

**THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK
REGULAR EDA MEETING – AGENDA #12**

President Jeffrey Lunde, Vice President Jeanette Meyer & Treasurer Rich Gates
Commissioners Peter Crema, Dean Heng, Elizabeth Knight & Mike Trepanier
Acting Executive Director Michael Sable, Assistant Executive Director James Verbrugge & Secretary Theresa Freund

If due to a disability, you need auxiliary aids or services during an EDA Meeting, please provide the City with 72 hours notice by calling 763-493-8012 or TDD 763-493-8392 or FAX 763-493-8391.

Brooklyn Park, a thriving community inspiring pride where opportunities exist for all.

Our Goals:

- | | |
|---|---|
| 1. <i>Create a positive image</i> | 4. <i>Ensure stable neighborhoods</i> |
| 2. <i>Develop structurally balanced budget that meets our mission</i> | 5. <i>Ensure best use development that is livable and sustainable</i> |
| 3. <i>Develop shared services plan</i> | 6. <i>Ensure mission oriented organizational culture</i> |

I. ORGANIZATIONAL BUSINESS

1. CALL TO ORDER/GREETINGS TO THE EDA/ROLL CALL

2. PUBLIC COMMENT AND RESPONSE 7:00 – 7:15 p.m.

This provides an opportunity for the public to address the EDA on items, which are not on the agenda. Open Forum will be limited to 15 minutes (if no one is in attendance for the Open Forum, the Regular Meeting may begin) and it may not be used to make personal attacks, to air personality grievances, to make political endorsements or for political campaign purposes. Commissioners will not enter into a dialogue with citizens. Questions from the EDA will be for clarification only. Open Forum will not be used as a time for problem solving or reacting to the comments made but, rather, for hearing the citizen for informational purposes only.

2A. RESPONSE TO PRIOR PUBLIC COMMENT

2B. PUBLIC COMMENT

3. APPROVAL OF AGENDA

II. STATUTORY BUSINESS AND/OR POLICY IMPLEMENTATION

4. CONSENT

4.1 Consider Approving EDA Meeting Minutes

The following items relate to the EDA's long-range policy-making responsibilities and are handled individually for appropriate debate and deliberation. (Those persons wishing to speak to any of the items listed in this section should fill out a speaker's form and give it to the Secretary. Staff will present each item, following in which audience input is invited. Discussion will then be closed to the public and directed to the EDA table for action.)

5. Public Hearings

5.1 None

6. General Action Items

- 6.1 Consider Approving an Amended and Restated Contract for Private Development Between the Brooklyn Park EDA, City of Brooklyn Park and Target Corporation
- 6.2 Consider Modifying the Restrictive Covenant Related to EDA-Assisted Home Rehabilitations to Terminate the Rental Restriction in the Case of Foreclosure
- 6.3 Consider Approving a Cost Participation Agreement with Hennepin County for Village Creek Public Improvements
- 6.4 Consider Approving Termination and Release of Assessment Agreement for Creekside Gables

III. DISCUSSION - These items will be discussion items but the EDA may act upon them during the course of the meeting.

7. Discussion Items

- 7.1 Status Update
- 7.2. Foreclosure Recovery Update

IV. ADJOURNMENT

Since we do not have time to discuss every point presented, it may seem that decisions are preconceived. However, background information is provided for the EDA on each agenda item in advance from City staff; and decisions are based on this information and past experiences. If you are aware of information that has not been discussed, please raise your hand to be recognized. Please speak from the podium. Comments that are pertinent are appreciated. Items requiring excessive time may be continued to another meeting.

The Brooklyn Park Economic Development Authority's Agenda Packet is posted on the City's website.

To access the agenda packet go to www.brooklynpark.org

The Next Scheduled EDA Meeting is January 9, 2012 at 7:00 P.M.

City of Brooklyn Park Request for EDA Action

Agenda Item No:	4.1	Meeting Date:	December 12, 2011
Agenda Section:	Consent	Prepared By:	Theresa Freund, EDA Secretary
Resolution:	N/A	Presented By:	Theresa Freund, EDA Secretary
No. of Attachments:	1		
Item:	CONSIDER APPROVING THE EDA MEETING MINUTES		

Executive Director's Proposed Action:

MOTION _____, SECOND _____ TO APPROVE THE NOVEMBER 14, 2011 EDA MEETING MINUTES.

Overview:

N/A

Primary Issues/Alternatives to Consider:

N/A

Budgetary/Fiscal Issues:

N/A

Attachments:

4.1A NOVEMBER 14, 2011 MEETING MINUTES

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK
NOVEMBER 14, 2011, MEETING MINUTES

I. ORGANIZATIONAL BUSINESS:

1. CALL TO ORDER: President Jeffrey Lunde (7:00 p.m.)
ROLL CALL PRESENT: President Jeffrey Lunde, Vice President Jeanette Meyer, Treasurer Rich Gates, Commissioners Peter Crema, Dean Heng, Elizabeth Knight, Mike Trepanier, Acting Executive Director Michael Sable and EDA Secretary Theresa Freund.
ABSENT/EXCUSED: None

GREETINGS TO THE EDA: None.
2. PUBLIC COMMENT AND RESPONSE: None.
3. APPROVAL OF AGENDA

MOTION MEYER, SECOND GATES TO APPROVE THE AGENDA AS PRESENTED. MOTION PASSED UNANIMOUSLY.

II. STATUTORY BUSINESS:

4. CONSENT:
 - 4.1 Consider Approving EDA Meeting Minutes

MOTION MEYER, SECOND GATES TO APPROVE THE OCTOBER 10, 2011 EDA MEETING MINUTES. UPON A CALL OF THE ROLL THE VOTE WAS AS FOLLOWS:
YES: CREMA, GATES, HENG, KNIGHT, LUNDE, MEYER AND TREPANIER. NO: NONE. ABSENT: MOTION CARRIES.
5. PUBLIC HEARINGS: None.
6. GENERAL ACTION ITEMS:
 - 6.1 Consider Granting Approval of the Master Public Assistance Agreement for NSP Foreclosure Recovery between the Brooklyn Park EDA and Twin Cities Habitat for Humanity, Inc.

MOTION MEYER, SECOND TREPANIER TO WAIVE THE READING AND ADOPT RESOLUTION #2011-26 GRANTING APPROVAL OF THE MASTER PUBLIC ASSISTANCE AGREEMENT FOR NSP FORECLOSURE RECOVERY BETWEEN THE BROOKLYN PARK EDA AND TWIN CITIES HABITAT FOR HUMANITY, INC. MOTION PASSED UNANIMOUSLY.

NOVEMBER 14, 2011 EDA MEETING MINUTES

Page 2

- 6.2 Consider Approving Purchase and Sale Agreement and Lease Agreement with MCSD Management LLC for the Purchase of the Property Located at 4000 85TH Avenue North and Authorizing and Directing the Appropriate Officers to Implement the Terms Thereof

MOTION TREPANIER, SECOND GATES TO WAIVE THE READING AND ADOPT RESOLUTION #2011-27 APPROVING A PURCHASE AND SALE AGREEMENT AND LEASE AGREEMENT with MCSD Management LLC FOR THE PURCHASE OF the PROPERTY LOCATED AT 4000 85TH AVENUE NORTH AND AUTHORIZING AND DIRECTING THE APPROPRIATE OFFICERS TO IMPLEMENT THE TERMS THEREOF. MOTION PASSED UNANIMOUSLY.

- 6.3 Consider Approving a Term Sheet for a Contract for Private Development for the Target Campus

MOTION TREPANIER, SECOND CREMA APPROVING A TERM SHEET FOR A CONTRACT FOR PRIVATE DEVELOPMENT FOR THE TARGET CAMPUS. MOTION PASSED UNANIMOUSLY.

- 6.4 Consider Approving the 2012 Economic Development Authority Budget

MOTION MEYER, SECOND TREPANIER TO WAIVE THE READING AND ADOPT RESOLUTION 2011-28 APPROVING THE 2012 ECONOMIC DEVELOPMENT AUTHORITY BUDGET. MOTION PASSED UNANIMOUSLY.

III. DISCUSSION:

7. DISCUSSION ITEMS

- 7.1 Status Update – Michael Sable highlighted the following:

- The Brooklyn Park Development Corporation approved a request through the fixed asset gap loan fund for \$150,000 for the new Primrose School to be built in Brooklyn Park. The school had their ground breaking today.
- Business Forward has finished three cafes styled events that were well attended. The next phase is the formation of the Business Forward task force. Commissioners were requested to encourage business owners to be engaged and apply to the task force.
- Nearly 200 Common Interest Community residents attended two seminars presented by attorneys from the law firm of Hellmuth and Johnson. Topics included board member responsibilities, collecting association fees and construction repairs and defects.

NOVEMBER 14, 2011 EDA MEETING MINUTES

Page 3

- Through the Business Forward initiative staff has heard people talk about lack of retail and quality restaurants in the community. Staff is currently working on the possibility of an independent 3rd party doing an analysis of Brooklyn Park's business climate and the climate of its neighboring communities. A recommendation will be brought to commissioners in the next few months about a possible study.
- The EDA as it considers redevelopment options and development opportunities may need to spend some time in discussion about the priorities for certain corridors i.e. 610 and 85th Avenue. As budgets get tighter decisions become more difficult and having the EDA provide direction to staff on the types of things they are looking for will be helpful and continuing that conversation is going to be important going forward. It is his hope that in the next three months that conversation takes place.
- Potential legislative changes to the jobs bill that may be necessary to the Grand Rios Hotel. There is a provision in the jobs bill that puts a date limit on when funds may be used. The EDA may need to ask for special legislation to extend that date.

Commissioner Crema asked when the Tai Cuisine Restaurant and Asia Super Buffet Restaurant will be opening. Amy Baldwin reported the Asia Super Buffet is under renovation and she doesn't have an exact date and the Tai Cuisine is still working through some permitting and contractor discussions.

Commissioner Crema also asked about the grand opening date for the Primrose School. Amy Baldwin reported that they had a groundbreaking ceremony today and will be opening in May or June of 2012.

7.2 Foreclosure Recovery Update – Kim Berggren highlighted the following:

- In this month's update there is a table showing 93 homes rehabilitated and 45 homebuyer assistance to date.
- Hennepin County has designated additional funds to provide homebuyer assistance in Brooklyn Park. Staff anticipates that an additional twenty-five families will be provided homebuyer assistance in the city.
- Last month the EDA approved the utilization of \$1,000,000 in Tax Increment Financing funds from TIF District 15 for foreclosure recovery work in the city. Robert Engstrom Capital Management has already acquired two foreclosed homes with this funding and is working to acquire two more.

NOVEMBER 14, 2011 EDA MEETING MINUTES

Page 4

- Staff is seeking low income Section 3 contractors as well as vicinity contractors. Abby Shafer is maintaining a list of those who contact the city and the developers are using the list to find contractors.

IV. ADJOURNMENT

Meeting adjourned at 7:40 p.m.

Respectfully Submitted
EDA Secretary Theresa Freund

City of Brooklyn Park Request for EDA Action

Agenda Item No:	6.1	Meeting Date:	December 12, 2011
Agenda Section:	General Action Items	Prepared By:	Jason Aarsvold, Economic and Redevelopment Director
Resolution:	X	Presented By:	Jason Aarsvold, Economic and Redevelopment Director
No. of Attachments:	3		
Item:	CONSIDER APPROVING AN AMENDED AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT BETWEEN THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY, CITY OF BROOKLYN PARK AND TARGET CORPORATION		

Executive Director's Proposed Action:

MOTION _____, SECOND _____ TO WAIVE THE READING AND ADOPT RESOLUTION #2011-____ APPROVING AN AMENDED AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT BETWEEN THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY, CITY OF BROOKLYN PARK AND TARGET CORPORATION.

Overview:

In June 2006, the EDA entered into a Contract for Private Development with the Target Corporation for development of its North Campus. Following this, Target began construction of a new office building on the campus. Because of a slowing economy, no further construction has taken place for a five year period. As a result, the contract states the EDA has the right to opt out of the entire agreement although the EDA has not chosen to do so.

Based on recent discussions with Target Corporation, growth in employment means they have a need for additional office space. Representatives from Target indicated they are considering several options to meet this need, including expansion of the existing campus in Brooklyn Park. Target representatives are also aware of the EDA's right to opt out of the contract. They wanted to ensure the same deal as outlined in the 2006 contract would still be in place in order to continue consideration of the North Campus expansion option.

Following these discussions, staff began working with Target to modify the existing contract. The goal is to provide Target with the assurances it needs to expand on the campus, clarify parts of the agreement to reflect what has happened to date and make some modifications that will better serve the city. These proposed modifications were preliminarily approved by the EDA in the form of term sheet at the November 14 meeting. Based on this approval, staff worked with Target to develop a final version of the Amended and Restated Contract for Private Development.

The purpose of this action is to consider approval of the amended and restated Contract for Private Development with the Target Corporation for development of its North Campus.

Primary Issues/Alternatives to Consider:

- **What changes are proposed in the agreement?**

The overriding objective in modifying the contract was to change only what is necessary and leave everything else as it exists. To that end, there are really only two basic changes proposed. The first is a request by EDA staff to substitute “jobs bill” tax increment financing for abatement on one new building and the second is to extend the “opt out” date in the agreement another 5 years, provided that Target constructs another new building on the site.

The Jobs Bill authority allows the EDA to use existing pooled increment rather than make tax abatement payments annually over time. This means that the city will benefit immediately from the taxes generated by the new building, rather than refunding them. The amount of the assistance will be based on a calculation of the net present value of the abatement that would have been payable under the original contract.

Extending the “opt out” another five years means that if Target continues to build out its campus, future buildings will be eligible for abatement. Target has to build more to receive any benefit from this provision. These changes are summarized in the attached memorandum from Kennedy and Graven.

- **What are the next steps?**

Since the City is a party to this Contract, it must also be approved by the City Council. In addition, the original abatement resolution passed by the City Council must be amended, which requires a public hearing. Staff is planning to bring both items to the City Council for action at its December 19, 2011 meeting.

Budgetary/Fiscal Issues:

The EDA approved a spending plan as required by the jobs bill legislation. In addition, the amount of the anticipated expenditure for this assistance to Target is included in the EDA’s budget for 2012.

Recommendation

The Acting Executive Director of the Economic Development Authority recommends approval.

Attachments:

- 6.1A RESOLUTION
- 6.1B KENNEDY AND GRAVEN MEMORANDUM
- 6.1C AMENDED AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT BETWEEN BROOKLYN PARK EDA, CITY OF BROOKLYN PARK, AND TARGET CORPORATION

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK

RESOLUTION #2011-

APPROVING AMENDED AND RESTATED CONTRACT FOR PRIVATE
DEVELOPMENT BETWEEN BROOKLYN PARK ECONOMIC DEVELOPMENT
AUTHORITY, CITY OF BROOKLYN PARK AND TARGET CORPORATION

BE IT RESOLVED by the Board of Commissioners of the Brooklyn Park, Economic Development Authority ("Authority") as follows:

1. Background.

1.01. The Authority, the City of Brooklyn Park (the "City") and Target Corporation ("Target") entered into a Contract for Private Development dated as of August 1, 2006 (the "Contract"), under which Target proposed to construct certain improvements at its corporate campus in the City, and the City and Authority agreed to provide certain financial assistance for that effort in the form of property tax abatement under Minnesota Statutes, Sections 469.1812 to 469.1815 (the "Abatement Act").

1.02. The parties have negotiated certain modifications to the Contract, and to that end have prepared an Amended and Restated Contract for Private Development (the "Amended Contract").

1.03. The Board has reviewed the Amended Contract, and has determined that it in the best interests of the Authority to approve and execute the Amended Contract.

2. Approval of Amended Contract.

2.01. The Authority approves the Amended Contract, and authorizes and directs the President and Acting Executive Director to execute same in substantially the form on file, subject to Section 2.01 hereof, and subject to modifications that do not alter the substance of the transaction and are approved by the President and Acting Executive Director, provided that execution of the Amended Contract by such officials will be conclusive evidence of their approval.

2.02. Approval of the Amended Contract by the Authority is subject to and contingent upon approval by the City Council, after duly noticed public hearing, of an amended and restated abatement resolution in accordance with the Abatement Act, which resolution incorporates the changes described in the Amended Contract.

2.03. Authority officials (including the Acting Executive Director, the Assistant Executive Director, or any other person designated by the Authority to act on behalf of the Authority) are authorized to take any other actions and execute any documents referred to in, or ancillary to, the Amended Contract.

Kennedy

&

Graven

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MEMORANDUM

TO: Brooklyn Park EDA Commissioners
Mike Sable
Jason Aarsvold

FROM: Stephen Bubul

DATE: December 4, 2011

RE: Amended and Restated Contract for Private Development Between Brooklyn Park EDA, City of Brooklyn Park and Target Corporation (“Amended Restated Agreement”)

Background: 2006 Development Agreement

As you know, the EDA and City entered into a Contract for Private Development with Target Corporation (“Target”) dated August 1, 2006 (the “2006 Development Agreement”), regarding development of the Target campus in the City. Under the 2006 Development Agreement, Target proposed to build certain improvements under a specified schedule (the “Minimum Construction Requirement”). In exchange, Target would receive a portion of the City’s share of taxes on those improvements (referred to as “Abatement”), as reimbursement for certain “Qualified Costs.”

