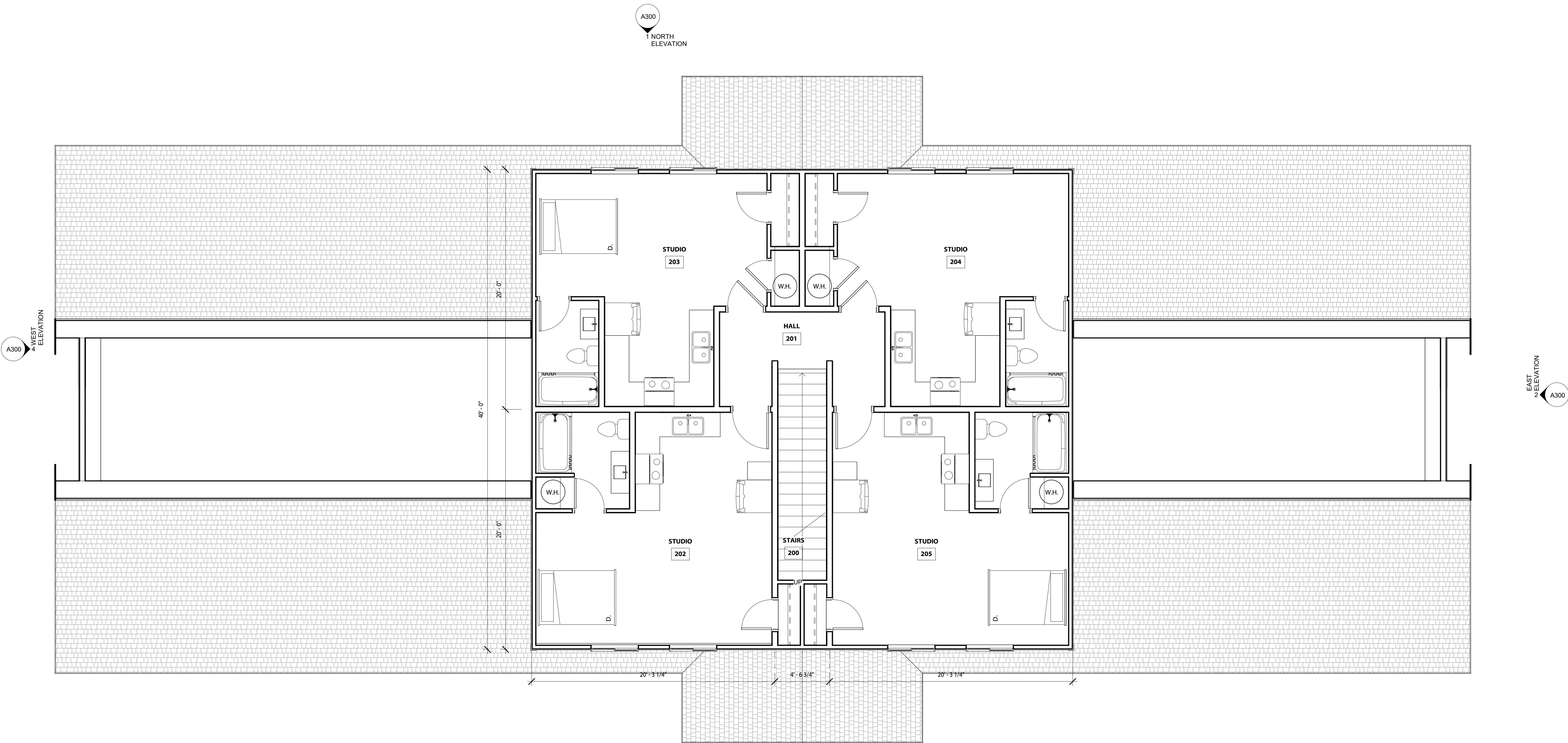
REVISION	DATE

M.L. - FLOOR PLAN

A100



1 LEVEL 01 FLOOR PLAN
A100 / 1/4" = 1'-0"



1 LEVEL 02 FLOOR PLAN
A110 1/4" = 1'-0"

MY NEIGHBOR TO LOVE COALITION- 12 PLEX

BRainerd, MN 56401

PRELIMINARY

PRINTED: 1/15/2024 4:29:02 PM

PROJECT NUMBER: 3642

REVISION	DATE

U.L. - FLOOR PLAN

A110

MY NEIGHBOR TO LOVE COALITION- 12 PLEX

BRainerd, MN 56401

PRELIMINARY

PRINTED: 1/15/2024 4:29:18 PM

PROJECT NUMBER: 3642

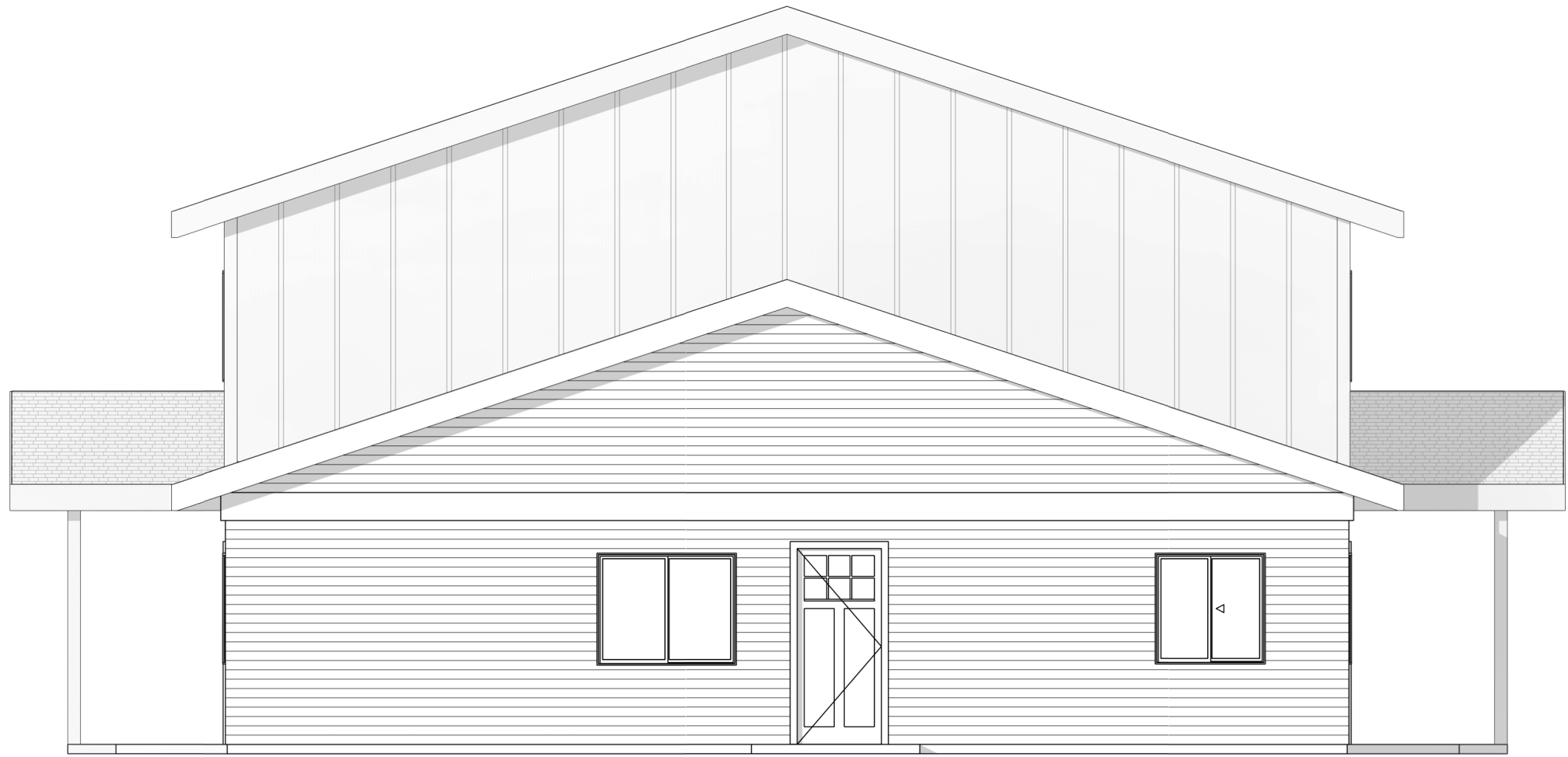
REVISION	DATE

BUILDING ELEVATIONS

A300



3 SOUTH ELEVATION
A300 3/16" = 1'-0"



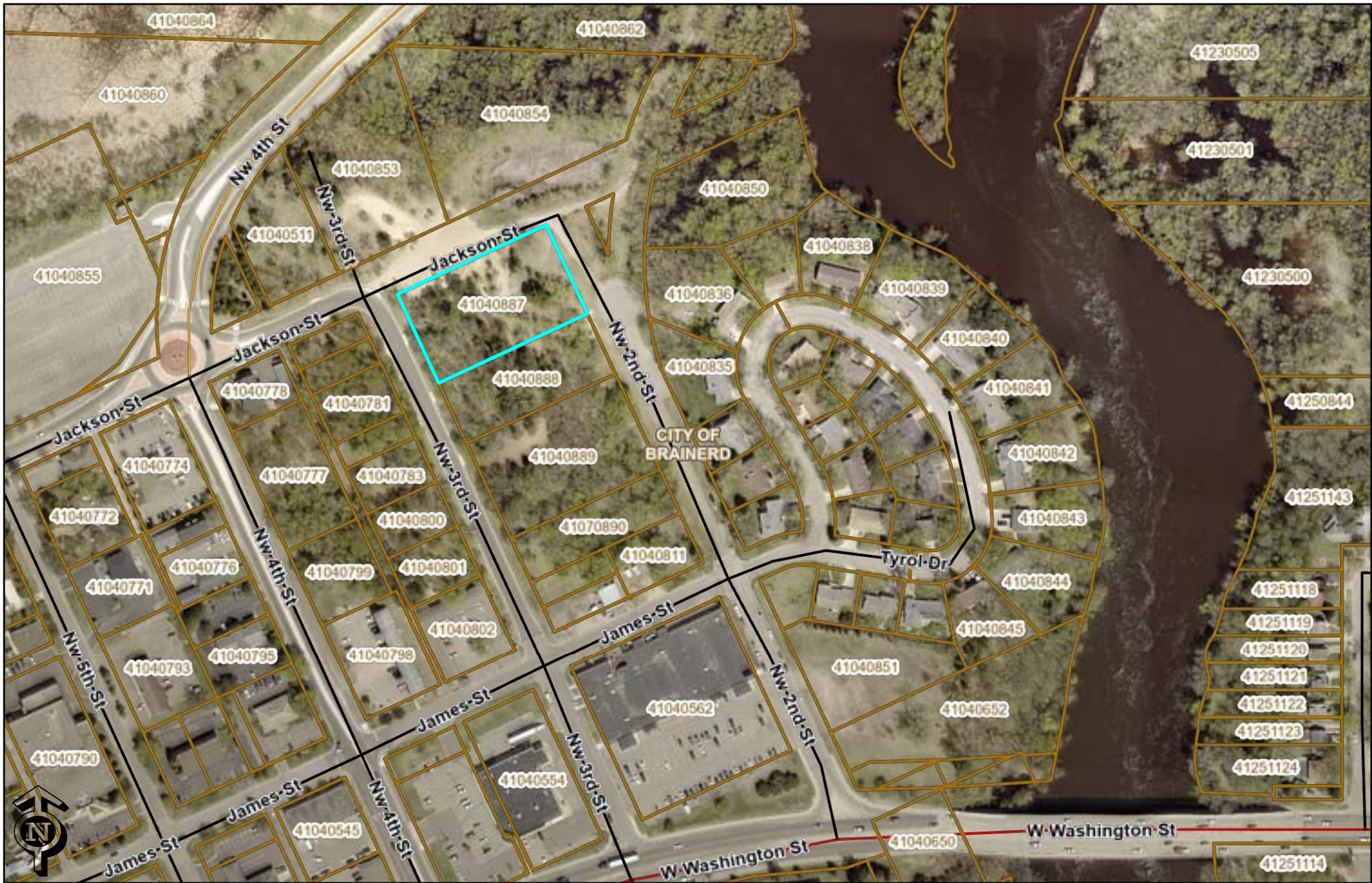
4 WEST ELEVATION
A300 3/16" = 1'-0"



1 NORTH ELEVATION
A300 3/16" = 1'-0"



2 EAST ELEVATION
A300 3/16" = 1'-0"



These data are provided on an "AS-IS" basis, without warranty of any type, expressed or implied, including but not limited to any warranty as to their performance, merchantability, or fitness for any particular purpose.

Creekside Community South

Total Units: 12

Bedroom Size	# Units
0 = SRO	10
1	0
2	2
3	0
4	0

[illegible]

AHP Feasibility Analysis	
Item	Value
Total units	12
Cost Breakout Total Units = Project Worksheet Total Units	TRUE
Sources of Funds = Uses of Funds	TRUE
Housing Sources of Funds = Housing Uses of Funds	TRUE
Non-Housing Sources = Non-Housing Uses	TRUE
Total Development Cost	\$1,910,348.00
Total Development Cost per unit	\$159,195.67
Total Development Cost per square foot	\$300.18
Adjusted Total Development Cost	\$1,741,767.00
Adjusted Total Development Cost per Unit	\$145,147.25
Total Acquisition Cost per unit	\$4,512.25
Acquisition-Only Cost per Square Foot	\$0.00
Rehabilitation Cost per Square Foot (From Cost Breakout tab)	\$0.00
New Construction Cost per Square Foot (From Cost Breakout tab)	\$231.65
Construction/Rehabilitation Cost per square foot (Summary of Uses total)	\$273.69
Average Square Foot per unit	530
Average Acquisition-Only Square Foot per unit	0
Average Rehabilitation Square Foot per unit	0
Average New Construction Square Foot per unit	530
Non-housing & Accessory Space %	0.00%
Commercial %	0.00%