If the Minimum Construction Requirement was not met by the dates specified, half of the Abatement payable to Target is reduced pro rata (based on the square footage of improvements actually completed compared to the square footages specified in the contract). That reduction is eliminated in the future if improvements are later constructed (subject to the EDA right of termination discussed below).

Similarly, the 2006 Development Agreement required Target to create a specified number of new “Qualified Jobs” at this site. The jobs covenants included two components:

- a “Business Subsidy Jobs Requirement,” which was to create at least 500 new Qualified Jobs by August, 1, 2010 for purposes of compliance with Minnesota Statutes, Section 116J.993 to 116J.995 (the “Business Subsidy Act”); and
- an Abatement Jobs Requirement, which was to create at least 1,500 new Qualified Jobs by January 15, 2011.

The difference between these covenants is that the remedy for failure to satisfy the Business Subsidy Jobs requirement is to permanently reduce the business subsidy (on a pro rata basis), as required under the Business Subsidy Act. The remedy for failure to satisfy the Abatement Jobs Requirement is to temporarily reduce half of the Abatement, which reduction is eliminated if jobs are created in the future. (This is comparable to the Minimum Construction Requirement mentioned above.)

The 2006 Development Agreement also provided that the EDA may terminate that contract as to any portions of the Development Property on which no improvements are built in any consecutive five-year period.

Target completed one office building with approximately 245,000 square feet (now referred to as “Building 4”), and also created a substantial number of jobs. No other improvements have been commenced. However, Target has now proposed to build another office building (“Building 5”) with approximately 350,000 square feet, and to that end has requested the EDA to amend the 2006 Development Agreement in certain respects.

Proposed Amended & Restated Agreement

The draft Amended & Restated Agreement contains these key provisions:

1. *Minimum Construction Requirement (Sections 7.2, 7.4 and 9.8)* The total construction requirement has not changed. In addition to Building 4, Target was required to complete an additional 350,000 square feet of office space by December 31, 2010, and another 300,000 square feet of either office or retail space by December 31, 2009. Target did not meet those requirements, so the Abatement it would otherwise receive will be reduced proportionately; provided that if future improvements are built, the added square footages will eliminate the reduction and increase the amount of Abatement payable (subject to the EDA’s termination rights, described in Point 5 below).

Part of the Minimum Construction Requirement is expected to be satisfied by new Building 5. If that building is timely completed, the portion of Abatement payable will be increased proportionately, as mentioned above.

2. *Abatement Jobs Requirement (Sections 7.5, 9.8)* The Abatement Job Requirement is not changed. Target acknowledges that it created 467.4 new Qualified Jobs by the required date, so the Abatement has been proportionately reduced (measuring against the 1,500 Qualified Jobs needed for the Abatement Jobs Requirement). As with the construction requirement, the contract acknowledges that this means the Abatement payments have been commensurately reduced, subject to later reinstatement if and when jobs are created in the future. Again, new jobs associated with Building 5 will result in a proportionate increase in Abatement payments.

3. *Business Subsidy Jobs Requirement (Sections 8.5, 8.6 and 9.8)* The Business Subsidy Jobs Requirement is not changed. Target fell just 32.6 jobs short of the 500 Qualified Jobs required. The contract acknowledges that, as a result, all Abatement payments, and all other forms of subsidy, are reduced by approximately 6.5% (the pro rata share of the requirement). This reduction will *not* be eliminated by any future job creation.

4. *Assistance for Building 5 (Section 9.10)* The EDA has determined that, in lieu of providing Abatement, the EDA will provide an equivalent amount of assistance in connection with Building 5, using existing pooled tax increment as permitted under the 2010 Jobs Bill (as amended in 2011). The EDA will perform a hypothetical projection of the Abatement that *would have* been payable from Building 5 if the original contract remained in effect. The EDA will disburse pooled increment to Target in the amount of the present value of projected Abatement, to be determined by the final size of Building 5. Therefore, the amount of the subsidy related to Building 5 is not changed. Section 9.10 describes how the amount will be calculated, and the conditions that must be met for disbursement (which includes evidence that Building 5 has commenced construction and that Target has created construction jobs).

In addition, Section 9.10 contains provisions to recapture the up-front assistance if it is later determined that the amount was too great (the recapture would be accomplished by reducing the Abatement from Building 4).

5. *Authority Opt-Out Rights (Section 14.11)* Under the 2006 Development Agreement, the EDA currently has the right to terminate the contract as to the remaining undeveloped property (now defined as the “Authority Opt-Out Right”). This is because five years have elapsed without development for all remaining portions of the Development Property. However, in order to provide incentive for Target to complete Building 5, the Amended & Restated Agreement revises that right as follows:

- (a) If Target commences Building 5 by July 1, 2012, then the five-year clock is reset. That is, the EDA may not exercise the Opt-Out Right until five more years elapse without development.

(b) If Target fails to commence Building 5, by July 1, 2012, then the Authority Opt-Out Right is immediately reinstated. That is, if that default occurs, the EDA could immediately terminate the contract as to the remainder of the Development Property (including the property on which Building 5 was to be located).

(c) Whenever the Authority Opt-Out Right comes into effect, this does not mean the contract is automatically terminated; Target may continue to attempt development, but subject to the EDA's *right* to terminate the contract at any time until a particular improvement is actually commenced. If an improvement is commenced before the EDA terminates the contract as to that parcel, the Authority Opt-Out right terminates as to that parcel (which means Target would still be entitled to Abatement from that new improvement). However, the Authority Opt-Out Right remains in effect for the remaining undeveloped property. (As a practical matter, in the future Target would likely request assurance from the EDA that it would not terminate regarding a proposed new development, but that is a decision the EDA may make at the time.)

Taken as a whole, the Amended & Restated Agreement does not represent a significant change in the business terms of the 2006 Development Agreement. The substitution of pooled increment for Abatement regarding Building 5 is a choice made by the EDA for financial management purposes. The only material change is the extension of the Authority Opt-Out Right, which is contingent on Target timely commencing construction of Building 5 requirements.

If you have questions about the Amended & Restated Agreement, please contact me.

December 4, 2011 Version

AMENDED & RESTATED

CONTRACT

FOR

PRIVATE DEVELOPMENT

By and Between

BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY

and

THE CITY OF BROOKLYN PARK

and

TARGET CORPORATION

Target North Campus, Brooklyn Park, Minnesota

December __, 2011

This document was drafted by:

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TABLE OF CONTENTS

	<u>Page</u>
Preamble	1
ARTICLE I <u>Definitions</u>	
Section 1.1. Definitions.....	3
ARTICLE II <u>Representations and Warranties</u>	
Section 2.1. Representations by the Authority.....	12
Section 2.2. Representations by the City	13
Section 2.3. Representations by Target.....	15
ARTICLE III <u>Public Improvements</u>	
Section 3.1. Internal Infrastructure.....	16
Section 3.2. External Infrastructure	17
Section 3.3. Public Facilities.....	18
ARTICLE IV <u>Site Planning</u>	
Section 4.1. Overall Development Site Plan.....	19
Section 4.2. Phase Development Plans.	19
ARTICLE V <u>Development Property</u>	
Section 5.1. Target Property	20
Section 5.2. Additional Property.....	20
ARTICLE VI <u>Parks</u>	
Section 6.1. Planning	21
Section 6.2. Construction	21
Section 6.3. Dedication to City	22
Section 6.4. Park Dedication Requirements.....	23

ARTICLE VII**Minimum Construction Requirement; Abatement Jobs Requirement; Housing Goals;
Go-Ahead Procedure**

Section 7.1.	2006 Office Construction.....	23
Section 7.2.	2008 Office Construction.....	23
Section 7.3.	<i>INTENTIONALLY LEFT BLANK</i>	23
Section 7.4.	Retail Construction.....	23
Section 7.5.	Abatement Jobs Requirement	23
Section 7.6.	Housing	24
Section 7.7.	Development Phases; Go-Ahead Notices	24
Section 7.8.	Parking	25
Section 7.9	Status Reports	25
Section 7.10	Market Forces	26

ARTICLE VIII**Business Subsidy Agreement**

Section 8.1.	Purpose; Waivers	26
Section 8.2.	Description of Business Subsidy.....	26
Section 8.3.	Statement of Need for Business Subsidy	27
Section 8.4.	Public Purpose Statement.....	27
Section 8.5.	Business Subsidy Jobs Requirement.....	27
Section 8.6.	Repayment of Business Subsidy	28
Section 8.7.	Reporting Requirements.....	28
Section 8.8.	Five Year Commitment.....	28
Section 8.9.	Name and Address of Parent Corporation	28
Section 8.10.	Other Business Subsidies Received for the Planned Improvements.....	29
Section 8.11.	Successors and Assigns.....	29

ARTICLE IX**Abatement**

Section 9.1.	Abatement Resolutions	29
Section 9.2.	City Pledge Agreement	29
Section 9.3.	Qualified Cost Certification	30
Section 9.4.	Abatement	31
Section 9.5.	Target Representations Concerning Abatement Amounts.....	33
Section 9.6.	Restriction on Additional Abatement	34
Section 9.7.	Audit Rights	34
Section 9.8.	Aggregate Payment Adjustments.....	34
Section 9.9.	Reinstatement.....	36
Section 9.10.	Pooled Increment Assistance for Building 5.....	36

ARTICLE X**Prohibitions Against Assignment and Transfer; Indemnifications**

Section 10.1.	Representation as to Development.....	36
Section 10.2.	Transfer of Rights to Receive Semi-Annual City Abatement Amounts	36
Section 10.3.	Release and Indemnification Covenants	36

ARTICLE XI

Termination of Agreement

Section 11.1.	Automatic Termination	37
Section 11.2.	Effect of Termination.....	37
Section 11.3.	Evidence of Termination.....	37

ARTICLE XII

Default and Remedies

Section 12.1.	Defined	37
Section 12.2.	Remedies	38
Section 12.3.	Exclusivity of Remedies	38
Section 12.4.	No Additional Waiver Implied by One Waiver	38

ARTICLE XIII

Arbitration

Section 13.1.	Scope	38
Section 13.2.	Notice	39
Section 13.3.	Arbitrators	39
Section 13.4.	Cost of Arbitration.....	39
Section 13.5.	Location of Proceedings.....	39
Section 13.6.	Governing Law.....	39
Section 13.7.	Consolidation.....	39
Section 13.8.	Award	40
Section 13.9.	Appeal	40

ARTICLE XIV

Additional Provisions

Section 14.1.	Extensions	40
Section 14.2.	Conflicts of Interest; Authority and City Representatives Not Individually Liable.....	41
Section 14.3.	Fees.....	41
Section 14.4.	Titles of Articles and Sections.....	41
Section 14.5.	Notices and Demands	41
Section 14.6.	Counterparts	42
Section 14.7.	Law Governing.....	42
Section 14.8.	Severability.....	42
Section 14.9.	Complete Agreement.....	42
Section 14.10.	Execution by City and Authority.....	42
Section 14.11.	Binding Effect; Opt-Out Right	42
Section 14.12.	Authority	43
Section 14.13.	Recording	43

Section 14.14. Unavoidable Delays43

TESTIMONIUM & SIGNATURES..... 44-46

EXHIBIT A City Abatement Resolution
EXHIBIT B Legal Description of City Property
EXHIBIT C Form of City Pledge Agreement
EXHIBIT D Legal Description of Building 4 Site
EXHIBIT E Overall Development Site Plan
EXHIBIT F Legal Description of Target Property
EXHIBIT G INTENTIONALLY LEFT BLANK
EXHIBIT H Form of Payment Certificate
EXHIBIT I Base Tax Schedule
EXHIBIT J INTENTIONALLY LEFT BLANK
EXHIBIT K INTENTIONALLY LEFT BLANK
EXHIBIT L Staff Report Regarding Business Subsidy Policy
EXHIBIT M Minnesota Business Assistance Form

AMENDED & RESTATED
CONTRACT FOR PRIVATE DEVELOPMENT

THIS AMENDED & RESTATED AGREEMENT, is made on or as of the ____ day of December, 2011 by and between the BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic under the laws of the State of Minnesota, and having its principal office at 5200 85th Avenue North, Brooklyn Park, Minnesota 55443-4300 (the "**Authority**"), the CITY OF BROOKLYN PARK, a Minnesota municipal corporation, and having its principal office at 5200 85th Avenue North, Brooklyn Park, Minnesota 55443-4300 (the "**City**") and TARGET CORPORATION, a Minnesota corporation, having its principal offices at 1000 Nicollet Mall, Minneapolis, Minnesota 55403 ("**Target**").

WITNESSETH:

WHEREAS, the City is a Minnesota home rule charter municipal corporation and is governed by its City Council; and

WHEREAS, the Authority is a public body corporate and politic, organized and existing pursuant to the Constitution and laws of the State of Minnesota and is governed by its Board of Commissioners; and

WHEREAS, the Authority was created by the City Council by its adoption of Enabling Resolution Number 1988-273, dated October 24, 1988, whereby the Authority was granted all of the powers, rights, duties, and obligations as set forth in *Minnesota Statutes*, Sections 469.090 through 469.1081 (the Economic Development Act"); and

WHEREAS, in furtherance of the objectives of the Economic Development Act, the City and the Authority have undertaken a program to encourage and assist the orderly development of vacant and underused property in the City; and

WHEREAS, the subject of this Amended & Restated Agreement is vacant and underutilized land within an area of the City depicted on Exhibit E and identified herein as the "**Development Property**"; and

WHEREAS, Target is the owner of a majority of the Development Property, having previously constructed office facilities on the easterly portion thereof (the "**Corporate Campus**"); and

WHEREAS, the Development Property is located within the boundaries of City of Brooklyn Park Municipal Development Districts 1 and 2, having been established by the City Council pursuant to *Minnesota Statutes*, §§469.124 to 469.128; and

WHEREAS, pursuant to the Economic Development Act the Authority is authorized to establish economic development districts in order to provide for the development of the City; and

WHEREAS, pursuant to the Economic Development Act, the Authority has established the 610 Economic Development District (the "**District**") the boundaries of which are co-terminus with the perimeter of the Development Property; and

WHEREAS, a major objective of creating the District is to encourage and assist, when necessary and appropriate, with the orderly development of vacant and underused property in the District by cooperating with and encouraging potential developers and through the construction of public improvements and infrastructure improvements in connection therewith; and

WHEREAS, pursuant to *Minnesota Statutes*, §§469.1812 to 469.1915 (the "**Abatement Act**"), the City is authorized to grant an abatement of ad valorem taxes imposed by the City if it finds that the benefits to be derived from anticipated development exceed the estimated cost of such benefit and if doing so will increase tax base, provide new employment opportunities, assist in the construction of new public facilities, help City residents access services and result in the provision of new infrastructure within the City; and

WHEREAS, the Authority, the City and Target previously entered into that certain Contract for Private Development dated August 1, 2006 involving the Development Property and Target's Corporate Campus (the "**2006 Development Agreement**"), under which Target agreed to construct certain improvements on the Development Property, and the Authority agreed to provide certain financial assistance in connection with that development;

WHEREAS, Target subsequently constructed a building (Building 4) on the Corporate Campus as provided therein; and

WHEREAS, Target has proposed to undertake additional construction on and development of its Corporate Campus, generally as contemplated in the 2006 Development Agreement but with somewhat different timing, and with some changes in the nature of the Authority's assistance; and

WHEREAS, Target, the City and the Authority have participated in negotiations concerning such contemplated development and Target's current development plans for the Corporate Campus; and

WHEREAS, in order to achieve the objectives of the Authority and the City, and to facilitate the development of the Development Property, the City and the Authority are prepared to continue to provide for the construction of certain public improvements in and around the District and for reimbursement of Target for the cost of constructing certain infrastructure improvements within the District; and

WHEREAS, the City and the Authority believe that the development contemplated by this Amended & Restated Agreement is in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the District has been undertaken.

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

ARTICLE I

Definitions

Section 1.1. Definitions. In this Amended & Restated Agreement, unless a different meaning clearly appears from the context:

"2006 Development Agreement" means the Contract for Private Development by and among the Authority, the City and Target dated August 1, 2006.

"Abatement" means the dedication to Target of a portion of City ad valorem taxes for the reimbursement of Verified Qualified Costs plus accrued interest at the Stated Rate under the Abatement Act.

"Abatement Act" means *Minnesota Statutes*, Sections 469.1812 to 469.1815, as the same may be amended from time to time.

"Abatement Eligible Property" or **"Abatement Eligible Properties"** means (1) any parcel of Target Property designated by Target as the subject of a Final Go-Ahead Notice and (2) that portion of the Target Property associated with the Building 4 and/or future buildings on the Target Property, *except* the property on which Building 5 is constructed, it being understood that assistance related to Building 5 is governed by Section 9.10 hereof.

"Abatement Jobs Requirement" means the Qualified Jobs requirement set forth in **Section 7.5** hereof for the purposes of the Abatement provided hereunder.

"Abatement Percentage" means the following, depending upon whether or not the County agrees to abate the property taxes it levies against the Target Property at a level no less than the Minimum County Abatement Amount, as requested pursuant to Sections 2.1(e) and 2.2(g) hereof, or otherwise agrees to provide Equivalent County Incentives:

Year	Target % without County Participation	Target % with County Participation
2008	100%	95%
2009	95%	90%
2010	95%	90%
2011	90%	85%
Thereafter	90%	85%

"Abatement Period(s)" means the term of the Abatement for each Abatement Eligible Property, as follows:

- (1) With respect to each Abatement Eligible Property for which a Certificate of Occupancy has been issued for a Planned Improvement prior to January 1, 2017, the Abatement Period shall commence on and include the August 1st Payment Date of the second (2nd) calendar year following issuance of said Certificate of

Occupancy and shall extend to and include the thirty-ninth (39th) Payment Date thereafter.

- (2) With respect to each Abatement Eligible Property for which construction of a Planned Improvement has been Commenced, but not Completed, prior to January 1, 2017, the Abatement Period shall commence on and include the August 1, 2018 Payment Date and shall extend to and include the thirty-ninth (39th) Payment Date thereafter.
- (3) With respect to each Abatement Eligible Property for which construction has Commenced on or after January 1, 2017, the Abatement Period shall commence on the later of (i) the August 1, 2018 Payment Date or (ii) the first Payment Date following issuance of the first Building Permit for such property, and shall extend to and include the thirty-ninth (39th) Payment Date thereafter.
- (4) In no event shall an Abatement Period extend beyond February 1, 2038 or consist of more than forty (40) Payment Dates.

"Aggregate Payment" shall have the meaning ascribed to such term in Section 9.4(b) of this Amended & Restated Agreement.

"Amended & Restated Agreement" means this agreement, as the same may be from time to time modified, amended, or supplemented by agreement of the Parties.

"Amended & Restated City Abatement Resolution" means the amended and restated resolution in the form attached hereto as Exhibit A, adopted by the City Council, granting Abatement to Target, incorporating modifications consistent with this Amended and Restated Agreement.

"Agreement Date" means August 1, 2006. The parties agree that the Agreement Date, which is the Agreement Date under the 2006 Development Agreement, will continue to be used for the purposes of this Amended & Restated Agreement.

"Annual Compensation" means the annual salary paid to an employee plus the value of all benefits provided to the employee in addition to such salary including, but not limited to, employer provided healthcare benefits, retirement benefits, insurance benefits and vacation benefits.

"Arbitration" means the dispute resolution procedure set forth in Article XIII hereof.

"Arbitrative Dispute" means a disagreement between the Authority and Target which, pursuant to the terms of this Amended & Restated Agreement, is to be resolved pursuant to Arbitration.

"Authority" means the Brooklyn Park Economic Development Authority, established by the City pursuant to the Economic Development Act.

"Authority Business Subsidy Policy" means the Authority's wage and jobs policy in effect as of the Agreement Date as required by the Business Subsidy Act.

“Authority Opt-Out Right” has the meaning provided in Section 14.11(b) and (c).

"Base Tax" means, except as otherwise provided in Section 5.2(d) hereof, the amount identified in Exhibit I attached hereto for each tract of the Development Property, which Base Tax shall be allocated to each Abatement Eligible Property in accordance with Section 9.4(c)(iii) hereof. It is the intention of the parties that the Base Tax identified in Exhibit I for each tract of the Development Property is calculated based on the Tax Capacity attributable to the each such tract for taxes payable in calendar year 2006 *times* the City Tax Capacity Rate for each such tract for taxes payable in calendar year 2006.

"Benefit Date" means August 1, 2008, which is the first Payment Date upon which an Aggregate Payment was made to Target under the 2006 Development Agreement.

"Board" means the governing body of the Authority.

"Building 4" means the Target office building referenced in Section 7.1 of this Amended & Restated Agreement together with the Internal Infrastructure improvements related thereto.

"Building 5" means the Target office building referenced in Section 7.2 of this Amended & Restated Agreement together with the Internal Infrastructure improvements related thereto.

“Building 5 Default” has the meaning provided in Section 14.11(b).

"Building Permit" means a permit issued by a building official of the City authorizing the Commencement of construction of a Planned Improvement.

"Business Subsidy" has the meaning ascribed to such term in Section 8.2 of this Amended & Restated Agreement.

"Business Subsidy Act" means *Minnesota Statutes*, Sections 116J.993 to 116J.995.

“Business Subsidy Jobs Requirement” means the Qualified Jobs requirement set forth in **Section 8.5** hereof for the purposes of the Business Subsidies Act.

"Central Park" means certain park areas as designated on the Overall Development Site Plan, as the same may be amended by Phase Development Plans, which park areas may include activity spaces, greenery, mature trees, benches, pathways, picnic areas, signage, lighting, benches and trash receptacles.

"Certificate of Occupancy" means a certificate issued by a City building official or such other equivalent documentation or instrument by which the City affirms that a Planned Improvement is sufficiently complete to permit its occupancy.

"City" means the City of Brooklyn Park.

"City Abatement Resolution" means City Resolution No. 2006-159, approving the Abatement described in the 2006 Development Agreement.

"City Assessor" means the City assessment official charged with valuing real property within the City for ad valorem taxation purposes.

"City Business Subsidy Policy" means the City's wage and jobs policy in effect as of the Agreement Date as required by the Business Subsidy Act.

"City Pledge Agreement" means an agreement between the City and the Authority by which the City agrees to pay over to the Authority's Target Abatement Account the Semi-Annual City Abatement Amounts during each applicable Abatement Period, in the form attached hereto as Exhibit C.

"City Property" means that portion of the Development Property owned by the City, legally described on Exhibit B attached hereto and held for future park purposes.

"City Tax Capacity Rate" means the sum of all of the local tax rates imposed by the City and the Authority upon the Tax Capacity of taxable property within the City in any given year for taxes payable, including without limitation, all tax rates associated with special levies or levies that are separately designated on the tax statement (e.g. debt service levies, HRA levies, EDA levies, etc.).

"Class Rate" means the legislative class rate or rates applied to parcel of property based on its use pursuant to *Minnesota Statutes*, Section 273.13, which rate is multiplied by the assessed market value of such property to determine Tax Capacity.

"Commencement," "Commence" or "Commenced" means the beginning of physical improvement to an Abatement Eligible Property or Building 5, as the case may be, including grading, excavation, or other physical site preparation work.

"Complete," "Completed" or "Completion" means with respect to an Abatement Eligible Property or Building 5, as the case may be, the issuance, or entitlement to issuance upon application therefor of a Certificate of Occupancy with respect thereto.

"Corporate Campus" means the office facilities upon the Development Property now or in the future owned and operated by Target.

"Cost Verification Notice" means a written statement from the Authority to Target advising of those costs contained on a Qualified Cost Statement that the Authority reasonably accepts as Verified Qualified Costs under the terms of this Amended & Restated Agreement.

"Council" means the governing body of the City.

"County" means Hennepin County, Minnesota.

"County Abatement" means agreement by the County to grant an abatement to Target pursuant to the Abatement Act.

"Designated Developer" means any third-party or third parties with which Target enters into a written agreement for the development of portions of the Planned Improvements in accordance with this Amended & Restated Agreement.

"Development Phase" means any portion of the Planned Improvements the construction of which Target or its Designated Developer is prepared to undertake.

"Development Property" means the Target Property, the City Property and the MnDOT Property, collectively.

"District" means the 610 Economic Development District, encompassing the Development Property.

"Economic Development Act" means *Minnesota Statutes*, Section 469.090 to 469.1081.

"Equivalent County Incentives" means financial assistance provided Target by the County which is (1) provided in connection with the development or operation of the Target Property by Target or a Designated Developer, (2) provided pursuant to an agreement between Target and the County, (3) not a substitute for or replacement of any financial obligation undertaken or to be undertaken by the City or the Authority under this Amended & Restated Agreement and (4) in dollar amount reasonably estimated to be ninety percent (90%) or more of the total estimated Abatement to be provided by the City under this Amended & Restated Agreement.

"Event of Default" means an act or failure to act by Target, the City or the Authority, as defined in **Article XII** of this Amended & Restated Agreement.

"Executive Director" means the executive director of the Authority or, with respect to any particular action, his or her designee.

"External Infrastructure" means such public improvements and infrastructure to be constructed outside of the Development Property, as reasonably necessitated by the Planned Improvements constructed upon the Development Property, including but not limited to streets, interchanges, traffic control facilities, sidewalks, sewer and water facilities, trails, lighting, landscaping and public storm water facilities. External Infrastructure shall also include such public improvements and infrastructure to be constructed outside the interior curb line of any roadways constructed at the perimeter of the Development Property (i.e. within the Development Property, but at the perimeter thereof).

"External Infrastructure Phase" means a portion of the External Infrastructure that the parties agree must be constructed in support of a Development Phase.

"Final Go-Ahead Notice" means the notice delivered to the City by Target pursuant to **Section 7.7(b)** hereof.

"For-Sale Units" means those housing units constructed within the District and offered for sale to owner-occupants.

"For-Sale Workforce Housing" means For-Sale Units that meet the Ownership Income Limit and the Ownership Purchase Price Limit.

"Full-Time Equivalent Job" means any number of part-time employees employed within the Planned Improvements whose cumulative, annual hours worked is equal to 1800 hours."

"Full Time Job" means a position of employment primarily at a Planned Improvement who (1) works 1800 or more hours annually or (2) is salaried and does not get paid on an hourly basis.

"Highway 610 Improvements" means the extension of Highway 610 as a four-lane freeway from Highway 169 to Interstate 94 and the upgrading of Highway 610 to a six-lane freeway or such higher level as the projected needs of the region reasonably require.

"HUD Area Median" means the annual median family incomes for the Minneapolis-St. Paul Standard Metropolitan Statistical Area, as published annually by the United States Department of Housing and Urban Development.

"Internal Infrastructure" means all utilities and infrastructure improvements within the Target Property (exclusive of the External Infrastructure), including but not limited to sanitary sewer, water, streets, sidewalks, curbs, gutters, trails, lighting, landscaping, storm water facilities, private parking structures and areas, parks and other amenities.

"Maximum Qualified Costs" means the sum of all Verified Qualified Costs, together with interest thereon at the Stated Rate pursuant to Section 9.3 hereof, constituting the maximum amount of Abatement and Pooled Increment Assistance (combined) to be paid to Target pursuant to this Amended & Restated Agreement.

"Minimum Construction Requirement" means the construction and development requirements set forth in Sections 7.1, 7.2 and 7.4.

"Minimum County Abatement Amount" means a County Abatement with respect to the Target Property which is, in dollar amount, reasonably estimated to be ninety percent (90%) or more of the total estimated Abatement to be provided by the City under this Amended & Restated Agreement.

"Minimum Park Improvements" means the Central Park(s) and one or more Park Corridors constructed by Target or a Designated Developer upon the Development Property for the benefit of both the residents and employees within the District and the residents of the City generally pursuant to Article VI comprising not less than 20 acres in the aggregate, up to fifty percent (50%) of which may consist of lakes or ponds so long as such water features constitute an integrated element of the Minimum Park Improvements.

"Minimum Requirements" means the Minimum Construction Requirement, the Abatement Jobs Requirement and the Business Subsidy Jobs Requirement, collectively.

"MnDOT Parcel" means that property consisting of approximately twenty (20) acres located adjacent to the Target Property at the northeast quadrant of the intersection of Highways 610 and 169.

"Notice of Commencement" means a notice to the Authority from Target advising that a Building Permit has been issued for and construction of a Planned Improvement upon an Abatement Eligible Property, or Building 5, as the case may be, has been Commenced.

"Notice of Completion" means a notice to the Authority from Target advising that construction of a Planned Improvement upon an Abatement Eligible Property, or Building 5, as the case may be, has been Completed.

"Overall Development Site Plan" means the site plan for the Development Property attached hereto as Exhibit E, prepared by Target to show the potential development capacity of the Development Property.

"Ownership Income Limit" means that (1) fifty percent (50%) of the For-Sale Workforce Housing is initially purchased by households with annual family incomes at or below sixty percent (60%) of the HUD Area Median and (2) fifty percent (50%) of the For-Sale Workforce Housing is initially purchased by households with annual family incomes at or below eighty percent (80%) of the HUD Area Median

"Ownership Purchase Price Limit" means that the gross purchase price of For-Sale Workforce Housing does not exceed an amount which a person or family meeting the Ownership Income Limit can afford if spending no more than thirty percent (30%) of their income thereon.

"Park Corridors" means passageways, routes or connections from one area of the Development Property to another, including hard surface, multipurpose connectivity (walking, biking, hiking) to other sidewalks and trails, meeting public accessibility guidelines and designed in a pedestrian friendly manner and which may include, but shall not be limited to:

- ◆ streetscaping, lighting, signage, map location identifiers
- ◆ interest features of colored or treated concrete, brickwork or stone
- ◆ elements of public art
- ◆ rest areas (small court yard type areas adjacent to the trail, benches
- ◆ public restrooms
- ◆ small parking lot for those accessing corridor

"Parties" means the Authority, the City and/or Target, collectively and "Party" means the Authority, City and/or Target individually.

"Payment Certificate" means a certificate in the form attached hereto as Exhibit H prepared by the Authority and submitted to Target simultaneously with each Aggregate Payment showing (i) each Semi-Annual City Abatement Amount included in the Aggregate Payment, (ii) the total Verified Qualified Costs and accrued interest that remains outstanding after such Aggregate Payment and (iii) all reductions permitted under the terms of this Amended & Restated Agreement, if any. There shall be attached to each Payment Certificate the detailed calculation of each Semi-Annual City Abatement Amount included in the Aggregate Payment

(the **"Payment Detail"**), which Payment Detail shall contain, at a minimum, the detail set forth in the sample calculation included in the definition of Semi-Annual City Abatement Amount below.

"Payment Date" means each **August 1st** and **February 1st** during the applicable Abatement Period.

"Phase Development Plan(s)" means site plans for each Development Phase that Target or its Designated Developer is prepared to make the subject of a Preliminary Go-Ahead Notice, to be submitted by Target in accordance with Section 4.2 of this Amended & Restated Agreement.

"Planned Improvements" means, in the aggregate, approximately eight million (8,000,000) square feet of office, two million (2,000,000) square feet of retail, three thousand (3000) housing units, one or more parks totaling at least twenty (20) acres and one or more hotels, constructed, or caused to be constructed in phases by Target or its Designated Developers upon the Development Property pursuant to the applicable Final Go-Ahead Notice, including the Minimum Construction Requirement.

"Pooled Increment Assistance" has the meaning provided in Section 9.10 hereof.

"Preliminary Go-Ahead Notice" means the notice delivered to the Authority by Target in connection with a Development Phase pursuant to Section 7.7(a) hereof.

"Public Facilities" means one or more public parking structures, a City water tower, a City police substation and a County library as described in Section 3.3 hereof.

"Public Improvements" means the External Infrastructure, Internal Infrastructure and Public Facilities, collectively, as described in Article III.

"Qualified Costs" means the following costs incurred by Target or a Designated Developer after June 1, 2005 and certified to the Authority pursuant to Sections 9.3(a) and 9.10 hereof: (1) all costs incurred by Target associated with the purchase of the Target Property, or any portion thereof, including the purchase price paid by Target for such property and professional fees to the extent such land becomes an Abatement Eligible Property or Internal Infrastructure is constructed to serve such land, (2) all costs associated with the purchase of the City Property and/or the MnDOT Property, including the purchase price for such properties and professional fees, (3) all costs of Internal Infrastructure, including design and other professional fees and (4) all design and other professional fees incurred in connection with the preparation of Phase Development Plans and the related updating of the Overall Development Site Plan.

"Qualified Cost Statement" means a statement signed by an officer of Target, or person designated in writing by an officer of Target, and delivered to the Authority, detailing and certifying Qualified Costs that have been incurred by Target or a Designated Developer up to the date of the statement and which have not been detailed in a prior Qualified Cost Statement.

"Qualified Job" means a Full-Time Job or Full-Time Equivalent Job created at an Abatement Eligible Property, the Annual Compensation paid with respect to which, when

averaged with all prior Qualified Jobs created at the Development Property, is Fifty Thousand Dollars (\$50,000.00) or more. By way of example, a Full-Time Job or a Full-Time Equivalent Job at an Abatement Eligible Property that pays an Annual Compensation of \$28,000 shall be deemed a Qualified Job hereunder if the following formula is satisfied with respect to such job:

\$28,000 plus Annual Compensation of all prior Qualified Jobs; *Divided by* total number of Qualified Jobs at Development Property plus one (1); *Equals or exceeds* \$50,000.

Qualified Jobs created by Target, any Target subsidiary and any Target vendor will be included in the calculations.