Feasibility Guidelines				
Guideline	Description	Min Standard	Max Standard	Actual
Development Budget				
Adjusted Total Development Cost per Unit	See AHP Implementation Plan Rental Project Development Budget – Per Unit Development Cost	NA	Must be supported by industry construction cost data	\$145,147.25
Contingency % (Housing)	New Construction	NA	10.00%	2.77%
Contingency % (Overall)	New Construction	NA	10.00%	2.77%
Developer & Consultant Fee %	New Construction	0.00%	15.00%	0.00%
Capitalized Reserves - Housing (months)	[(Tot Proj Reserves - LeaseUp Rsrv - Rental Assistance Rsrv) / (Op Ex + Replacement Rsrvs + debt service)] / 12 months	0.0	12.0	0.00
Capitalized Reserves - Overall (months)	[(Tot Proj Reserves - LeaseUp Rsrv - Rental Assistance Rsrv) / (Op Ex + Replacement Rsrvs + debt service)] / 12 months	0.0	12.0	0.00
Lease-Up Reserve	Lease-up Rsrv / ((Op Ex + Replacement Rsrv + Debt Svc)/12*[absorption period])	0.0%	75.0%	0.0%
Rental Assistance Reserve		0.0%	Variable	\$0.00
General requirements				
General Requirements %		NA	8%	7.94%
Builder Overhead %		NA	2%	1.93%
Builder Profit %		NA	6%	4.38%
General Requirements, Builder Overhead & Profit (combined total)		NA	20.00%	14.25%
Professional Fees				
Architect Fees		NA	4.0%	1.36%
Engineering Fees		NA	4.0%	1.11%
Attorney Fees		NA	4.0%	0.00%
Sum of all Professional Fees		NA	12.0%	2.48%
Operating Pro Forma				
Revenue Escalator		2.00%	4.00%	2.00%
Expense Escalator		2.00%	4.00%	3.00%
Escalator Trend	Expense escalator >= Revenue escalator	NA	NA	TRUE
Stabilized Vacancy Rate		0.00%	10.00%	2.00%
Management Fee				
Management Fee as a Percentage of Net Revenue		0.00%	12.00%	1.01%
Management Fee Per Unit/Per Month		0.00%	\$55.00	\$4.17
Management Fee		NA	NA	TRUE
Total Operating Expense/Unit		\$1,250.00	\$8,000.00	\$2,290.00
Replacement Res./Unit	New Construction	\$250.00	\$400.00	\$300.00
Operating Reserves		\$0.00	Variable	\$0.00
Debt Service Calculation				
DCR - Housing		NA	1.40	1.03
DCR - Overall		NA	NA	1.03
Cash Flow as Percentage of Gross Income		NA	15.00%	1.25%
Expense to Income Ratio		NA	NA	98.68%
Deferred Developer Fee MATCH				
Deferred Developer Fee - Sources				\$0.00
Deferred Developer Fee - Cumulative Repaid				\$0.00
Deferred Developer Fee - Match				TRUE
Total Cash Flow in First Fifteen Years - Overall		NA	NA	\$66,300.79
Sources				
LIHTC		\$0.75	NA	NA

Requires explanation in AHP Online

Sources of Funds

Project Name: Creekside Community 12-plex

List all sources of debt and equity in the project, including permanent financing, grants, donations, etc. Construction and other interim financing should not be included in the first chart, but should be listed in the Interim Financing Box below. In the "Description Code" column, use the list below for the code.

Description Code		
1. AHP Subsidy	9. State Low Income Housing Tax Credit Equity	17. Charitable Donation
2. Permanent Financing	10. State Housing Loans	18. Owner's Equity
3. FHA Insured Mortgage	11. State Government Subsidy	19. Deferred Developer Fee
4. Federal Low-Income Housing Tax Credit Equity	12. Community Development Block Grants	
5. Other Federal Housing Program (HOPE VI, 202, 811, Section 8)	13. TIF/Local Government Subsidy	
6. McKinney/Hearth Act	14. Housing Bonds	
7. Historic Preservation Tax Credit Equity	15. Grants	
8. HOME	16. Other Loans	

List all *Permanent* Sources of Project Funding, **using one description code per line.**

Permanent Sources												*For FHLBDM Use*
A	B	C	D	E	F	G	H	I	J	K	L	Must Pay Debt Svc per Indicated Terms (Housing)
Source of Funds	Housing	Non-Housing	Total (B+C)	Descr Code	Status Code	Rate (%)	Term (years)	Amort Period (years)	Annual Debt Svc (Housing) Must Pay Only	Annual Debt Svc (Non-Housing) Must Pay Only	Must Pay? (Y/N)	
Deferred Developer Fee			\$ -	19							N	\$ -
LIHTC Equity			\$ -	4							N	\$ -
Loan - 0% interest - private party	\$ 600,000.00		\$ 600,000.00	16	Committed	0.000%	40.0	40.0	\$ 15,000		Y	\$ -
Loan - Initiative Foundation	\$ 225,000.00		\$ 225,000.00	16	Committed	1.000%	20.0	20.0	\$ 12,420		Y	\$ -
Grant - Ucare Foundation	\$ 60,000.00		\$ 60,000.00	15	Committed						N	\$ -
Grant - Results Foundation	\$ 10,000.00		\$ 10,000.00	15	Committed						N	\$ -
Donations	\$ 415,348.00		\$ 415,348.00	17	Committed						N	\$ -
			\$ -									\$ -
			\$ -									\$ -
			\$ -									\$ -
			\$ -									\$ -
			\$ -									\$ -
			\$ -									\$ -
AHP Direct Subsidy	\$ 600,000.00			1	Requested							\$ -
Subtotal - Housing	\$ 1,910,348.00								\$ 27,420			\$ -
Subtotal - Non-Housing	\$ -								\$ -			\$ -
Total Funding Sources	\$ 1,910,348.00								Total Debt Service: \$ 27,420			\$ -

For all uncommitted funds listed above, list the date of financing decision, contact name, and phone number.

Funding Source	Decision Due Date	Contact Name	Phone Number

Low-Income Housing Tax Credits:	
Annual LIHTC allocation request	per year
LIHTC sale price per dollar	

Describe how the LIHTC sales price was determined.

Interim Sources			Please do not cut and paste in the table below.									*For FHLBDM Use* Debt Svc per Indicated Terms
A Source of Funds	B Housing	C Non-Housing	D Total (B+C)	E Descr Code	F Status Code	G Rate (%)	I Term (years)	J Total Debt Service (Housing)	K Total Debt Service (Non-Housing)	L Must Pay? (Y/N)		
Deferred Developer Fee			\$ -	19						N	\$ -	
LIHTC Equity			\$ -	4						N	\$ -	
			\$ -								\$ -	
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For all uncommitted funds listed above, list the date of financing decision, contact name, and phone number.

Funding Source	Decision Due Date	Contact Name	Phone Number

Sources of Funds Explanation

On the Sources of Funds page in the Feasibility Worksheet for FHLB Des Moines, we needed to demonstrate that we had the necessary funds committed. Pending funding would not be acceptable for disbursement of funds. We listed a private loan for \$600,000 and increased the amount of donations to an additional \$200,000, instead of the original loan of \$800,000. Because of the increase in Debt Service in counting a loan repayment to the Initiative Foundation, we would not be able to afford to make payments on a loan of \$800,000 also. We considered the \$200,000 to be a deferred loan which would become payable once the other loan from the Initiative Foundation had been paid.