"Rental Income Limit" means that (1) fifty percent (50%) of the Rental Workforce Housing is occupied by households with incomes at or below thirty percent (30%) of the HUD Area Median and (2) fifty percent (50%) is occupied by households with incomes at or below fifty percent (50%) of the HUD Area Median

"Rent Limit" means that the annual gross rent with respect to Rental Workforce Housing does not exceed thirty percent (30%) of the applicable Rental Income Limit.

"Rental Units" means leased apartment units located within multifamily developments constructed within the District.

"Rental Workforce Housing" means Rental units that meet the Rental Income Limit and the Rent Limit.

"Semi-Annual City Abatement Amount" means, with respect to each Abatement Eligible Property, an amount equal to: the Tax Capacity attributable to the Abatement Eligible Property for the year in question *times* the City Tax Capacity Rate for such year; *minus* the Base Tax applicable to such property; *times* the applicable Abatement Percentage; *divided* by two (2). By way of example, if an Abatement Eligible Property has a Tax Capacity equal to \$1,000,000 for taxes payable year 2008, the City Tax Capacity Rate is 0.40 for such taxes payable year, the Base Tax for such property is \$50,000, and the applicable Abatement Percentage hereunder is 95%, the Semi-Annual Abatement Amount for such Abatement Eligible Property payable hereunder on each Payment Date in 2008 is equal to \$166,250 calculated as follows:

- (i) $\$1,000,000 \times 0.40 = \$400,000$
- (ii) $\$400,000 - 50,000 = \$350,000$
- (iii) $\$350,000 \times 0.95 = \$332,500$
- (iv) $\$332,500 / 2 = \$166,250$

"State" means the State of Minnesota.

"Stated Rate" means nine percent (9%) per annum compounded semi-annually on each Payment Date.

"Target" means Target Corporation, a Minnesota corporation, its wholly-owned subsidiaries, successors and approved assigns; provided that notwithstanding anything to the

contrary herein, any financial obligation of Target under this Amended & Restated Agreement remains an obligation of Target Corporation.

"Target Abatement Account" means a separate and segregated account of the Authority into which there shall be deposited only the Semi-Annual City Abatement Amounts transferred by the City to the Authority pursuant to the City Pledge Agreement and from which such Semi-Annual City Abatement Amounts shall be paid to Target in accordance herewith.

"Target Opt-Out Right" has the meaning provided in Section 14.11(a).

"Target Property" means those portions of the Development Property owned by Target as of the Agreement Date, as legally described on Exhibit F attached hereto, together with such additional portions of the Development Property as may be acquired by Target.

"Tax Capacity" means the total assessed fair market value attributable to a parcel of real property *times* the Class Rate(s) applicable to such property in any given year for taxes payable, without regard to any allocation of tax capacity for fiscal disparities purposes pursuant to Chapter 473F of *Minnesota Statutes*.

"Unavoidable Delays" means delays beyond the reasonable control of the Party claiming the benefit of such delay, which include, without limitation, the direct result of: (i) strikes or other labor troubles; (ii) acts of God, fire or other casualty to the Planned Improvements or Public Improvements; (iii) a determination that the construction of the Planned Improvements or Public Improvements requires the preparation of an environmental impact statement, (iv) litigation commenced by third parties which directly results in delays; (v) the filing of a petition by a third-party which mandates by operation of law the delaying of the effective date of any City or Authority action required by this Amended & Restated Agreement or necessary to achieve its purpose; (vi) severe adverse weather conditions beyond those reasonably foreseeable or commonly scheduled for in this State; (vii) acts or failures to act of any Federal, State or local governmental unit or (viii) delay resulting from the failure of another Party to timely perform its obligations hereunder.

"Verified Qualified Costs" means those Qualified Costs submitted to the Authority by Target and verified pursuant to Sections 9.3 and 9.10 hereof.

"Workforce Housing" means Rental Workforce Housing and For-Sale Workforce Housing, collectively.

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the Authority. The Authority represents, warrants and covenants as follows:

- (a) The Authority is a public body corporate and politic duly organized and existing under the laws of the State and is duly authorized and has the requisite power to enter into this Amended & Restated Agreement and perform its obligations

hereunder. Performance of the Authority's obligations under this Amended & Restated Agreement does not conflict with any of its contracts, enabling legislation, or governing documents.

- (b) The activities of the Authority are undertaken for the purpose of providing increased employment opportunities in the City, County and State and providing an impetus for office, commercial and housing development of underutilized property within the District.
- (c) The Authority will perform its obligation under this Amended & Restated Agreement fully and timely.
- (d) The Authority will work with Hennepin County and the State of Minnesota in an attempt to raise money from all available sources to pay for External Infrastructure costs necessitated by construction of the Planned Improvements.
- (e) The Authority will make application to the County for County Abatement equal to or greater than the Minimum County Abatement Amount.
- (f) In the event of (i) a change in laws or regulations applicable to this Amended & Restated Agreement including, but not limited to, the Business Subsidies Act, the Abatement Act, and laws related to the taxation of real property in Minnesota, (ii) a court order, judgment or judicial decision, or (iii) an administrative action or adjudication that reduces or eliminates the economic benefits to Target contemplated by this Amended & Restated Agreement, the Authority shall exercise reasonable diligence in finding an alternative means of accomplishing the same or similar overall result. In addition to the foregoing, the Authority will reasonably cooperate with Target in (i) opposing such changes in law, administrative actions or court actions that will have the effect of reducing or eliminating the economic benefits to Target contemplated by this Amended & Restated Agreement and (ii) seeking legislative changes necessary to mitigate the effects of such changes in law, administrative actions or judicial decisions that are adverse to Target's economic interests herein (e.g. sponsor such legislation where necessary); provided, however, that the Authority shall not be required to expend any out of pocket costs related thereto and (ii) it shall be deemed "reasonable" for the Authority not to oppose such changes in law or seek legislative changes to the extent that doing so may pose a material conflict of interest to other interests of the Authority and/or City.

Section 2.2. Representations by the City. The City represents, warrants and covenants as follows:

- (a) The City is a municipal corporation under the laws of the State and is duly authorized and has the requisite power to enter into this Amended & Restated Agreement and perform its obligations hereunder. Performance of the City's obligations under this Amended & Restated Agreement does not conflict with any of its contracts, enabling legislation, or governing documents.
- (b) The City will perform its obligations under this Amended & Restated Agreement fully and timely.

- (c) The City will cooperate with Target in Target's effort to realign existing roadways within the Development Property; provided that the cost of such realignment shall be borne exclusively by Target.
- (d) The City will undertake discussions with Hennepin County regarding the transfer of all management responsibility for public roadways within the District to the City and in any event will cooperate with and assist Target in achieving its roadway design goals, as set forth in the Overall Development Site Plan and each Phase Development Plan.
- (e) The City will cooperate with and assist Target in lobbying the Minnesota Legislature for accelerating funding for the completion of the Highway 610 Improvements.
- (f) The City will in good faith and with all due regard to the provisions of this Amended & Restated Agreement undertake to consider flexible zoning/land use classifications and standards for the Development Property as necessary to develop the Planned Improvements in accordance herewith, including adoption of an ordinance that permits developments similar to those typically found in central business districts of other metropolitan cities with taller, more dense buildings, smaller or minimal setbacks, slower traffic speeds, narrower streets and more curb cuts. If necessary, each Phase Development Plan will follow a planned unit development process to control future development of the District in furtherance of this Amended & Restated Agreement. In addition, the City will in good faith and with all due regard to the provisions of this Amended & Restated Agreement undertake to cause the City Comprehensive Plan to be revised as necessary to guide the uses of the Development Property as contemplated in the Overall Development Site Plan, as amended from time to time pursuant to **Section 4.1** hereof.
- (g) The City will join with the Authority in making application to the County for County Abatement equal to or greater than the Minimum County Abatement Amount.
- (h) In the event of (i) a change in laws or regulations applicable to this Amended & Restated Agreement or the 2006 Development Agreement including, but not limited to, the Business Subsidies Act, the Abatement Act, and laws related to the taxation of real property in Minnesota, (ii) a court order, judgment or judicial decision, or (iii) an administrative action or adjudication that reduces or eliminates the economic benefits to Target contemplated by this Amended & Restated Agreement or the 2006 Development Agreement, the City shall exercise reasonable diligence in finding an alternative means of accomplishing the same or similar overall result. In addition to the foregoing, the City will reasonably cooperate with Target in (i) opposing such changes in law, administrative actions or court actions that will have the effect of reducing or eliminating the economic benefits to Target contemplated by this Amended & Restated Agreement or that have been granted to Target under the 2006 Development Agreement, and (ii) seeking legislative changes necessary to mitigate the effects of such changes in law, administrative actions or judicial decisions that are adverse to Target's economic interests herein (e.g. sponsor such legislation where necessary); provided, however, that the City shall not be required to expend any out of pocket

costs related thereto and (ii) it shall be deemed “reasonable” for the City not to oppose such changes in law or seek legislative changes to the extent that doing so may pose a material conflict of interest to other interests of the Authority and/or City.

Section 2.3. Representations by Target. Target represents, warrants and covenants as follows:

- (a) Target is not knowingly in violation of any the laws of the State or Federal government that would affect its ability to enter into this Amended & Restated Agreement, and has all necessary power and authority to enter into this Amended & Restated Agreement and to carry out its obligations hereunder.
- (b) Subject to: (i) performance by the Authority and the City of their obligations hereunder; (ii) re-zoning and guiding of the Development Property as provided in **Section 2.2(f)** hereof; and (iii) receipt of all necessary permits, licenses, and approvals; Target shall construct or cause to be constructed, the Minimum Construction Requirement in accordance with the terms of this Amended & Restated Agreement and all local, State and Federal laws and regulations (including, but not limited to, environmental, zoning, building code, energy conservation, and public health laws and regulations). The foregoing is subject to **Section 12.1** as such section relates to the Minimum Construction Requirement.
- (c) Target agrees to reasonably cooperate with the Authority in seeking funds for the construction of the Highway 610 Improvements provided that Target shall not be required to incur any additional and material obligations to do so. Internal overhead (including employee time) shall not be deemed an additional and material obligation.
- (d) Subject to **Section 2.3(b)** above as it relates to the Minimum Construction Requirement, Target will, at its expense, apply for and pursue with reasonable diligence, or cause to be applied for and pursued with reasonable diligence, all required permits, licenses and approvals, and will use commercially reasonable efforts to meet, or cause to be met, in a timely manner, all requirements of all applicable local, State and Federal laws and regulations, in each case which must be obtained or met before the Minimum Construction Requirement may be lawfully constructed in accordance herewith. The foregoing is subject to **Section 12.1** hereof as such section relates to the Minimum Construction Requirement.
- (e) Neither the execution and delivery of this Amended & Restated Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Amended & Restated Agreement by Target is prevented, materially limited by, or materially conflicts with or results in a material breach of the terms, conditions or provisions of any evidences of indebtedness, agreement or other instrument of whatever nature to which Target is now a party or by which it is bound, or constitutes a default under any of the foregoing.

- (f) The proposed development of the District by Target pursuant to this Amended & Restated Agreement would not occur but for the cooperation and financial assistance being provided by the City and Authority hereunder.
- (g) Target will perform its obligations under this Amended & Restated Agreement fully and timely, and will cooperate with and respond promptly to the City and the Authority with respect to the development of the Minimum Construction Requirement.

ARTICLE III

Public Improvements

Section 3.1. Internal Infrastructure.

- (a) Except as otherwise provided in **Section 3.1(c)** below, Target and/or its Designated Developers shall construct at their cost all Internal Infrastructure in a manner that will adequately and timely serve construction and operation of the Planned Improvements in accordance with this Amended & Restated Agreement.
- (b) Upon completion of construction of all or a portion of the utilities and roadways that are a part of the Internal Infrastructure, Target may offer to dedicate all or a portion of the same to the City. In such event, the City shall inspect such infrastructure and if it conforms to standard design and quality standards of the City with respect to similarly situated infrastructure improvements, as reasonably determined by the City, the City shall accept such dedication and thereafter be responsible for the general maintenance thereof. Extraordinary maintenance, in excess of that customarily provided by the City with respect to other similar public improvements within the City, shall be the responsibility of Target or its successors, assigns and tenants through covenants placed on the Target Property or, if the Parties agree, through establishment of a special service district pursuant to *Minnesota Statutes*, Chapter 428A. If Target does not offer to dedicate all or a portion of the Internal Infrastructure to the City, Target shall be responsible for the maintaining or assuring the maintenance thereof.
- (c) Upon request by Target, delivery of Target guaranties or other security, if any, reasonably necessary and acceptable to the City and determination by the City that it may legally do so, the City shall (i) issue assessment bonds pursuant to *Minnesota Statutes*, Chapter 429 to pay the costs of constructing all or a portion of the Internal Infrastructure described in **Section 3.1(a)** hereof, (ii) construct or cause to be constructed such Internal Infrastructure in accordance with plans and specifications prepared by Target or its Designated Developer and approved by the City in its reasonable discretion and (iii) unless Target has agreed to pay the cost thereof by other means, levy special assessments against benefited properties in the amount of the cost of such Internal Infrastructure, including reasonable and customary City administrative costs, and such assessments shall constitute a lien on the benefited property pursuant to *Minnesota Statutes*, Section 429.061, subd. 2. Target or its Designated Developer shall be entitled to review and approve all construction bids before they are accepted and contracts are let by the City, provided that such approval shall constitute consent to the special

assessment levy described in this **Section 3.1(c)** and a waiver of all objections thereto. Target or its Designated Developer shall be permitted to submit design/build construction bids with respect to any Internal Infrastructure to be constructed pursuant to this **Section 3.1(c)**. By the recording of this Amended & Restated Agreement against the Target Property, the provisions of this **Section 3.1** shall be binding upon all successors in interest thereto. Upon review and approval of the construction bids by Target or its Designated Developer and letting of the construction contract, Target or its Designated Developer shall provide the City with such title to or access over the Target Property as may be legally required, in the reasonable judgment of the City, in order to implement this **Section 3.1(c)**. Nothing contained in this Section shall obligate Target to request that the City construct any portion of the Internal Infrastructure.

- (d) Notwithstanding any City or Authority ordinance, regulation or policy to the contrary, neither the City nor the Authority will require payment bonds, performance bonds, letters of credit, cash escrows or other forms of financial security for any development or construction activities undertaken upon the Target Property by (i) Target or (ii) a Designated Developer or other parties so long as Target guarantees proper performance and completion via a separate written corporate guaranty delivered to the City. To the extent that such bonds or other financial security would otherwise be permitted or required, the City and the Authority agrees to waive them. Except as provided in this **Section 3.1(d)**, the City may require performance bonds or other forms of financial security as permitted or required by the Code of City Ordinances.
- (e) In the event that **after one hundred twenty (120) months after the Agreement Date**, (i) all of the Internal Infrastructure necessary for development of Planned Improvements west of existing West Broadway has not been substantially completed and (ii) Target or a Designated Developer requests that the City or Authority undertake to construct such unfinished Internal Infrastructure, the City or Authority may, but shall not be required to do so. If under these circumstances the City or Authority does construct such Internal Infrastructure (A) the cost thereof may be assessed against the requesting party and (B) the property that is both owned by the requesting party and benefited by the Internal Infrastructure constructed by the City or Authority, and which has not previously been designated as an Abatement Eligible Property hereunder, shall not be an Abatement Eligible Property and Target shall not received Abatement payments with respect thereto.

Section 3.2. External Infrastructure.

- (a) Subject to (i) agreement of the City and Target as to the specific External Infrastructure Phase, if any, that is necessary to support each Phase Development Plan as described in **Section 7.7** hereof, (ii) the ability of the City to obtain financing for the construction of such External Infrastructure Phase and (iii) receipt by the City of a Final Go-Ahead Notice for the related Development Phase, the City and Authority shall be responsible for the construction and maintenance of such External Infrastructure Phase pursuant to **Section 7.7** hereof at their sole cost and expense. In no event shall the cost of constructing External

Infrastructure be assessed against the Target Property; provided, however, that the costs of maintaining such External Infrastructure once completed may be assessed to benefited property owners, including Target to the extent and in such manner as is customary for similar maintenance projects within the City and as provided by law.

- (b) It is agreed by the Parties that External Infrastructure currently serving the District is adequate to serve at least Six Hundred Thousand (600,000) gross square feet of office building area, Three Hundred Thousand (300,000) gross square feet of retail or mixed-use development and fifteen hundred (1500) additional employees and is, therefore, adequate to serve the Minimum Construction Requirement.
- (c) The City and the Authority hereby agree to waive any pending or levied assessments against the Target Property as of the Agreement Date and any assessments associated with infrastructure improvements planned or contemplated as to the Agreement Date including, but not limited to approximately \$2,400,000 of infrastructure costs for trunk water and storm and sanitary sewer improvements planned in the area of the District. The City agrees that none of the cost for such infrastructure improvements shall be assessed against the Target Property or otherwise charged to Target or its Designated Developers, so long as Target is in compliance with the Minimum Requirements. To the extent Target acquires all or any portion of the City Property and/or the MnDOT Parcel subsequent to the Agreement Date, at the time of such acquisition any City assessment against such properties for the infrastructure costs described in this **Section 3.2(c)** shall be paid in full by the City or Authority and released of record against such properties.

Section 3.3. Public Facilities.

- (a) As part of its review of each Phase Development Plan submitted after **December 31, 2010**, the City may, to the extent reasonably necessary to serve the public health, safety and welfare, require Target or its Designated Developer to identify a specific location for, the City water tower and/or police substation if not already identified by a prior Phase Development Plan.
- (b) Upon delivery by Target of a Final Go-Ahead Notice with respect to a Development Phase that requires the construction of one or more of the Public Facilities, the following shall apply:
 - (i) If the Public Facility is a public parking structure and Target requests that the Authority construct it, the Authority will do so on the condition that (A) it or the City has the legal authority, as determined by their respective counsel, to do so, (B) one or more market studies prepared and paid for by Target indicate sufficient market demand, (C) projected revenues from the facility will cover revenue bond debt service, operations and maintenance and required security coverage with respect to parking revenue bonds and (D) any additional security from third parties necessary to market and sell revenue bonds for such construction is provided.
 - (ii) If the Public Facility is a City water tower the location thereof shall be determined jointly by Target and the City and the land required shall be approximately one (1) acre in size or of such size and configuration as is

necessary to meet reasonably acceptable City maintenance and security requirements applied to similarly situated water towers located within the City.

- (iii) If the Public Facility is a City police sub-station it may be located within a larger building constructed as part of the Planned Improvements so long as it is approximately five thousand (5,000) square feet in size and has direct access to parking. Such space shall be provided to the City as a "cold, dark shell" and the City shall be solely responsible for all tenant improvements therein. In no event shall the City police sub-station be located within the Corporate Campus.
- (iv) If the Public Facility is a County Library, its timing and location shall be mutually determined by Target, the City and the County.
- (v) Except as provided in **Section 3.3(b)(i)(D)** hereof, if any, Target shall have no responsibility for the cost of constructing or finishing the Public Facilities described in this **Section 3.3** nor shall the cost of such construction be assessed against the Target Property. Construction of a Public Facility shall not be commenced by the City, Authority or County until all funding therefor is in place.
- (vi) The land necessary for the City water tower and the County Library shall be conveyed or leased to the City or County, as applicable, at no cost except for such pro rations as are customary in connection with land transfers such as property taxes, escrow fees, closing costs, recording fees, etc. Any lease of building space for the City police sub-station shall be in the form of a "triple net" lease, whereby the City will be solely responsible for (aa) a proportionate share of common area maintenance costs and (bb) operational costs associated with its use and occupancy, including taxes, insurance and a proportionate share of assessments.

ARTICLE IV **Site Planning**

Section 4.1. Overall Development Site Plan. There is attached hereto as Exhibit E the Overall Development Site Plan that shows the potential development capacity of the Development Property. The City and the Authority understand and agree that the Planned Improvements may be in the nature of a "City Center" similar to those typically found in central business districts of other metropolitan cities, with taller, more dense buildings, smaller or minimal setbacks, slower traffic speeds, narrower streets and more curb cuts. It is also understood that except with respect to the Minimum Construction Requirement, the Overall Development Site Plan does not contain a specific phasing plan or schedule, but rather that the timing, nature and scope of the various Development Phases shall be dictated by market forces. The Parties understand and agree that the Overall Development Site Plan will be amended as planning and design of the Planned Improvements progresses, Development Phase Go-Ahead Notices are delivered and further environmental studies and planning are completed.

Section 4.2. Phase Development Plans. When Target or a Designated Developer determines to proceed with a Development Phase other than any Minimum Construction Requirement, prior to or simultaneously with delivery of the applicable Preliminary Go-Ahead Notice it shall submit to the City a Phase Development Plan for such Development Phase for consideration pursuant to the City's standard site plan review process. The basis for City review of the Phase Development Plan shall include its consistency with **Sections 3.3, 4.1 and 6.2** of this Amended & Restated Agreement, but shall otherwise be limited solely to the City's standard site plan review process as set forth in the City's code of ordinances. It is acknowledged by the Parties that regulations of government entities other than the City and Authority may mandate a plan that includes more Target Property than is the subject of a Phase Development Plan (e.g. AUAR requirements). A Phase Development Plan, when approved by the City, shall constitute an amendment to the Overall Development Site Plan. A Phase Development Plan need not be submitted in connection with all or any portion of the Minimum Construction Requirement.

ARTICLE V

Development Property

Section 5.1. Target Property.

- (a) Target represents that as of the date of this Amended & Restated Agreement it is the owner of the Target Property described on Exhibit F. Upon request of the Authority, Target shall furnish to the Authority copies of the executed deeds evidencing Target's fee title to the Target Property.
- (b) Target acknowledges that neither the City nor the Authority make any representations or warranties as to the condition of the soils on the Development Property or its fitness for construction of the Planned Improvements or any other purpose for which Target may make use of such property.

Section 5.2. Additional Property.

- (a) The City and Authority shall cooperate with Target if it desires to acquire title to the MnDOT Parcel. In the event that either the City or Authority gain the right to acquire the MnDOT Parcel upon terms and conditions reasonably acceptable to Target, subject to then-existing legal requirements they shall at Target's request either (i) acquire the MnDOT Parcel directly from the owner thereof and immediately convey the same to Target in consideration of the payment by Target of all out-of-pocket costs of acquisition (including all out-of-pocket soft costs related thereto) incurred by the City or the Authority or (ii) assign the right to acquire the MnDOT Parcel to Target, upon which Target shall acquire the same directly from the owner thereof. If requested by the City or Authority in connection with option (i) in the foregoing sentence, Target shall escrow in advance with the Authority or the title company retained to close the transaction the estimated costs of acquisition.
- (b) Target may include all or a portion of the City Property in a Phase Development Plan. If the Parties agree on terms, Target may purchase some or all of the City Property, upon compliance by the City with all applicable legal requirements.

- (c) In the event that Target or a Designated Developer acquires all or any portion of the MnDOT Parcel described in this **Section 5.2** and Target seeks Abatement hereunder with respect to Planned Improvements constructed thereon, the Base Tax applicable to such property shall be zero.
- (d) In the event that the City conveys all or a portion of the City Property described in this **Section 5.2** to Target or a Designated Developer and Target seeks Abatement hereunder with respect to Planned Improvements constructed thereon, the Base Tax applicable to such property shall be calculated by multiplying the Tax Capacity thereof times the City Tax Capacity Rate for taxes payable in the year such property is acquired by Target or a Designated Developer. If the City Assessor's market value, as determined pursuant to *Minnesota Statutes*, Section 273.18(a), was established more than two (2) years before such City conveyance, for the purpose of determining Base Tax for the City Property being conveyed, the City Assessor shall re-assess the fair market value thereof in accordance with standard valuation procedures and as of the date of such conveyance.

ARTICLE VI

Parks

Section 6.1. Planning. The Overall Development Site Plan, as amended by Phase Development Plans, shall provide for the Minimum Park Improvements, which shall, to the extent required by the applicable Phase Development Plan, be integrated into the City's comprehensive parks plan and may include connections to the City and County trail system and the City Property. In no event shall Target be obligated to provide public park improvements in excess of the twenty (20) acre Minimum Park Improvements.

Section 6.2. Construction.

- (a) Upon delivery by Target of a Final Go-Ahead Notice with respect to any Development Phase that includes a portion of the Minimum Park Improvements, the construction of such Minimum Park Improvements shall be completed by Target or a Designated Developer at its sole cost no later than Completion of the related Planned Improvements identified in such Final Go-Ahead Notice. Such Minimum Park Improvements shall be finished to a standard equal to or greater than that of other similar City parks.
- (b) For each fifty (50) acres of Target Property located west of West Broadway (as it exists as of the Agreement Date) made subject to a Final Go-Ahead Notice, Target shall be legally obligated to construct or cause to be constructed, at no cost to the Authority or City, five (5) acres of the Minimum Park Improvements. The location and timing of such Minimum Park Improvements shall be subject to the Phase Development Plan process described in Section 7.7.
- (d) To the extent that on or before the tenth (10th) anniversary of the Agreement Date, Target has not constructed or caused to be constructed the Minimum Park Improvements, on or before such date Target shall identify to the reasonable

satisfaction of the City the specific location or locations and construction timing of the balance of the Minimum Park Improvements.

- (e) To the extent that Target has not completed the Minimum Park Improvements on or before the **twentieth (20th)** anniversary of the Agreement Date, Target shall forthwith deed and convey to the City an amount of contiguous, developable Target Property equal to twenty (20) acres *minus* the acreage of all Minimum Park Improvements constructed or caused to be constructed by Target as of such twentieth (20th) anniversary date. The Target Property conveyed to the City pursuant to this **Section 6.2(e)**, if any, shall be of such condition and location as to allow for commercial or residential development, subject to necessary re-zoning, applicable governmental permitting, and construction of necessary infrastructure and utilities.

Section 6.3. Dedication to City.

- (a) Upon completion of any portion of the Minimum Park Improvements, Target or a Designated Developer shall either (i) record a private covenant against the Development Property upon which the Minimum Park Improvements are located dedicating the same, without condition or limitation other than as may exist for comparable parks and public space within the City, for the use and benefit of all residents of the City of Brooklyn Park or (ii) request in writing that the City accept dedication of such Minimum Park Improvements for park purposes and the City shall accept the dedication thereof if such Minimum Park Improvements satisfy the minimum design standards generally applicable to City-owned parks of a similar nature and scope.
- (b) In the event Target or a Designated Developer offers to dedicate any Minimum Park Improvements to the City pursuant to **Section 6.3(a)** above and the City accepts the same, the City shall thereafter be responsible for maintenance and repair thereof and, except as otherwise provided in this **Section 6.3**, the cost of such maintenance and repair. Any maintenance costs in excess of those typically incurred by the City with respect to City-owned parks of a similar nature and scope ("**Extraordinary Maintenance Costs**") shall be assessed against the properties within the District enjoying the direct benefit of such Minimum Park Improvements, including the Target Property, as applicable. Prior to any dedication of Minimum Park Improvements, the City and Target or a Designated Developer shall agree in writing as to (i) identification of Extraordinary Maintenance Costs, (ii) identification of benefited properties to be assessed for such Extraordinary Maintenance Costs and (iii) the mechanism by which such assessments may be legally levied. Failure by the City and Target (or its Designated Developer, as applicable) to agree to any matters described in clauses (i)-(iii) shall constitute an Arbitrative Dispute. Target shall maintain, or cause to be maintained, any portion of the Minimum Park Improvements that are not dedicated to the City to a standard at least equal to that employed by the City in connection with other similar public parks.
- (c) As a condition of the offer by Target to dedicate all or any portion of the Minimum Park Improvements to the City, Target may require that it, or its designated representative, be retained to manage the maintenance of the dedicated

Minimum Park Improvements, subject to such legal requirements as may exist at the time, and the cost thereof shall be treated as an Extraordinary Maintenance Cost and paid as provided in **Section 6.3(b)** above to the extent it exceeds the management costs that would otherwise be incurred by the City to maintain such dedicated Minimum Park Improvements.

Section 6.4. Park Dedication Requirements. In consideration of Target's obligations pursuant to **Section 6.2** above, any and all City and Authority parkland dedication requirements (including the payment of fees in lieu of parkland dedication) applicable to the subdivision and/or development of the Development Property, as set forth in the City Code of Ordinances or otherwise, are fully satisfied.

ARTICLE VII

Minimum Construction Requirement; Abatement Jobs Requirement; Housing Goals; Go-Ahead Procedure

Section 7.1. 2006 Office Construction. The Parties acknowledge that Target has constructed Building 4, an office building of approximately two hundred forty-five thousand (245,000) square feet, in accordance with the requirements of the 2006 Development Agreement.

Section 7.2. Subsequent Office Construction; Building 5. (a) Under the 2006 Development Agreement, Target was also required to construct additional office space of not less three hundred fifty five thousand (355,000) gross square feet, 250,000 square feet of which was required to be Commenced by December 31, 2008, and 105,000 square feet of which was required to be Commenced by June 30, 2009, and all of which was required to be completed by December 31, 2010. The parties agree and understand that, as of the date of this Amended & Restated Agreement, Target has not Completed this component of the Minimum Construction Requirement, and that the Construction Component of the Aggregate Payments is currently subject to the Construction Reduction as described in Section 9.8 (subject to later reinstatement under Section 9.9 if Target subsequently Completes the required square footage of office space).

(b) Target currently plans to construct additional office space with at least two-hundred forty-five thousand (245,000) gross square feet ("Building 5"). Target must Commence construction of Building 5 on or before July 1, 2012; the consequences of failure to meet that Commencement deadline are described in Section 14.11(c) hereof. The parties agree and understand that Completion of Building 5 will satisfy a portion of the requirement under Sections 7.2 and 7.4 (depending on the final size), and will therefore eliminate a portion of the Construction Reduction (the precise amount of such elimination depending on the actual square footage Completed), all in accordance with Section 9.9 hereof.

Section 7.3. *INTENTIONALLY LEFT BLANK*

Section 7.4. Retail or Office Construction. Under the 2006 Development Agreement, in addition to Sections 7.1 and 7.2, Target or its Designated Developer was required to Complete construction of not less than three hundred thousand (300,000) gross square feet of retail or office space by December 31, 2009. The parties agree and understand that, as of the date of this

Amended & Restated Agreement, Target has not Completed this component of the Minimum Construction Requirement, and that the Construction Component of the Aggregate Payments is subject to the Construction Reduction as described in Section 9.8 (subject to later reinstatement under Section 9.9 if Target subsequently Completes the required square footage or retail or office space).

Section 7.5. Abatement Jobs Requirement. Under the 2006 Development Agreement, Target was required, on or before January 15, 2011, to certify and demonstrate to the reasonable satisfaction of the Authority that at any time between the Agreement Date and December 31, 2010 there has been created at least fifteen hundred (1,500) new Qualified Jobs within the District (inclusive of the Qualified Jobs created pursuant to the Business Subsidy Jobs Requirement). On or before July 15, 2011, Target was also required to certify and demonstrate to the reasonable satisfaction of the Authority that such 1,500 Qualified Jobs have been maintained for at least six (6) continuous calendar months during any time between the Agreement Date and July 15, 2011 (such covenant generally referred to as the “Abatement Jobs Requirement.”) The parties agree and understand that, as July 15, 2011, Target demonstrated that it had created, and maintained for at least 6 continuous calendar months, 467.4 Qualified Jobs, which did not fully satisfy the Abatement Jobs Requirement. Accordingly, the Wage and Job Component of the Aggregate Payments are subject to the Abatement Jobs Reduction as described in Section 9.8 (subject to later reinstatement under Section 9.9 if Target subsequently satisfies the Abatement Jobs Requirement).

Section 7.6. Housing.

- (a) The Overall Development Site Plan, as described in **Section 4.1** hereof, shows the potential location of future housing development within the District. As a part of the development of the District, it is the goal of the Parties hereto that twenty percent (20%) of housing units constitute Workforce Housing reasonably distributed throughout the District and not located in a single building or concentrated in a group of buildings.
- (b) It is the intention of the parties that the construction of Workforce Housing within the District be revenue neutral to Target or a Designated Developer, meaning that the Authority shall be required to find such financing resources as shall be required in order assure that there is no cost to Target or a Designated Developer in constructing, or causing to be constructed, and, in the case of Rental Units, maintaining such Workforce Housing. In no event shall Target or a Designated Developer be required to subsidize any housing developed within the District (via below market purchase prices, rentals or otherwise) in order to create Workforce Housing.
- (c) It is understood that Target or a Designated Developer will only construct housing within the District to the extent that market demand, in Target's reasonable judgment, exists therefor. Subject to City ordinances and **Section 7.6(a)** hereof, Target and Designated Developers shall have sole discretion over the location, design and quality of housing constructed within the District. In no event shall it be deemed an Event of Default if the Workforce Housing objectives described herein are not achieved.

Section 7.7. Development Phases; Go-Ahead Notices.

- (a) Whenever Target or a Designated Developer determines to proceed with development of any Development Phase, including the Minimum Construction Requirement (but excluding Building 4), it shall provide notice to the Authority in the form of a Preliminary Go-Ahead Notice. Such notice shall be provided on or before submission of the Phase Development Plans for City site plan review and shall include a summary of the following information with respect to such Development Phase:
- (i) Type of construction to be undertaken (i.e. office, retail, housing, etc.);
 - (ii) Tenant or owner identified to occupy the new development, if known;
 - (iii) Approximate number of square feet to be constructed;
 - (iv) Estimated construction cost;
 - (v) Estimated construction schedule;
 - (vi) Location of development within the District;
 - (vii) If housing, number of units and estimated rental rates or sales prices; and
 - (viii) Timing, location and scope of the construction of the External Infrastructure, if any;

provided that so long as the Authority or City has been involved in the applicable planning process relating to a Final Go-Ahead Notice, an inadvertent failure by Target to deliver a Preliminary Go-Ahead Notice to the Authority shall in no event be detrimental to the Development Phase planning process leading to the Final Go-Ahead Notice.