At the time of the updated Feasibility Workbook, prepared for the Disbursement of funds, we anticipated receiving other funding from pending grants and the Statewide Affordable Housing Aid. Also, since the update, our construction costs for the project have increased.

Summary of Uses of Funds

See the Guide for Applicants for more information on how to categorize costs.

Acquisition Costs	Housing	Non-Housing	Total
Building Acquisition			\$ -
Land Acquisition	\$ 52,571		\$ 52,571
Carrying Costs			\$ -
Legal Fees	\$ 300		\$ 300
Closing Costs	\$ 300		\$ 300
Title and Recording	\$ 976		\$ 976
Total Acquisition Costs	\$ 54,147	\$ -	\$ 54,147

Construction/Rehabilitation Costs	Housing	Non-Housing	Total
Construction Costs (Structure)	\$ 1,111,658	\$ -	\$ 1,111,658
Rehabilitation Costs (Structure)	\$ -	\$ -	\$ -
On-Site Improvements	\$ 362,540	\$ -	\$ 362,540
Off-Site Improvements	\$ -	\$ -	\$ -
Demolition			\$ -
Contingency	\$ 50,071		\$ 50,071
Builders Overhead	\$ 30,747		\$ 30,747
Builders Profit	\$ 69,650		\$ 69,650
General Requirements	\$ 117,101		\$ 117,101
Bond Premium			\$ -
Furniture, fixtures, and equipment			\$ -
Total Construction/Rehabilitation Costs	\$ 1,741,767	\$ -	\$ 1,741,767

Soft Costs	Housing	Non-Housing	Total
Architect	\$ 25,427		\$ 25,427
Engineering	\$ 20,759		\$ 20,759
Appraisal			\$ -
Attorney			\$ -
Accounting	\$ 1,000		\$ 1,000
Environmental Study			\$ -
Municipality			\$ -
Permits	\$ 54,123		\$ 54,123
Market Study			\$ -
Survey			\$ -
Marketing Expenses			\$ -
Relocation			\$ -
Soft Cost Contingency			\$ -
Construction Period Insurance	\$ 12,000		\$ 12,000
Construction Period Property Taxes			\$ -
Other Soft Costs			\$ -
Total Soft Costs	\$ 113,309	\$ -	\$ 113,309

Construction/Bridge Loan Financing	Housing	Non-Housing	Total
Interest			\$ -
Origination Fees			\$ -
Application Fees			\$ -
Other Fees			\$ -
Total Construction Financing	\$ -	\$ -	\$ -

Permanent Financing	Housing	Non-Housing	Total
Permanent Loan Origination Fees	\$ 1,125		\$ 1,125
Bond Related Costs			\$ -
Application Fees			\$ -
Other Permanent Financing Fees			\$ -
Total	\$ 1,125	\$ -	\$ 1,125

Other Financing Fees and Expenses	Housing	Non-Housing	Total
Tax Credit Reservation Fees			\$ -
Application Fees			\$ -
Other Financing Costs			\$ -
Total Other Financing Fees and Expenses	\$ -	\$ -	\$ -

Developer Fees	Housing	Non-Housing	Total
Developer Fees			\$ -
Consultant Fees			\$ -
Total Developer Fees	\$ -	\$ -	\$ -

Project Reserves	Housing	Non-Housing	Total
Lease-up Reserves			\$ -
Operating Reserves			\$ -
Replacement Reserves			\$ -
Rental Assistance Reserves			\$ -
Other Reserves			\$ -
Total Project Reserves	\$ -	\$ -	\$ -

Total Project Costs	\$ 1,910,348	\$ -	\$ 1,910,348
Percentage of Total Cost	100.00%	0.00%	

Housing Development Uses of Funds Summary

Total Acquisition Costs	\$ 54,147.00
Total Construction / Rehabilitation Costs	\$ 1,741,767.00
Hard Construction Costs	\$ 1,474,198.00
Hard Rehabilitation Costs	\$ 0.00
Other Costs	\$ 267,569.00
Total Fees	\$ 0.00
Total Taxes and Insurance Costs	\$ 12,000.00
Total Construction Financing	\$ 0.00
Total Permanent Financing	\$ 1,125.00
Total Project Reserves	\$ 0.00
Total Soft Costs	\$ 101,309.00
Total Developer & Consultant Fees	\$ 0.00
Total Financing Fees and Expenses	\$ 0.00
Total Development Costs	\$ 1,910,348.00



Project Name: My Neighbor to Love Coalition 12-Plex
Project Location: Brainerd, Minnesota
Invoice #10
Date: 02/05/2025

SECTION	ORIGINAL CONTRACT	APPROVED CHANGES	REVISED CONTRACT	PENDING CHANGES	PROJECTED CONTRACT	PREVIOUS INVOICE	CURRENT INVOICE	TOTAL INVOICED	REMAINING INVOICE
Develoment Costs	224,595.00	26,300.00	250,895.00		250,895.00	234,167.09	0.00	234,167.09	16,727.91
Permit SAC WAC	60,253.00	(6,129.61)	54,123.39	0.00	54,123.39	54,123.39	0.00	54,123.39	0.00
General Conditions	135,701.00	6,129.61	141,830.61	0.00	141,830.61	114,201.03	21,909.05	136,110.08	5,720.53
Temporary Heat	15,000.00		15,000.00		15,000.00	157.70	3,667.57	3,825.27	11,174.73
Sitework	93,165.00	18,480.00	111,645.00		111,645.00	95,955.00	0.00	95,955.00	15,690.00
Concrete	111,414.00	8,822.00	120,236.00		120,236.00	113,541.39	0.00	113,541.39	6,694.61
Metals	13,509.00	569.52	14,078.52		14,078.52	10,141.52	0.00	10,141.52	3,937.00
Carpentry	223,308.00	17,500.00	240,808.00		240,808.00	201,464.98	29,293.73	230,758.71	10,049.29
Thermal and Moisture	83,212.00	2,918.09	86,130.09		86,130.09	68,165.53	25,364.96	93,530.49	(7,400.40)
Doors and Windows	61,095.00	948.97	62,043.97		62,043.97	21,207.80	7,261.56	28,469.36	33,574.61
Finishes	136,148.00	17,390.00	153,538.00	0.00	153,538.00	3,146.00	30,745.00	33,891.00	119,647.00
Specialties	7,342.00		7,342.00		7,342.00		0.00	0.00	7,342.00
Furnishings	72,928.00		72,928.00		72,928.00		0.00	0.00	72,928.00
HVAC	83,000.00		83,000.00		83,000.00	52,768.00	0.00	52,768.00	30,232.00
Plumbing	141,886.00	20,290.00	162,176.00		162,176.00	129,895.13	562.04	130,457.17	31,718.83
Electrical	112,000.00	(4,097.00)	107,903.00		107,903.00	66,240.00	21,451.00	87,691.00	20,212.00
Fire Suppression	0.00	23,980.00	23,980.00		23,980.00	16,415.00	5,724.00	22,139.00	1,841.00
SUBTOTAL	1,574,556.00	133,101.58	1,707,657.58	0.00	1,707,657.58	1,165,174.56	145,978.91	1,311,153.47	394,889.91
CONSTRUCTION FEE 6% of total budget	94,473.36		102,459.45		102,459.45	69,910.47	8,758.73	78,669.21	23,790.25
TOTAL	1,669,029.36		1,810,117.03		1,810,117.03	1,235,085.03	154,737.64	1,389,822.68	418,680.16
Recommended contingency 3%	50,070.88				0.00				0.00
TOTAL RETAINAGE WITHHELD 5%						62,619.48	7,736.88	RETAINAGE TOTAL	70,356.36
TOTAL	1,719,100.24			0.00	1,810,117.03				