- (b) Except with respect to the Minimum Construction Requirement, upon receipt of a Preliminary Go-Ahead Notice, the City and Target or its Designated Developer shall review and analyze the External Infrastructure requirements, if any, reasonably necessary to support the Development Phase that is the subject of the Preliminary Go-Ahead Notice. Upon (i) agreement of the City and Target or its Designated Developer as to the scope and nature of such required External Infrastructure, if any, (ii) confirmation of the City that financing therefor has been or can be secured and (iii) approval of such Development Phase by the City as required in Section 4.2 of this Amended & Restated Agreement, and (iv) receipt of all required permits and approvals associated with such Development Phase, Target or its Designated Developer may deliver to the City and Authority a Final Go-Ahead Notice with respect to such Development Phase. Upon delivery of a Final Go-Ahead Notice for a Development Phase that requires External Infrastructure (i) Target or its Designated Developer shall be legally obligated to construct the Development Phase that is the subject of the Final Go-Ahead Notice and (ii) the Authority and City shall be legally obligated to construct the External Infrastructure associated with such Development Phase, all in accordance with the construction schedules included with such Final Go-Ahead Notice. To the extent the City and/or the Authority construct External Infrastructure based on a Final Go-Ahead Notice and Target does not construct the applicable Development Phase as set forth in the Final Go-Ahead Notice such that it is in default hereunder and fails to Commence construction thereof within 180 days after written notice

from the City and/or Authority, Target shall reimburse the City and/or Authority for its expenses associated with the External Infrastructure that was the subject of the applicable Final Go-Ahead Notice.

- (c) Except for the additional requirements of this **Section 7.7** and **Section 4.2** of this Amended & Restated Agreement, or as otherwise provided herein, the normal and customary site plan review and permitting requirements of the City shall apply to all Development Phases.
- (d) Notwithstanding anything in this Amended & Restated Agreement to the contrary Target shall not be required to submit a Preliminary or Final Go-Ahead Notice with respect to Building 5.

Section 7.8. Parking. The Parties anticipate significant joint use of parking within the District and, subject to review of specific plans and the exercise of its reasonable discretion, the City shall take such steps as necessary to approve a parking ratio for the District of not more than three and one-half (3 1/2) parking spaces per one thousand (1000) gross square feet of office and/or retail development.

Section 7.9. Status Reports. Upon written request of the Authority, which shall occur no more often than biennially, Target shall provide the Authority with a written report regarding the status of existing development within the Target Property, its efforts to precipitate development of the Target Property and its reasonable expectations as to future development.

Section 7.10. Market Forces. Notwithstanding any provision to the contrary contained in this Amended & Restated Agreement, the timing, nature and scope of any Development Phase hereunder other than the Minimum Construction Requirement shall be subject to (i) Target's operational objectives, (ii) the existence, in the opinion of Target, of sufficient market demand and (iii) the commitment of the Authority and/or City to complete the necessary External Infrastructure.

ARTICLE VIII

Business Subsidy Agreement

Section 8.1. Purpose; Waivers. The purpose of this **Article VIII** is compliance with the Business Subsidy Act and this **Article VIII** shall constitute a "subsidy agreement" thereunder. Simultaneously with approval of the 2006 Development Agreement, the City and the Authority conducted a public hearing pursuant to 116J.994, Subd. 5 of the Business Subsidy Act. In their respective resolutions approving this 2006 Development Agreement, the City has waived certain specific provisions of its City Business Subsidy Policy and the Authority has waived certain specific provisions of its Authority Business Subsidy Policy. The terms, covenants and provisions of this Amended & Restated Agreement simply restate the terms, covenants and provisions of the 2006 Development Agreement in connection with the subsidy agreement. Accordingly, the City and the Authority hereby agree that all provisions of the City Business Subsidy Policy and Authority Business Subsidy Policy, respectively, that are inconsistent with the provisions of this Amended & Restated Agreement have been and continue to be waived. The City and the Authority agree that the Authority staff report attached hereto as Exhibit L submitted to the City Council and the

Authority Board reasonably describe the deviations from the City Business Subsidy Policy and Authority Business Subsidy Policy, respectively, represented by this Amended & Restated Agreement and the Authority have submitted such report and a copy of **Section 8.1** of the 2006 Development Agreement on behalf of the Authority and the City to the Commissioner of the Minnesota Department of Employment and Economic Development on or before April 1, 2007, as required by Section 116J.994, Subdivision 2 of the Business Subsidy Act. Notwithstanding anything contained herein to the contrary, as necessary, the provisions of **Article VIII** of the 2006 Development Agreement will continue to control, and the parties acknowledge that such provisions are restated herein for clarity's sake only.

Section 8.2. Description of Business Subsidy. If Target constructs or causes to be constructed all of the Planned Improvements, it is estimated that total Abatement and Pooled Increment Assistance under this Amended & Restated Agreement attributable to such construction could equal or exceed a net present value of approximately Twenty Million Dollars (\$20,000,000.00). In addition, the Authority and City are agreeing (i) to waive any planned, pending or levied assessments against the Development Property as of the Agreement date, including planned assessments in the amount of approximately Two Million Four Hundred Thousand Dollars (\$2,400,000.00) for trunk water, storm and sanitary sewer improvements pursuant to **Section 3.2(c)** hereof, (ii) to construct certain External Infrastructure pursuant to **Sections 3.2** and **7.7** hereof, the cost of which is not presently determinable and (iii) to waive certain fees and charges related to the development of the Development Property. The Business Subsidy is a "pro-rata" subsidy in that it is being provided on a pro-rata basis in proportion to and in exchange for each Qualified Job created pursuant to Business Subsidy Jobs Requirement. Because Target created less than all of the Qualified Jobs included in the Business Subsidy Jobs Requirement, the Business Subsidy shall be proportionately reduced in accordance with Section 8.6 below.

Section 8.3. Statement Of Need for Business Subsidy. Target is a rapidly growing retail company. To support this growth, Target anticipates that it will substantially increase its headquarters employment base in the Twin Cities over the next decade. Target has adopted a "Best Corporate Campus Ever" vision for the District as a means of accommodating a substantial portion of its anticipated employment growth. This vision goes far beyond just the need for additional office space. It involves a comprehensive master planned urban community that will create the environment necessary to attract and retain the brightest and best employees. To this end, it is the intent of the Parties that the District be developed in a comprehensive manner with a diverse mix of uses and premium amenities, including well appointed park facilities and park corridors, community spaces, landscaped boulevards, pedestrian trails and higher densities than exist in the typical suburban context, the cost of which will be incurred by Target and/or its Designated Developers. Because of the need to incur inordinate infrastructure costs in connection with the Planned Improvements, the Authority and the City have agreed to assist in defraying such costs.

Section 8.4. Public Purpose Statement. The City and Authority anticipate that the assistance provided hereunder by the City and Authority will significantly enhance the City's tax base over the long run, promote an urban-type community, provide significant City job growth and result in housing alternatives for its residents.

Section 8.5. Business Subsidy Jobs Requirement. In consideration of the Business Subsidy to be received by Target, as described in **Section 8.2**, the following Business Subsidy Jobs Requirement is established:

- (a) Under the 2006 Development Agreement, on or before **August 15, 2010**, Target was required to certify and demonstrate to the reasonable satisfaction of the Authority that it has created or caused to be created five hundred (500) new Qualified Jobs within the District **as of August 1, 2010** (the “**Business Subsidy Jobs Requirement**”). The Parties agree that the Business Subsidy Jobs Requirement was in addition to the nine hundred (900) Qualified Jobs existing within the Target Property as of July 1, 2005 and that the phrase “new” Qualified Jobs referenced herein refers to Qualified Jobs in excess of such existing Qualified Jobs.

The parties agree and understand that, as of August 15, 2010, Target demonstrated the creation of 467.4 new Qualified Jobs, which is 32.6 fewer than the Business Subsidy Job Requirement. The consequences of this shortfall are described in Sections 8.6 and 9.8 hereof.

- (b) The Business Subsidy Jobs Requirement set forth in this **Section 8.5** constitutes the sole and exclusive goals that must be satisfied pursuant to the Business Subsidies Act in exchange for the Business Subsidy described in **Section 8.2**.

Section 8.6. Repayment of Business Subsidy. Because of Target’s failure to fully comply with the Business Subsidy Jobs Requirement of **Section 8.5(a)**, the Authority has imposed a proportionate repayment and reduction of the Business Subsidy (referred to as the Business Subsidy Reduction) pursuant to **Section 9.8** hereof. Moreover, if any of the forms of Business Subsidy described in Section 8.2, clauses (i), (ii) or (ii) materialize, the amounts of such assistance will each be reduced by the Business Subsidy Reduction (the precise mechanics of which will be determined if and when such forms of Business Subsidy occur).

Section 8.7. Reporting Requirements. Target was required to file a Minnesota Business Assistance Form until the Business Subsidy Jobs Requirement is met or two years after the Benefit Date, whichever is later; and further, if the Business Subsidy Jobs Requirement was not met, Target was required to provide information on the subsidy until the subsidy was repaid. As described in Sections 8.6 and 9.8, Target did not timely meet the Business Subsidy Jobs Requirement, but any prior subsidy has been repaid and future assistance has been proportionately reduced such that no further repayment is required. Target has filed all required reports. Therefore, all reporting requirements under this Section 8.7 have been satisfied.

Section 8.8. Five Year Commitment.

- (a) In exchange for the Business Subsidy provided hereunder, Target hereby agrees to continue operations within the City, for at least five (5) years after the Benefit Date.
- (b) If, during the five year period referred to in subparagraph (a), above, Target decides to move all of its operations that it was conducting within the City to a location other than the City, Target must first notify the City of such decision, including in its notification the specific business reasons for such decision. Such move shall be subject to the consent of the City after a public hearing in accordance with Section 116J.994, Subd. 3(e) of the Business Subsidy Act, which consent shall not be unreasonably withheld or delayed.

Section 8.9. Name and Address of Parent Corporation. Target has no parent corporation.

Section 8.10. Other Business Subsidies Received for the Planned Improvements. As of the Agreement Date, Target has received no other business subsidy in connection with its construction of the Planned Improvements or Internal Infrastructure. It is the intention of the Authority and City to request that the County also grant an abatement for the District pursuant to the Abatement Act, in which event both the County and Target may be subject to additional Business Subsidy Act requirements.

Section 8.11. Successors and Assigns. This **Article VIII** and all terms, conditions and obligations contained herein, shall run with each Abatement Eligible Property and shall be binding upon and inure to the benefit of the Authority and the City, and their respective successors and permitted assigns until the earlier of fulfillment of the Business Subsidy Jobs Requirement or a reduction of Aggregate Payments associated therewith pursuant to Section 9.8.

ARTICLE IX

Abatement

Section 9.1. Abatement Resolution. Simultaneously with approval of the 2006 Development Agreement, the City conducted a public hearing pursuant to Section 469.1813, Subdivision 5 of the Abatement Act and adopted the City Abatement Resolution. Pursuant to Sections 2.1(e) and 2.2(g) of the 2006 Development Agreement, the Authority and City has requested that the County provide County Abatement (but as of the date of this Amended and Restated Agreement, the County has not approved any County Abatement). Simultaneously with approval of this Amended & Restated Agreement, the City conducted a public hearing pursuant to the Abatement Act, and adopted the Amended & Restated City Abatement Resolution, intended to conform to the changes described in this Amended & Restated Agreement. It is the intent of the parties hereto that the Amend & Restated City Abatement Resolution and this Amended & Restated Agreement shall govern the terms of the public assistance to be provided Target hereunder. To the extent there is a conflict between the terms of the Amended & Restated City Abatement Resolution and this Amended & Restated Agreement, the terms of this Amended & Restated Agreement shall govern and control. In all events, the sum of City and County Abatements shall not exceed Maximum Qualified Costs. The City and Authority represent and warrant that they have complied with the requirements of Section 469.1813, Subdivision 6, paragraph (b) of the Abatement Act in order to qualify for the twenty (20) year Abatement Periods contemplated hereunder.

Section 9.2. City Pledge Agreement. Concurrently with the execution of the 2006 Development Agreement, the City and the Authority adopted, executed and delivered the City Pledge Agreement. In the Amended & Restated City Abatement Resolution, the City consented to this Amended & Restated Agreement and acknowledges that references to the 2006 Development Agreement in the City Pledge Agreement are deemed to refer to this Amended and Restated Agreement. The City agrees to transfer the Semi-Annual City Abatement Amount for each Abatement Eligible Property to the Target Abatement Account in advance of each Payment Date during the Abatement Period for such property so that the Authority may perform its obligations under this **Article IX**. Each Semi-Annual City Abatement Amount so transferred

shall be calculated based on the Tax Capacity and City Tax Capacity Rate attributable to the Abatement Eligible Property for the year in which the respective Payment Dates arise. Notwithstanding the foregoing, the City shall in no event be obligated to transfer a Semi-Annual City Abatement Amount to the Target Abatement Account pursuant to this **Section 9.2** unless and until (a) all ad valorem property taxes due and payable with respect to such Abatement Eligible Property as of the applicable Payment Date have been paid in full and (b) the City has received from the County or any other source as provided by law an ad valorem property tax distribution that includes all or any portion of the taxes described in **clause (a)** above. If the City does not transfer such Semi-Annual City Abatement Amounts to the Target Abatement Account by the later of (i) the applicable Payment Date or (ii) within 30 days after fulfillment of the conditions described in **clauses (a) and (b)** of the previous sentence, interest will accrue on such unpaid Semi-Annual City Abatement Amount and be payable to Target at the Stated Rate until the Semi-Annual City Abatement Amount is paid to Target.

Section 9.3. Qualified Cost Certification. The process for determining Verified Qualified Costs shall be as follows:

- (a) At any time following the Agreement Date, and from time to time but no more often than once each quarter during a calendar year, Target may submit to the Authority a Qualified Cost Statement, signed by an officer of Target or a person designated in writing by an officer of Target, detailing and certifying Qualified Costs that have been incurred with respect to the Development Property by Target or a Designated Developer and not previously submitted hereunder.
- (b) In its review of such Qualified Cost Statement, and anytime within thirty (30) days of receipt thereof, the Authority may reasonably request such additional information from Target as may be reasonably necessary to verify the nature and amount of such submitted Qualified Costs.
- (c) The Authority shall deliver a Cost Verification Notice to Target within thirty (30) days after receipt of each Qualified Cost Statement or twenty (20) days of receipt of all reasonably requested information if a request for such information is made during the initial thirty-day period. If the Authority fails to deliver a Cost Verification Notice within the time described in this **Section 9.3(c)**, all of the Qualified Costs identified in the Qualified Cost Statement shall be deemed verified by the Authority as if such Cost Verification Notice had been provided. To the extent the Cost Verification Notice does not verify all Qualified Costs identified in the Qualified Cost Statement, the Cost Verification Notice shall set forth in detail the reasons why such cost are not being verified by the Authority.
- (d) Target shall have thirty (30) days after receipt of the Cost Verification Notice (the "**Cost Objection Period**") to notify the Authority, in writing, that it does not agree with the content of the Cost Verification Notice. Failure to object in writing during the Cost Objection Period shall constitute a waiver by Target of any and all objections to the Cost Verification Notice and the Qualified Costs accepted or not accepted by the Authority therein. In the event of an objection, the Parties hereto shall meet and confer in an attempt to settle the underlying objection(s). If such settlement is not reached within thirty (30) days of receipt by the Authority of such written objection, the matter shall constitute an Arbitrative Dispute and shall be settled by Arbitration pursuant to **Article XIII** hereof.

- (e) The Authority shall maintain a ledger account of all Verified Qualified Costs (the "**VQC Ledger**") and shall accrue interest on all Verified Qualified Costs recorded therein at the Stated Rate from and after the later of (i) the date such cost was incurred, if evidenced by information submitted by Target, or (ii) the Agreement Date. The Authority shall record all Verified Qualified Costs in the VQC Ledger within ten (10) days after such costs are verified in accordance with this **Section 9.3**. The interest accruing upon Verified Qualified Cost at the Stated Rate shall be recorded by the Authority in the VQC Ledger on each Payment Date and compounded accordingly.
- (f) The payment of Semi-Annual City Abatement Amounts pursuant to **Section 9.4** shall be applied first against accrued interest and second against Verified Qualified Costs recorded on the VQC Ledger, but not to exceed the Maximum Qualified Costs. The Authority shall record all Semi-Annual City Abatement Amount payments in the VQC Ledger within ten (10) days after such payment.

Section 9.4. Abatement. Calculation and payment of Semi-Annual City Abatement Amounts shall be determined and made as follows:

- (a) Upon Completion of the Planned Improvements upon an Abatement Eligible Property prior to **January 1, 2017**, Target or its Designated Developer shall submit to the Authority a Notice of Completion and a copy of the applicable Certificate of Occupancy, the latter to serve as evidence of the beginning of the Abatement Period with respect to such Abatement Eligible Property. For each Planned Improvement that will not be Completed prior to **January 1, 2017**, upon Commencement of construction of such Planned Improvement upon an Abatement Eligible Property, Target or its Designated Developer shall deliver to the Authority a Notice of Commencement and a copy of the applicable Building Permit, the latter to serve as evidence of the beginning of the Abatement Period with respect to such Abatement Eligible Property. If Target or its Designated Developer fails to timely deliver a Notice of Completion or a Notice of Commencement to the Authority in accordance with this **Section 9.4(a)** and provided such notice is delivered within thirty-six (36) months of the date of Completion or Commencement, as applicable, such failure shall not result in any modification or waiver of the applicable Abatement Period as described in the definition contained herein, provided that with respect to the Semi-Annual Abatement Amounts owing with respect to such Abatement Eligible Properties for the period of time from which the notice should have been delivered to when it was received, the Authority shall have a period of twelve months to make such payment(s) and interest shall not be due thereunder. If Target or its Designated Developer fail to timely deliver a Notice of Completion or a Notice of Commencement to the Authority in accordance with this **Section 9.4(a)** and such notice is not delivered within thirty-six (36) months of the date of Completion or Commencement, as applicable, the Authority shall be required to pay the Semi-Annual Abatement Amounts with respect to such Abatement Eligible Properties owing from and after the Notice of Completion or Notice of Commencement is received, if at all, and shall not be required to pay any Semi-Annual Abatement

Amounts with respect thereto for the period of time prior to its receipt of such notice.

- (b) On or before each Payment Date throughout the Abatement Period for each Abatement Eligible Property, the Authority shall pay to Target the Semi-Annual City Abatement Amount transferred to the Target Abatement Account with respect to each such Abatement Eligible Property pursuant to **Section 9.2** above, except as otherwise provided in **Section 9.4(a)** above. The sum of all Semi-Annual City Abatement Amounts paid to Target on each Payment Date shall be collectively referred to herein as the “**Aggregate Payment.**” Each Aggregate Payment shall be delivered to Target to the attention of such persons and at the address provided to the Authority by Target in writing.
- (c) In calculating each Aggregate Payment, the Authority shall apply the following rules of construction:
 - (i) The 2006 Development Agreement provided that, during any calendar year, the total of all Aggregate Payments under this **Section 9.4** shall not exceed (x) the greater of Two Hundred Thousand Dollars (\$200,000) or ten percent (10%) of the total City property tax levy for such year as required by Section 469.1813, Subdivision 8 of the Abatement Act (the “**Existing Abatement Limitation**”) or (y) such larger amount as may be authorized or such smaller amount as may be mandated by amendment to the Abatement Act. In the event the Existing Abatement Limitation is increased by future legislative action (an “**Abatement Limitation Increase**”), the limitation applicable to the total of all Aggregate Payments in any tax-payable year pursuant to this Section 9.4(c)(i) shall be increased by seventy-five percent (75%) of such Abatement Limitation Increase.

Legislation enacted in 2008 included an Abatement Limitation Increase, by authorizing total annual abatements under the Abatement Act in the maximum amount of ten percent (10%) of the City’s tax capacity for that tax-payable year (which will always exceed \$200,000 and is therefore the applicable limitation). Therefore, in any tax-payable year during the Abatement Period, the limitation applicable to all Aggregate Payments will be: 10% of the City’s tax levy in that year, plus 75% of the difference between that number and 10% of the City’s tax capacity in that tax-payable year.

After the date of this Amended & Restated Agreement, the same process of Abatement Limitation Increase will apply, assuming the original Existing Abatement Limitation remains the base of calculations, and future legislative increases are measured against that base. By way of example, if the Existing Abatement Limitation is legislatively increased to fifteen percent (15%) of the total City tax capacity for that tax-payable year, the applicable Section 9.4(c)(i) limitation following the effective date of such Abatement Limitation Increase shall be: 10% of the City’s tax levy in that year (i.e., the original Existing Abatement Limitation), plus 75% of the difference between that number and 15% of the City’s tax capacity in that year. Any Abatement Limitation Increase shall be

prorated among the Abatement Eligible Properties based upon the City Assessor's market value of each such property.

- (ii) The sum of all Aggregate Payments (together with Pooled Increment Assistance under Section 9.10 hereof) shall not exceed the Maximum Qualified Costs.
- (iii) It is anticipated that the Target Property may be subdivided from time to time into separate Abatement Eligible Properties as the development of the Planned Improvements progresses. For purposes of allocating Base Taxes to such subdivided parcels (the "**Smaller Parcels**"), the following rules shall apply:
 - (1) The per square foot Base Tax payable in 2006 with respect to the parcel to be subdivided (the "**Larger Parcel**") shall first be determined (the "**Per Square Foot Base Tax**").
 - (2) Except as otherwise modified pursuant to **paragraphs (3) and (4)** below, the Base Tax applicable to each Smaller Parcel shall be equal to the square footage of the Smaller Parcel multiplied by the Per Square Foot Base Tax of the Larger Parcel within which it is located.
 - (3) In the event of buildings located upon a Larger Parcel, the Base Tax payable with respect to such buildings shall be allocated exclusively to the Smaller Parcel upon which they are located.
 - (4) In the event of buildings located upon a Larger Parcel that are subsequently destroyed by casualty or are to be demolished for purposes of development of the Planned Improvements, the Base Tax allocable to such buildings shall be deducted from the Base Tax of such Larger Parcel.

However, if a tax parcel of the Target Property is not subdivided, and a building is built on the same tax parcel as a previously existing building that is not subject to Abatement, or on the same tax parcel as another building this is subject to Abatement, then prior to commencement of construction of such building, Target and the Authority shall agree in writing as to the method for allocating Base Taxes to the new building. Any failure to reach agreement regarding such allocation shall be an Arbitrative Dispute.

- (iv) Each Aggregate Payment to Target shall be accompanied by a Payment Certificate. Unresolved disagreements between the Parties regarding the consent to any Payment Certificate shall constitute an Arbitrative Dispute and shall be settled by Arbitration pursuant to **Article XIII** hereof.
- (v) The procedures set forth in this **Section 9.4** shall be followed until the earlier of (A) February 2, 2038 or (B) reimbursement of Target for Maximum Qualified Costs. Except as otherwise pledged, assigned or transferred by Target in accordance with **Section 9.5(e)** below, all payments of Semi-Annual City Abatement Amounts shall be made directly to Target during any period while Target owns or leases the relevant Abatement Eligible Parcels. If Target conveys ownership of any

Abatement Eligible Parcel to a third party, the Authority will make payments of Semi-Annual Abatement Amounts to Target only upon the Authority's receipt of a written assignment from the owner of such Abatement Eligible Parcel, assigning to Target the right to receive such payments.

- (vi) The City and the Authority acknowledge and agree that each Aggregate Payment to Target hereunder is intended to be a reimbursement for land and/or capital infrastructure costs incurred by Target in connection with its development of the Development Property as provided herein.

Section 9.5. Target Representations Concerning Abatement Amounts. Target makes the following representations to the Authority and City with respect to Aggregate Payments under **Section 9.4** of this Amended & Restated Agreement:

- (a) Target has not relied on any representations of the Authority or City, or any of their officers, agents, or employees, and has not relied on any opinion of any attorney of the Authority or City, as to the Federal or State income tax consequences relating to the Semi-Annual Abatement Amounts.
- (b) Target is sufficiently knowledgeable and experienced in financial and business matters to be able to evaluate the risks and merits of entering into this Amended & Restated Agreement and has received the cooperation of the Authority and City in undertaking any due diligence that Target has deemed necessary or appropriate prior to entering into this Amended & Restated Agreement.
- (c) Notwithstanding anything to the contrary herein, Target understands that the City shall in no event be obligated to transfer a Semi-Annual City Abatement Amount to the Target Abatement Account unless and until (i) all ad valorem property taxes due and payable with respect to such Abatement Eligible Property as of the applicable Payment Date have been paid in full and (ii) the City has received from the County or any other source as provided by law an ad valorem property tax distribution that includes all or any portion of the taxes described in Section 9.5(c)(i) and that the Semi-Annual City Abatement Amounts payable hereunder may not be sufficient to reimburse Target for the Maximum Qualified Costs, and in that event no right will exist to have special taxes levied by the Authority or City to pay for any such shortfall.
- (d) Target understands that all past estimates of Semi-Annual City Abatement Amounts that have been prepared by or on behalf of the Authority or City have been done for the Authority's and City's use only and neither the Authority, City nor their consultants shall have liability to Target if the actual Semi-Annual City Abatement Amounts are less than the amounts estimated.
- (e) The right to receive Semi-Annual City Abatement Amounts hereunder may not be assigned or otherwise transferred by Target to any person or entity unless and until such transferee executes and delivers to the Authority an instrument making the representations to the Authority contained in this **Section 9.5**.

Section 9.6. Restriction on Additional Abatement. The Parties acknowledge and agree that the Abatement provided to Target hereunder must be maximized in order for the

development of the Planned Improvements to be feasible. To that end, the City and the Authority covenant and agree that all other abatements granted within the City pursuant to the Abatement Act shall be subordinate to the Abatement granted to Target hereunder as related to the Existing Abatement Limitation as adjusted by any Abatement Limitation Increase, all as described in Section 9.4(c)(i) hereof). For example, if in calendar year ten (10) of this Amended & Restated Agreement the total Aggregate Payments payable to Target equal \$2,000,000 and the City's cap on total abatements for the year pursuant to the Abatement Act (and after application of any Abatement Limitation Increase) is \$2,500,000, the Aggregate Payments for such year shall be applied against such statutory cap first and the remaining \$500,000 shall be available on a subordinated basis for other abatements granted within the City pursuant to the Abatement Act. If, under the foregoing example, the Aggregate Payments for the year were equal to or greater than \$2,500,000, the entire statutory cap would be utilized to satisfy the Aggregate Payments and any other abatements that may be granted within the City would go unfunded. The City and Authority covenant and agree that other abatements granted pursuant to the Abatement Act shall be conditioned on the terms of this **Section 9.6**.

Section 9.7. Audit Rights. The Authority and the City shall keep accurate books and records related to the Semi-Annual City Abatement Amounts collected and paid hereunder. Within ten (10) business days after delivery of a written request by Target, the Authority shall deliver to Target a copy of the updated VQC Ledger and an updated account statement for the Target Abatement Account. Once each calendar year, Target or its duly authorized agent shall have the right, at its expense and upon at least twenty (20) days prior written notice, to audit all of such books and records including, but not limited to, the VQC Ledger, Target Abatement Account and related books and records. In the event such audit shall disclose any error(s) in the payment of Semi-Annual City Abatement Amounts to Target in accordance herewith, the Authority and/or the City shall promptly undertake to correct such error or errors. Unresolved differences between the Parties resulting from such Audits shall constitute an Arbitrative Dispute.

Section 9.8. Aggregate Payment Adjustments. If Target does not meet the Abatement Jobs Requirement, the Business Subsidy Jobs and/or the Minimum Construction Requirement, the Aggregate Payments shall be adjusted as follows:

- (a) For purposes of this **Section 9.8**, it is assumed that fifty percent (50%) of each Aggregate Payment is attributable to the Abatement Jobs Requirement (the "**Wage and Job Component**") and fifty percent (50%) attributable to the Minimum Construction Requirement (the "**Construction Component**"). However, 100 percent (100%) of each Aggregate Payment is attributable to the Business Subsidy Jobs Requirement.
- (b) The parties agree and understand that Target failed to timely meet the Business Subsidy Jobs Requirement as of August 1, 2010. Accordingly, the Aggregate Payments to Target between the Agreement Date through and including August 1, 2010 was reduced by 6.42 percent (referred to as the "Business Subsidy Reduction"), representing a fraction, the numerator of which is five hundred (500) *minus* the 467.4 verified Qualified Jobs certified pursuant to Section 8.5(a), and the denominator of which is five hundred (500), plus interest upon such amount at the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period

ending March 31 of the previous year (the "Business Subsidy Rate") accrued from the first Aggregate Payment to August 1, 2010. The Business Subsidy Reduction through August 1, 2010 was repaid deducting the amount thereof from the Aggregate Payment otherwise due Target on the February 1, 2011 Payment Date.

- (c) In addition to the repayment described in paragraph (b) of this Section, all subsequent Aggregate Payments to Target under this Amended & Restated Agreement will be reduced by the Business Subsidy Reduction. Moreover, the Business Subsidy Reduction will be used to reduce the amount of Pooled Increment Assistance in connection with Building 5, as described in Section 9.10. The parties agree and understand that such Business Subsidy Reduction, together with the repayment described in paragraph (b) of this Section and any reduction applied to any other form of Business Subsidy as described in Section 8.6, satisfies in full any obligation of Target to repay assistance under this Amended & Restated Agreement by reason of failure to meet the Business Subsidy Jobs Requirement.
- (d) If Target fails to meet the Abatement Jobs Requirement, commencing upon and including the August 1, 2011 Payment Date, the Wage and Job Component of each subsequent Aggregate Payment shall be reduced by a fraction, the numerator of which is fifteen hundred (1500) *minus* the actual number of verified Qualified Jobs certified pursuant to Section 7.5 and the denominator of which is fifteen hundred (1500) (such reduction referred to herein as the "Abatement Jobs Reduction").
- (e) If Target fails to timely meet each successive Completion milestone of the Minimum Construction Requirement, thereafter the Construction Component of each Aggregate Payment shall be reduced by a fraction, the numerator of which is the gross square footage required to be Completed by such milestone date of the Minimum Construction Requirement *minus* the actual gross square footage Completed by such milestone date, and the denominator of which is the gross square footage required to be Completed by such milestone date of the Minimum Construction Requirement (such reduction to be referred to herein as the "**Construction Reduction**").
- (f) To the extent Aggregate Payments have been made to Target prior to any Abatement Jobs Reduction or Construction Reduction pursuant to **Section 9.8(d)** and/or (e), the Abatement Jobs Reduction or Construction Reduction, as the case may be, shall be retroactively applied to such prior Aggregate Payments (the "**Retroactive Reductions**"). Such Retroactive Reductions shall be reconciled by deducting the amount thereof from future Aggregate Payments hereunder until the Retroactive Reductions are paid in full.
- (f) The methodology used by the Authority in calculating any Abatement Jobs Reduction, Construction Reduction and/or Retroactive Reduction, as the case may be, shall be set forth upon each Payment Certificate accompanying an Aggregate Payment involving such reduction.

Section 9.9. Reinstatement. Any Abatement Jobs Reduction and/or Construction Reduction under **Section 9.8(d)** and (e) is not intended to be permanent if Target subsequently

meets or causes to be met the Abatement Jobs Requirement or the Construction Requirement (exclusive of the dates specified herein for achieving or reporting the achievement of such requirements, which shall not be a condition to such reinstatement). In that event, any Abatement Jobs Reduction and/or Construction Reduction, as the case may be, shall terminate and not apply to future Aggregate Payments. In no event, however, shall the Business Subsidy Jobs Reduction, or any Retroactive Reduction or Construction Reduction applied to prior Aggregate Payments be made up or restored; and in no event shall the Business Subsidy Jobs applied to any future Aggregate Payments be made up or restored.

Section 9.10. Pooled Increment Assistance for Building 5.

(a) Notwithstanding anything to the contrary in this Article IX, the Authority will provide assistance in connection with development of Building 5 in accordance with this Section 9.10, in lieu of providing the Abatement assistance otherwise described in this Article. In no event will any Aggregate Payment include Abatement from the parcel on which Building 5 is constructed. The Pooled Increment Assistance is not subject to, or counted against, the Abatement limitations described in, Section 9.4(c) hereof.

(b) In order to provide assistance substantially equivalent to the Abatement assistance that would have been generated from Building 5 under the 2006 Development Agreement, the Authority will provide available Authority funds to Target in the amount, and subject to the terms described in this Section. The parties agree and understand that the Authority intends to fund the assistance described in this Section from certain tax increments authorized to be expended for these purposes under Minnesota Statutes, Section 469.176, subd. 4m (the “Special Pooling Act”), and that the Authority has previously adopted a spending plan authorizing such expenditures in accordance with the Special Pooling Act. Target warrants and represents, that in light of the economic conditions that created a significant delay in proceeding with Building 5, the up-front assistance made possible by the Special Pooling Act is a substantial inducement to Commence construction of Building 5, and that such construction would not have Commenced before July 1, 2011 without such assistance.

(c) The assistance under this Section is referred to as the “Pooled Increment Assistance.” The amount of the Pooled Increment Assistance, as calculated under paragraph (d) of this Section, represents the Authority’s best estimate of an amount that is no more than Target would have received if Building 5 were subject to the Abatement provisions under Article IX hereof. Accordingly, the substitution of Pooled Increment Assistance does not represent a new or increased Business Subsidy for the purposes of the Article VIII hereof; and the amount of Pooled Increment Assistance will be reduced to account for the partial satisfaction of the Business Subsidy Jobs Requirement, as described in Section 9.10(d)(iv).