2/7/2025

Dear HRA Board of Commissioners,

My Neighbor to Love Coalition submitted an updated application in October 2023 which is now in line for review. We are seeking funding to help us with construction costs of Creekside North, a multi-family 12-plex in NW Brainerd.

In the HTF Guidelines it reads, “CWC HRA encourages projects that address chronic homelessness and/or housing for extremely low-income households, or households whose income does not exceed 30% AMI.” Our intentional living development is addressing the needs of the homeless who have low incomes to extremely low incomes.

Additionally, the Guidelines go on to say, “Priority will be given to the project with the greatest percentage of affordable units.” Instead of the minimal requirement of 20% of the units being affordable to households whose income does not exceed 80% of AMI, our project is providing over 90% of its units to households with incomes less than 50% AMI (with several at <30% AMI). The Guidelines also list criteria to be considered, and our project meets all that are listed.

To pay for this project, we are relying on grants, donations, and loans. We received a grant for \$600,000 from the Federal Home Loan Bank Des Moines. Their disbursement occurred once we could prove we could come up with the remaining total amount needed before the deadline of December 2024. Some of the sources we had listed in the initial application as potential funding did not come through and we submitted an updated feasibility workbook with the current plan (we are providing a copy of this workbook and Pro Forma). To make up some of the difference, we entered into another loan agreement, explained below.

Project costs are \$1,910,378 with recent total construction costs for the 12-plex at \$1,810,117. This does not include property purchase, pre-development work, landscaping, and appliances. I offered a line of credit with a maximum of \$800,000 at 0% interest, intended to be used as needed to keep construction going, and to allow time for fundraising (with hopes that the full amount would not be needed). We raised approximately \$155,000 through donations and fundraisers. As December was quickly approaching, and we were at risk of losing our \$600,000 grant funding, the Initiative Foundation was willing to enter into a loan agreement for \$225,000. We assured them that our intention was to continue to try to raise funds from other sources so we would not have to initiate the loan. We anticipated receiving \$104,000 from Statewide Affordable Housing Aid and funding from other pending grants – which did not come through.

The remaining construction invoice total including retainage is \$489,036, plus we need \$27,869 for appliances, and approximately \$35,000 for irrigation and landscaping. We have \$100,000 in a CD to use toward construction costs and \$27,869 in our general fund to cover appliances. Our commitment is to keep rental costs as low as possible so we would prefer not to have to accept the loan offered by the Initiative Foundation. If we had to make loan payments on both loans, we would be operating at a loss. We also prefer not to use more of the line of credit so any funding remaining can go toward other projects. We still owe \$98,000 for our 4-plex project.

While our application request is for a greater amount, we’d be grateful for a loan of \$425,000 to \$450,000. This would keep us “in the black” and allow us time to continue to raise funds. We do

have enough funds in our general account to cover appliances if needed, though having a buffer would be good. Our intention would not be to wait 20 years to pay the loan off and would like to be out of debt as soon as we are able.

We welcome any questions and appreciate your consideration.

Thank you,

Vicky Kinney

My Neighbor to Love Coalition

Information on compliance with federal and state accessibility standards:

This project is new construction and will follow all the standards and requirements set forth in the ADA Standards for Accessible Design. Each housing unit will have doorway openings that are between 32" and 36" wide (with most if not all, being 36" wide). At least 20% of the units will be handicap accessible with ramps into the home and bathrooms designed with required support bars and accessible shower/bath stalls.

The community center also will be built according to the same standards with hallways wider than the required width and bathrooms which are handicap accessible. Braille signage will be included once needed. Parking and ramps into the building will also be designed according to the regulations.

Residents will not be discriminated against on the basis of race, color, sex (including sexual orientation and gender identity), disability, religion, familial status, national origin and citizenship status.

From: vickyjokinney@yahoo.com
To: [Eric Charpentier](#)
Subject: More informaton
Date: Thursday, March 13, 2025 12:21:29 PM
Attachments: [Simplified Rental Agreement - Updated 9 27 24.pdf](#)

Hi Eric,

We recently hired a property manager, started officially on March 1, 2025. We will pay him \$3360 monthly. \$500 of that expense comes out of rental income from Creekside North (12-plex) and \$200 from Creekside Quad (4-plex). For the current year, we have an agreement with Nor-Son to do construction cleaning and install towels bars, etc. Our property manager will be doing that work and the \$7000 will be directed to him. He also is working as a volunteer recruiter, and we have received grant funding to pay for those hours worked. In addition, we have received funding from Sourcewell to cover the remaining wages for 2025.

Once the next two buildings are completed, additional property management wages will be included from rental income, and we intend to increase the amount pulled from rental income (being we won't have loans to cover for that phase).

Currently, 20% of his wages comes from rental income (between both the 12-plex and 4-plex), 20% comes from construction savings, and 60% comes from grant funding.

Also, attached is a copy of our rental agreement.

Please let me know if you have any other questions or need further information.

Vicky

Document prepared by: Vicky Kinney, P.O. Box 581, Nisswa, MN 56468

AGREEMENT FOR COVENANTS AND RESTRICTIONS

Effective Date: 11/1/2024

THIS AGREEMENT FOR COVENANTS AND RESTRICTIONS, is between Bremer Bank (the "Member"), My Neighbor to Love Coalition (the "Owner") and My Neighbor to Love Coalition (the "Sponsor"). The Member, Owner and Sponsor are jointly referred to herein as the "Parties" and individually as the "Party".

WHEREAS, the Parties and the Federal Home Loan Bank of Des Moines (the "Bank") have executed an Affordable Housing Program Agreement For Rental Project (Direct Subsidy) (herein after the "AHP Agreement")

NOW THEREFORE, in consideration of the premises and for other valuable consideration the receipt of which is hereby acknowledged, the Parties agree as follows:

1. *Income and rent commitments.* The Project's rental units, or applicable portion thereof, must remain occupied by and affordable for households with incomes at or below the levels committed to be served in the approved Affordable Housing Program application (the "AHP Application") for 15 years from the date the Project is completed (the "Retention Period");

2. *Notice.* The Bank and the Member shall be given notice of any sale, transfer, assignment of title or deed, or refinancing of the Project by the project owner occurring prior to the end of the Retention Period;

3. *Repayment of subsidy; exceptions.* In the case of a sale, transfer, assignment of title or deed, or refinancing of the Project by the project owner prior to the end of the Retention Period, the full amount of the AHP subsidy received by the project owner shall be repaid to the Bank, unless one of the following exceptions applies:

I. The Project continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the approved AHP Application for the duration of the AHP 15-year Retention Period; or

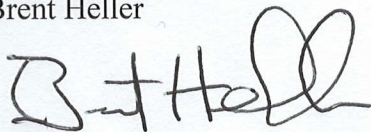
II. If authorized by the Bank, in its discretion, the households are relocated, due to the exercise of eminent domain, or for the expansion of housing or services, to another property that is made subject to a deed restriction or other legally enforceable retention

restrictions committed to in the approved AHP Application for the remainder of the AHP 15-year retention period; and

4. *Termination of income and rent restrictions.* The income-eligibility and affordability restrictions applicable to the Project shall terminate after any foreclosure.
5. All of the covenants herein shall run with the real estate described in Attachment A hereto and the Project thereon, and be binding upon the Owner and Sponsor and their respective successors or assigns, for the Retention Period.
6. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired.
7. All of the rights and obligations set forth herein and in the AHP Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns during the Retention Period.
8. The Owner shall record this Retention Agreement in the appropriate office(s)/jurisdiction(s) which will enhance the likelihood that the Bank and Member will receive the notice as called for herein.
9. This Agreement and the covenants and restrictions contained herein shall be deemed automatically released, discharged and terminated upon the earlier to occur of (i) the expiration of the Retention Period, (ii) the date on which the direct subsidy is repaid to the Bank under Section 3 above, or (iii) any foreclosure on the Project under Section 4 above. The Owner, or its successors or assigns, shall be responsible for the completion and recording of any and all documentation necessary to effect any release of this Agreement in connection with the sale, refinancing or foreclosure of the Project during the Retention Period. The recording of a release shall not be necessary, however, in connection with the expiration of the Retention Period.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement for Covenants and Restrictions to be executed by their duly authorized officers, all as of the effective date first above written.

Bremer Bank, National Association
Brent Heller



12/2/2024

[Member's Signature Block]



[Acknowledgment]

Heidi Landerson 12/2/2024

[Owner's Signature Block]

Vicky Kinney

[Acknowledgment]

Vicky Kinney as member of My Neighbor to Love Coalition on 12/10/2024

[Sponsor's Signature Block]

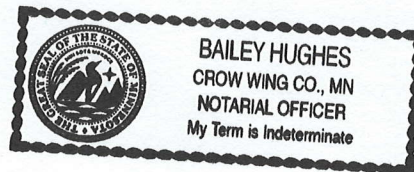
Vicky Kinney

[Acknowledgment]

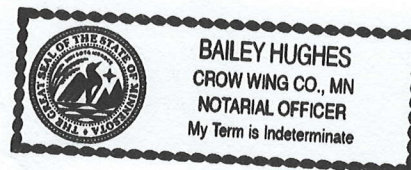
Vicky Kinney as member of My Neighbor to Love Coalition on 12/10/2024

Please insert above a separate signature block and acknowledgment for the Member, Owner and Sponsor.

Bailey Hughes



Bailey Hughes



ATTACHMENT A

LEGAL DESCRIPTION

Creekside Community Development
Lot 1
Block 1

PROMISSORY NOTE

Dated 10/31/2024

FOR VALUE RECEIVED, My Neighbor to Love Coalition, a Minnesota nonprofit corporation, promises to pay to Vicky Kinney, the sum of \$600,000 in installments in the amounts and at or before the times stated as follows: \$1,250 per month starting one month after Creekside Community North (12-plex) has collected its first rent, until March 1, 2065 when the entire unpaid balance shall be due in full. No interest shall accrue on this debt unless in default. Default interest shall be set at 8% per annum. Borrower may prepay this note in part or in full at any time without penalty.

This note is unsecured.

Should any of the principal or interest not be paid when due, such default shall, at the option of the legal holder hereof, cause all sums then remaining unpaid to become immediately due and payable, without notice. Notice of the exercise of such an option is hereby expressly waived. In lieu thereof, the holder of this note may accept late payment with a \$25.00 late fee. The holder may choose either remedy with each separate delinquent payment.

The makers, endorsers, sureties, and guarantors hereof hereby severally agree to pay all costs of collection, including reasonable attorney's fees, in case payment shall not be made at maturity, and severally waive presentment for payment, notice of non-payment, protest and notice of protest and diligence in enforcing payment or bringing suit against any party hereto. The endorsers, sureties and guarantors hereof severally consent that the time of payment may be extended, or this note renewed, from time to time without notice to them and without affecting liability hereon.

MY NEIGHBOR TO LOVE COALITION

Melissa Fussy-Treasurer 10-31-24
(Borrower) My Neighbor to Love Coalition (Date)

Vicky Kinney 10/31/24
(Lender) (Date)

Melissa Fussy 10-31-24
(Borrower Signature) (Date)

Vicky Kinney 10/31/24
(Lender Signature) (Date)

PROMISSORY NOTE

Dated 10/31/2024

FOR VALUE RECEIVED, My Neighbor to Love Coalition, a Minnesota nonprofit corporation, promises to pay Vicky Kinney, the sum of \$200,000 in installments in the amounts at or before the times stated as follows: \$833 per month starting May 1, 2025 until April 1, 2045 when the entire unpaid balance shall be due in full. No interest shall accrue on this debt unless in default. Default interest shall be set at 8% per annum. Borrower may prepay this note in part or in full at any time without penalty.

This is a construction loan up to \$200,000, drawn upon as needed. If the full amount is not needed by May 1, 2025, the installment amounts will be adjusted to reflect the borrowed amount at the same rate of 20 years and no interest.

This note is unsecured.

Should any of the principal or interest not be paid when due, such default shall, at the option of the legal holder hereof, cause all sums then remaining unpaid to become immediately due and payable, without notice. Notice of the exercise of such an option is hereby expressly waived. In lieu thereof, the holder of this note may accept late payment with a \$25.00 late fee. The holder may choose either remedy with each separate delinquent payment.

The makers, endorsers, sureties, and guarantors hereof hereby severally agree to pay all costs of collection, including reasonable attorney's fees, in case payment shall not be made at maturity, and severally waive presentment for payment, notice of non-payment, protest and notice of protest and diligence in enforcing payment or bringing suit against any party hereto. The endorsers, sureties and guarantors hereof severally consent that the time of payment may be extended, or this note renewed, from time to time without notice to them and without affecting liability hereon.

MY NEIGHBOR TO LOVE COALITION

<u>Melissa Fussy - Treasurer</u>	<u>10-31-24</u>
(Borrower) My Neighbor to Love Coalition	(Date)
<u>Vicky Kinney</u>	<u>10-31-24</u>
(Lender)	(Date)
<u>Vicky Kinney</u>	
<u>Melissa Fussy</u>	<u>10-31-24</u>
(Borrower Signature)	(Date)



Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Eric Charpentier, Executive Director
Date: April 8th, 2025
Re: Housing Trust Fund Review

HTF Statute and HTF Ordinance

At our March 11th board meeting there was a discussion surrounding our housing trust fund and having some information sessions about the fund, how it was started and what we have available from our programming. At this meeting I thought we would start with the state statute that allowed local housing trust funds to be created. I have also included the ordinance that was approved by the County Commissioners that allowed the creation and administration of the housing trust fund locally. Attached are both documents for the board's review. (*Attachment 6a & 6b*) This will help lay the groundwork what programs we currently have and are administering.

Action Requested: For discussion purposes only.

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462C.16 HOUSING TRUST FUNDS FOR LOCAL HOUSING DEVELOPMENT.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given to them.

(b) "Commissioner" means the commissioner of the Minnesota Housing Finance Agency.

(c) "Fund" means a local housing trust fund or a regional housing trust fund.

(d) "Local government" means any statutory or home rule charter city or a county.

(e) "Local housing trust fund" means a fund established by a local government with one or more dedicated sources of public revenue for housing.

(f) "Regional housing trust fund" means a fund established and administered under a joint powers agreement entered into by two or more local governments with one or more dedicated sources of public revenue for housing.

Subd. 2. **Creation and administration.** (a) A local government may establish a local housing trust fund by ordinance or participate in a joint powers agreement to establish a regional housing trust fund.

(b) A local or regional housing trust fund may be, but is not required to be, administered through a nonprofit organization. If administered through a nonprofit organization, that organization shall encourage private charitable donations to the fund.

Subd. 3. **Authorized expenditures.** Money in a local or regional housing trust fund may be used only to:

(1) pay for administrative expenses, but not more than ten percent of the balance of the fund may be spent on administration;

(2) make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;

(3) match other funds from federal, state, or private resources for housing projects; or

(4) provide down payment assistance, rental assistance, and home buyer counseling services.

Subd. 4. **Funding.** (a) A local government may finance its local or regional housing trust fund with any money available to the local government, unless expressly prohibited by state law. Sources of these funds include, but are not limited to:

(1) donations;

(2) bond proceeds;

(3) grants and loans from a state, federal, or private source;

(4) appropriations by a local government to the fund;

(5) investment earnings of the fund; and

(6) housing and redevelopment authority levies.

(b) The local government may alter a source of funding for the local or regional housing trust fund, but only if, once altered, sufficient funds will exist to cover the projected debts or expenditures authorized by the fund in its budget.

Subd. 5. **Reports.** A local or regional housing trust fund established under this section must report annually to the local government that created the fund. The local government or governments must post this report on its public website.

Subd. 6. **Effect of legislation on existing local or regional housing trust funds.** A local or regional housing trust fund existing on July 1, 2017, is not required to alter the existing terms of its governing documents or take any additional authorizing actions required by subdivision 2.

History: 2017 c 94 art 11 s 8

BOARD OF COUNTY COMMISSIONERS
Crow Wing County, Minnesota

DATE: February 25, 2020

Resolution 2020-10

OFFERED BY COMMISSIONERS: Barrows and Brekken

AYES: Koering, Brekken, Barrows, Franzen, Houge

HOUSING TRUST FUND ORDINANCE

WHEREAS, in accordance with Minnesota Statute 375.51, a Public Hearing was held on February 25, 2020, to consider approval of a Housing Trust Fund Ordinance.

NOW, THEREFORE, BE IT RESOLVED the Board of Commissioners of Crow Wing County, Minnesota, adopts the attached Ordinance Establishing a Housing Trust Fund in Crow Wing County (Ordinance No. 2001), effective upon publication.

Document No. : 929743 ABSTRACT

03/04/2020 02:34 PM Total Pages: 5

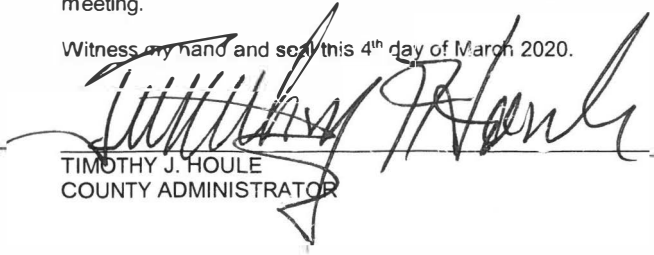
Fees/Taxes In the Amount of: \$0.00

GARY GRIFFIN
 CROW WING, MINNESOTA
 County Recorder
 Deputy: geria

STATE OF MINNESOTA)
COUNTY OF CROW WING) ss

I, Timothy J. Houle, County Administrator, Crow Wing County, Minnesota, hereby certify that I have compared the foregoing copy of the resolution of the county board of said county with the original record thereof on file in the Administration Office, Crow Wing County, Minnesota, as stated in the minutes of the proceedings of said board at a meeting duly held on February 25, 2020, and that the same is a true and correct copy of said original record and of the whole thereof, and that said resolution was duly passed by said board at said meeting.

Witness my hand and seal this 4th day of March 2020.


 TIMOTHY J. HOULE
 COUNTY ADMINISTRATOR

ORDINANCE NO. 2001

**AN ORDINANCE ESTABLISHING A HOUSING TRUST FUND
IN CROW WING COUNTY**

Section 1: GENERAL PROVISIONS

1.1 Authority. This Ordinance is adopted pursuant to Minnesota Statutes, Section 462C.16.

1.2 Purpose. Pursuant to Minnesota Statutes, Section 462C.16, there is hereby created and established for the County of Crow Wing a fund to be known and denominated as the Crow Wing County Housing Trust Fund. The Trust Fund shall be a permanent source of funding and a continually renewable source of revenue to meet, in part, the housing needs of Moderate, Low Income and Very Low Income households of the County. The Trust Fund shall provide loans and grants to property owners, homeowners, local units of government, for-profit housing developers, and non-profit housing developers for the acquisition, capital and soft costs necessary for the creation of new Affordable and Workforce Housing (both rental and owner-occupied). Projects funded by the Trust Fund shall be dispersed throughout the County.

Section 2: DEFINITIONS

2.1 “Affordable” means a housing unit that has an Affordable Housing Cost

2.2 “Affordable Housing Cost” means an amount satisfied by:

2.2.1 For owner-occupied housing, a housing payment inclusive of loan principal, loan interest, property taxes, property and mortgage insurance, and homeowners association dues which allows a moderate, low income or very low income household to purchase a home while paying no more than thirty percent (30%) of their gross household income.

2.2.2 For rental or cooperative housing, a housing payment, inclusive of a reasonable allowance for heating, which allow a moderate, low income or very low income household to rent a unit while paying no more than thirty percent (30%) of their gross household income

2.3 “Area Median Income” means the income guidelines established and published annually by the U.S. Department of Housing and Urban Development.

2.4 “Assisted Unit” means a housing unit that is Affordable because of assistance from the Trust Fund.

2.5 “Grants Supervisor” means the Crow Wing County HRA Executive Director, or his or her designee.

2.6 “HRA” means the Housing and Redevelopment Authority in and for the County of Crow Wing.

- 2.7 “Low Income” means gross household income that is at or below eighty percent (80%) of Area Median Income, but more than fifty percent (50%) of Area Median Income.
- 2.8 “Moderate Income” means gross household income that is at or below 115 percent (115%) of Area Median Income, but more than eighty percent (80%) of Area Median Income.
- 2.9 “Permanent Source of Funding” means once funds are allocated to the Trust those funds can only be expended for purposes outlined in section (4) of this document.
- 2.10 “Project” may mean a single family house (attached or detached) or a multifamily property, either as owner-occupied property or rental property.
- 2.11 “Recipient” means any homeowner, for-profit, non-profit or local unit of government housing developer that receives funds in the form of a loan or a grant from the Trust Fund Account. A Recipient may be an individual, partnership, local unit of government, joint venture, limited liability company or partnership, association or corporation.
- 2.12 “Trust Fund” means the Crow Wing County Housing Trust Fund.
- 2.13 “Very Low Income” means gross household income that is at or below fifty percent (50%) of Area Median Income.
- 2.14 “Workforce Housing” means owner-occupied or rental housing units that are provided to households with at least one member per unit who is gainfully employed at the time of entry into the unit.

Section 3: TRUST FUND ACCOUNT; SOURCE OF TRUST FUNDS

- 3.1 A. There is also hereby established a Crow Wing County Trust Fund Account, to be maintained by the HRA. All funds received by the HRA on behalf of the Trust Fund shall be deposited in the Trust Fund Account. Principal and interest from loan repayments, and all other income from Trust Fund activities, shall be deposited in the Trust Fund Account. All interest earnings from the Trust Fund Account shall be reinvested and dedicated to the Trust Fund Account.
- 3.2 The Trust Fund shall consist of funds derived from the following, but not limited to:
- 3.2.1 Private cash contributions designated for the Trust Fund;
 - 3.2.2 Payments in lieu of participation in current or future Affordable housing programs;
 - 3.2.3 Grants or loans from the federal or state government;
 - 3.2.4 Principal and interest from Trust Fund loan repayments and all other income from Trust Fund activities.
 - 3.2.5 Budgeted payments made by the HRA’s tax levy fund as approved by County Board.
 - 3.2.6 Employer based funds and matches.
 - 3.2.7 Other sources to be considered; local or regional utility companies, specific county departments, specific county program funds (revolving loan fund).
 - 3.2.8 Application Fees – Projects applying for funds.
- 3.3 The Trust Fund may consist of funds derived from any other source, including but not limited to the following:
- 3.3.1 Tax Increment returned to the County after decertification of a TIF district.

3.3.2 Any other appropriations as determined from time to time by action of the HRA or County Board.

Section 4: TRUST FUND DISTRIBUTIONS

4.1 The Trust Fund is to function as a resource to fund loans and grants in strict accordance with this Section. The Trust Fund shall be administered by the Grant Supervisor of the HRA. No disbursements over \$50,000 may be made from the Trust Fund Account without the prior approval of the HRA's Board of Commissioners.

4.2 Disbursements from the Trust Fund Account shall be made as loans or grants to assist Recipients in the creation of Assisted Units and administrative fees not to exceed 10 percent. Recipients may use the funds to pay for: capital costs, including but not limited to the actual costs of rehabilitating or constructing Assisted Units; preserving Affordable units; demolishing or converting existing non-residential buildings to create new Assisted Units; real property acquisition costs; and professional service costs, including but not limited to, those costs incurred for architectural, engineering, planning and legal services which are attributable to the creation of Assisted Units.

4.3 All projects exceeding \$50,000 considered for funding will be reviewed by the HRA staff, and the Executive Director shall submit staff comments and recommendations to the HRA's Board of Commissioners, prior to HRA action.

4.4 The HRA shall within thirty (30) days following the close of each fiscal year prepare and submit an annual report to the County on the activities undertaken with funds from the Trust Fund. The report shall specify the number and types of units assisted, the amount loaned per Assisted Unit, the amount of state, federal and private funds leveraged, the geographic distribution of Assisted Units and a summary of statistical data relative to the incomes of assisted households, including their monthly rent or mortgage payments, and the sales prices of owner-occupied Assisted Units.

Section 5: TERM OF AFFORDABILITY

5.1 The minimum term of affordability for an Assisted Unit shall be fifteen (15) years. The HRA shall give preference to those projects that ensure that the Assisted Units remain Affordable for the longest period possible.

5.2 Assisted Units shall be deed-restricted to ensure long term affordability.

5.3 The HRA will enter into loan agreements with the Recipients of the Trust Fund monies. Each loan agreement will clearly state the conditions and requirements for the Recipient's use of Trust Fund monies, including the term of compliance, transfer or sale requirements and other requirements as specified.

5.4 In those cases where an Assisted Unit is sold or transferred prior to the expiration of the agreed-upon term, or where an Assisted Unit is no longer Affordable, the initial Recipient of assistance from the Trust Fund shall be obligated to repay to the Trust Fund the original amount of the loan or grant.

5.5 The HRA shall enforce all debt and lien instruments to the fullest extent of the law. The HRA may recommend debt settlement offers, if it is determined to be in the best interest of the Trust Fund.

Section 6: SEVERABILITY

6.1 If any provision of this Ordinance or the application thereof is held invalid, said invalidity does not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application and for this purpose, the provisions of the Ordinance are severable.

Section 7: EFFECTIVE DATE

7.1 This Ordinance shall be in effect from and after the date of its passage by the Crow Wing County Board of Commissioners and publication according to Minnesota Statutes.

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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Eric Charpentier, Executive Director
Date: April 8th, 2025
Re: Executive Director Report

Housing Development Financial Professional Training

Throughout the week of April 7th – 11th I will be attending the first in a three-part series of classes to become certified as a housing development financial professional through a series that is administered through Grow America (formerly NDC). This is a curriculum that includes housing development, housing finance and overall, a general education on successfully putting the pieces together to bring housing development to a community. I am excited to be starting this classwork and will keep the board updated on my progress.

Action Requested: For discussion purposes only.

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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Eric Charpentier, Executive Director
Date: April 8th, 2025
Re: Housing Trust Fund Report

Housing Trust Fund Education

At the March 11th board meeting there was discussion surrounding reviewing the housing trust fund, its programs and the guidelines that have been approved by the board as we have had some new members to our board recently. As you heard previously in this meeting, we have started that process by reviewing the state statute and the local ordinance allowing the creation of the fund. In the upcoming months staff will be presenting the different programs that we currently offer to provide deeper insight and also allow for board input on these programs. Staff is continually reviewing our guidelines as well and we anticipate that throughout the next few meetings that between staff recommendations and feedback from the commissioners, that we will have a request to update our guidelines to ensure that they are reflective of any adjustments that the board would like to make.

Action Requested: No action needed, for informational purposes only.

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Housing & Redevelopment Authority

To: Crow Wing County HRA Board Members
 From: John Schommer, Rehab & Maintenance Director
 Date: April 2, 2025
 Re: Programs Report

Brainerd Oaks/Serene Pines/Dalmar Estates

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	80	72	0	4
Serene Pines	24**	22	22	0	0
Dalmar Estates	7	7	6	0	1

* Originally 83 lots, 2 have been merged/combined into a single parcel

**Originally 23 lots, 1 was added

Action Requested: None, discussion items.

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