(d) The amount of the Pooled Increment Assistance will be the net present value of the hypothetical aggregate Semi-Annual Abatement Amount that would have been payable with respect to Building 5 if Section 9.4 applied to such parcel. The Authority will calculate the Pooled Increment Assistance amount promptly after the taxable square footage of Building 5 is determined as described in clause (i), and the Authority will, as soon as practicable thereafter, provide written notice to Target regarding the amount of Pooled Increment Assistance and a

description of how it was calculated. For purposes of calculating such amount, the Authority shall assume the following:

(i) Building 5 will have an estimated market value of \$100.00 per square foot times the taxable square footage of Building 5 stated in the Building Permit (or if not stated in the permit itself, the square footage from plans submitted for purposes of issuing the Building Permit), and the annual Abatement amount from Building 5 is assumed to increase annually by a factor of 2.0 %.

(ii) The projection will assume class rates and local tax rates in effect for taxes payable in 2011.

(iii) The hypothetical Abatement Period will be the tax-payable years 2015 through 2034, and the discount rate for calculation of net present value shall be 6.5%, calculated to December 31, 2012.

(iv) The Semi-Annual City Abatement Amount in each project year is assumed to be reduced by: (1) the Business Subsidy Jobs Reduction; and (2) the Construction Reduction in effect as of the date of calculation, but assuming that Target will have constructed at least 655,000 gross square feet of space (i.e., representing the Minimum Construction Requirement under Sections 7.2 and 7.4 combined) by December 31, 2015. That is, any Construction Reduction will be assumed to be eliminated as of taxes payable in 2016. The Semi-Annual City Abatement Amount is not assumed to be reduced by any Abatement Jobs Reduction, because the expectation is that the Abatement Jobs Requirement will be satisfied upon Completion and occupation of Building 5.

(v) For purposes of calculating each the hypothetical Semi-Annual City Abatement Amount from Building 5, the Base Tax for that building will be assumed to be \$13,028.

(vi) In all other respects, the projected Semi-Annual Abatement Amounts will be calculated as described in Section 9.4 hereof and in the definition of the term Semi-Annual Abatement Amount.

(e) The Pooled Increment Assistance, in the amount determined under paragraph (d) of this Section, will be disbursed by the Authority to Target on or about December 15, 2012 (but in no event later than December 31, 2012), upon satisfaction of the following conditions:

(i) Target received approval of the AUAR regarding the Development Property, and Commenced construction of Building 5 by no later than June 30, 2012, as evidenced by delivery of a Notice of Commencement and a copy of the Building Permit for that building.

(ii) By no later than December 1, 2012, Target submitted, and the Authority has accepted, Verified Qualified Costs incurred in connection with Building 5 after the

date of this Amended & Restated Contract, in at least the amount of the Pooled Increment Assistance. Such Verified Qualified Costs must be submitted and verified substantially in accordance with the terms and procedures described in Section 9.3(a) through (d) hereof. Verified Qualified Costs submitted under this Section must be different from any such costs included in any Qualified Cost Statement under Section 9.3 for purposes of Abatement; that is, such costs may not be double-counted to support both an Abatement payment under Section 9.4, and Pooled Increment Assistance under this Section.

(iii) By no later than December 1, 2012, Target submitted evidence reasonably satisfactory to the Authority demonstrating the number of jobs created or retained by Target in connection with construction of Building 5 (including jobs either created or retained directly by Target, or construction jobs created or retained by any contractors working on any portion of the Building 5, including site work). If jobs are construction jobs, Target shall include reasonable evidence supplied by the contractor that the jobs were created or retained because of the subject construction contract. Jobs demonstrated under this clause are not credited against the Abatement Jobs Requirement under Section 7.5 hereof; rather, these jobs are intended solely to show compliance with the job creation requirements under Minnesota Statutes, Section 469.176, subd. 4m.

(f) As described in Section 9.10(d)(4), the amount of Pooled Increment Assistance is based on hypothetical Abatement projections that assume satisfaction of the Abatement Jobs Requirements as of tax-payable year 2015, and satisfaction of the Minimum Construction Requirement as of tax-payable 2016. If either or both of those assumptions do not materialize, then commencing in 2015 and each year thereafter, the Authority will calculate the Construction Reduction and/or Abatement Job Reduction (as the case may be) that *would have been* imposed on Abatement from Building 5 if the assistance had been delivered in the form of Abatement rather than Pooled Increment. That reduction will then be applied to reduce the Aggregate Payments under Section 9.4 (in addition to the Construction Reduction and Abatement Job Reduction, if any, that is otherwise calculated under Section 9.8). The net result is that the "overpayment" of Pooled Increment Assistance related to Building 5 is remedied by a commensurate reduction in Abatement payments related to Building 4. The methodology and calculation used to determine the reductions described in this paragraph will be included in each Payment Certificate accompanying an Aggregate Payment, as described in Section 9.8(f). If, after any Construction Reduction or Abatement Jobs reduction under this paragraph, Target subsequently adds Qualifying Jobs or constructs additional portions of the Minimum Construction Requirement, the reductions under this paragraph will be adjusted as described in Section 9.9.

(g) If Target fails to timely Commence construction of Building 5, the Authority may exercise the remedies described in Section 14.11(b) hereof.

ARTICLE X

Prohibitions Against Assignment and Transfer; Indemnifications

Section 10.1. Representation as to Development. Target represents and agrees that its purchase of the Target Property, and its other undertakings pursuant to this Amended & Restated Agreement, are and will be used for the purpose of development of the Target Property. Target further recognizes that, in light of: (a) the importance of development of the Development Property to the general welfare of the community and (b) the substantial financing and other public aids that have been made available by the City and Authority for the purpose of making such development possible, the qualifications and identity of Target are of particular concern to the City and the Authority. Accordingly, except as otherwise provided herein this Amended & Restated Agreement may not be assigned by Target without the written consent of the Authority and City.

Section 10.2. Transfer of Rights to Receive Semi-Annual City Abatement Amounts. Target may assign, pledge or otherwise transfer its right to receive Semi-Annual City Abatement Amounts without consent of the Authority or City, provided the Authority shall have no obligation to make payment thereof to any party other than Target unless and until Target shall first comply with the requirement of **Section 9.5(e)**.

Section 10.3. Release and Indemnification Covenants.

- (a) Target agrees to indemnify the Authority and the City, their officers, employees, agents, and others acting on their behalf, to hold them harmless, and to defend and protect them, from and against any and all loss, damage, liability, cost and expense (specifically including attorneys' fees and other costs and expenses of defense), of any sort whatsoever, to the extent based upon, resulting from, or otherwise arising in connection with any actions claims or proceedings (from any source whatsoever) brought, or any loss, damage or injury of any type whatsoever sustained, by reason of any act or omission of Target, its officers, employees or agents, or any person(s) or entity(ies) for whose acts or omissions Target is legally responsible, in the performance of any of Target's obligations under this Amended & Restated Agreement.
- (b) The Authority and the City agree to indemnify Target, its officers, employees, agents, and others acting on its behalf; to hold them harmless, and to defend and protect them, from and against any and all loss, damage, liability, cost and expense (specifically including attorneys' fees and other costs and expenses of defense), of any sort whatsoever, to the extent based upon, resulting from, or otherwise arising in connection with any actions claims or proceedings (from any source whatsoever) brought, or any loss, damage or injury of any type whatsoever sustained, by reason of any act or omission of the City or the Authority, its officers, employees or agents, or any other person(s) or entity(ies) for whose acts or omissions the Authority or the City is legally responsible, in the performance of any of the City's or Authority's obligations under this Amended & Restated Agreement.
- (c) The provisions of this **Section 10.3** shall not be deemed or construed as a waiver of the liability limits applicable to the City or the Authority set forth in Minnesota Statutes, Chapter 466 as against third parties.

- (d) All covenants, stipulations, promises, agreements and obligations of the City, Authority and Target contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the respective entities and not of any governing body member, officer, agent, servant or employee in an individual capacity.

ARTICLE XI

Termination of Agreement

Section 11.1. Automatic Termination. Except as provided in **Section 11.2** below, this Amended & Restated Agreement shall automatically terminate on **February 2, 2038** without further action by any of the Parties.

Section 11.2. Effect of Termination. Following the termination of this Amended & Restated Agreement pursuant to **Section 11.1**, the Parties shall be forever released and discharged from further liability and obligations hereunder except as to (a) defaults occurring prior to such termination and (b) claims under the indemnity provisions of **Section 10.3**.

Section 11.3. Evidence of Termination. If requested by any Party, the other Parties will provide the requesting Party with a certification recordable among the land records certifying that the Amended & Restated Agreement has been terminated or has expired and, if true, that requesting Party was not in default of its obligations hereunder at the time of such termination or expiration.

ARTICLE XII

Default and Remedies

Section 12.1. Defined. The term "**Event of Default**" shall mean any failure by Target, the City or the Authority to observe or perform any material covenant, condition, obligation or agreement on its part to be observed or performed under this Amended & Restated Agreement after the expiration of the applicable cure periods. The Parties acknowledge and agree that it shall in no event be deemed an Event of Default hereunder if Target does not meet or cause to be met the Business Subsidy Jobs Requirement, Abatement Jobs Requirement and/or the Minimum Construction Requirement, the exclusive remedies for which are set forth in **Section 9.8** hereof.

Section 12.2. Remedies. Upon an Event of Default as described in **Section 12.1**, the non-defaulting party may exercise the following remedies under this **Section 12.2**, after providing thirty (30) days written notice to the defaulting party of the Event of Default, but only if (a) the Event of Default has not been cured within said thirty (30) days or (b) if the Event of Default is by its nature incurable with reasonable diligence within said thirty (30) days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting party that the Event of Default will be cured as soon as reasonably possible:

- (a) Suspend its performance under this Amended & Restated Agreement;
- (b) Cancel, rescind or terminate this Amended & Restated Agreement; or

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

Section 12.3. Exclusivity of Remedies. No remedy herein conferred upon or reserved to the Authority, the City or Target is intended to be exclusive of any other available remedy or remedies. Each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Amended & Restated Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any remedy or power accruing upon any Event of Default shall impair any such remedy or power or shall be construed to be a waiver thereof. Any such remedy and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle any party to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this **Article XII**.

Section 12.4. No Additional Waiver Implied by One Waiver. In the event any Event of Default is waived by the non-defaulting party, such waiver shall be limited to the particular Event of Default so waived and shall not be deemed to waive any other concurrent, previous or subsequent Event of Default hereunder.

ARTICLE XIII

Arbitration

Section 13.1. Scope. The Parties recognize that Arbitrative Disputes as identified herein may from time to time arise and that such Arbitrative Disputes shall be resolved by binding arbitration. Such arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect on the Agreement Date, except as such rules and procedures may be otherwise expressly modified by this **Article XIII** or by written agreement of the Parties. Litigation shall not be commenced by either Party with respect to an Arbitrative Dispute.

Section 13.2. Notice. At any time an Arbitrative Dispute arises between the Parties, a notice of demand for binding arbitration may be given in writing by one Party to another. Once given, the Parties waive their right to subsequently commence litigation, except as otherwise provided by law. In no event may a notice of demand for binding arbitration be filed more than one (1) year after the date the Arbitrative Dispute arose, and if such demand is not timely filed, the Arbitrative Dispute referenced in the demand shall be deemed released, waived and barred for purposes of binding arbitration.

Section 13.3. Arbitrators. The Arbitrative Dispute shall be referred to and decided and settled by a standing panel of three arbitrators, one selected by the City and Authority together (the "**City Arbitrator**"), one selected by Target (the "**Target Arbitrator**") and the third by the two arbitrators so selected (the "**Neutral Arbitrator**"). The City Arbitrator and Target Arbitrator shall be knowledgeable about ad valorem property taxation matters and the Neutral

Arbitrator shall be a former judge of one of the Minnesota District Courts, the U.S. District Courts or one of the U.S. Court of Appeals or such other classes of persons as the Parties may agree. In addition, all three arbitrators shall be members of the AAA Large, Complex Case Panel or a CPR Panel of Distinguished Neutrals, or have professional credentials similar to those persons listed on such AAA or CPR panels. Selection of arbitrators shall be made within forty-five (45) days after the date of the first notice of demand given pursuant to **Section 13.2** and within thirty (30) days after any resignation, disability or other removal of such arbitrator. Following appointment, each arbitrator shall remain a member of the standing panel, subject to recusal for just cause or resignation or disability.

Section 13.4. Cost of Arbitration. The cost of each arbitration proceeding, including without limitation the arbitrators' compensation and expenses, hearing room charges, court reporter transcript charges, etc., shall be borne by the Party whom the arbitrators determine has not prevailed in such proceeding, or borne equally by the City/Authority and Target if the arbitrators determine that neither Party has prevailed. The arbitrators shall also award the prevailing Party its reasonable attorneys' fees and costs incurred in connection with the arbitration. The arbitrators are specifically instructed to award attorney's fees for instances of abuse of the discovery process.

Section 13.5. Location of Proceedings. All arbitration proceedings shall be held in the Minneapolis/St Paul metropolitan area.

Section 13.6. Governing Law. This arbitration provision shall be governed by, and all rights and obligations specifically enforceable under and pursuant to the laws of the State of Minnesota.

Section 13.7. Consolidation. No arbitration shall include, by consolidation, joinder, or in any other manner, any additional person not a Party to this Amended & Restated Agreement except by written consent of the Parties hereto containing a specific reference to this Amended & Restated Agreement.

Section 13.8. Award. The arbitrator(s) shall base the award on the applicable law and judicial precedent which would apply if the Arbitrative Dispute were decided by a United States District Court, and the arbitrator(s) shall have no authority to render an award which is inconsistent therewith. The foregoing shall in no way imply or grant (in any manner whatsoever, whether procedural or substantive) either party the right to bypass arbitration and proceed to a judicial hearing; the parties agreeing that arbitration shall be the sole means of dispute resolution for Arbitrative Disputes under this Amended & Restated Agreement. The award shall be in writing and include the findings of fact and conclusions of law upon which it is based, and shall be issued by the Arbitrators within ninety (90) days of the submission of all written and/or oral evidence (including testimony) (the "Initial Decision"). The arbitrators are empowered to render an award of general compensatory damages and equitable relief (including, without limitation, injunctive relief), but are not empowered to award punitive damages. The award rendered by the arbitrators (1) shall be final (subject to **Section 13.9** below); (2) shall not constitute a basis for collateral estoppel as to any issue; and (3) shall not be subject to vacation or modification (subject to **Section 13.9** below).

Section 13.9 Appeal. Either party may have the right to appeal (“**Appeal**”) the Initial Decision to a new arbitral panel determined in accordance with **Section 13.3** above by providing notice of appeal in writing by personal service in accordance with Rule 5 of the Minnesota Rules of Civil Procedure on the opposing party within ninety (90) days of the date of the Initial Decision (the “**Notice of Appeal**”). If the Notice of Appeal is not served within said ninety (90) day period, the right to Appeal shall be deemed waived.

The Appeal shall be de novo and shall be conducted in accordance with the procedures set forth in **Sections 13.1, 13.3, 13.4, 13.5, 13.6 and 13.8** (provided that there shall be no further right to appeal) of this Amended & Restated Agreement. Either party shall be permitted to present any and all evidence that would or could have been submitted at the first arbitration hearing, provided however that the Initial Decision may be submitted as evidence and the arbitrators that rendered the Initial Decision may be called by either party as a witness to testify as to the amount and basis of their award and may be examined and qualified as any other witness. If either party determines to include the Initial Decision as evidence in the Appeal, the arbitrators that rendered such decision shall be subject to discovery.

The arbitrators that are selected to hear the Appeal shall render their decision within ninety (90) days of the submission of all written and/or oral evidence (including testimony). Notwithstanding anything to the contrary, the decision upon Appeal shall be final and conclusive, and neither party shall have the right to further appeal such ruling.

ARTICLE XIV

Additional Provisions

Section 14.1. Extensions. The Executive Director of the Authority, in his/her discretion, is authorized to extend any Target timeline requirement contained herein, for good cause shown, for up to One Hundred Eighty (180) days. Any additional extension shall only be granted by the Board as an amendment to this Amended & Restated Agreement.

Section 14.2. Conflicts of Interest; Authority and City Representatives Not Individually Liable. No member, official, or employee of the Authority or the City shall have any personal interest, direct or indirect, in this Amended & Restated Agreement, nor shall any such member, official, or employee participate in any decision relating to this Amended & Restated Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of the Authority or the City shall be personally liable to Target, or any successor in interest, in the event of any default or breach by the Authority or the City or for any amount which may become due to Target or successor or on any obligations under the terms of this Amended & Restated Agreement.

Section 14.3. Fees.

- (a) Except as specifically provided otherwise in this Amended & Restated Agreement, Target shall pay the normal and customary City fees and expenses for the approval and construction of the Planned Improvements including, but not limited to building permit fees, state surcharges, and sewer accessibility charges (SAC) and water accessibility charges (WAC). The City and Authority agree that

with respect to the foregoing Target will be treated similarly to other similarly situated developers seeking such permits from the City.

- (b) Simultaneously with its execution and delivery of this Amended & Restated Agreement, Target shall reimburse the Authority for its legal and financial advisory fees associated with this Amended & Restated Agreement in an amount not to exceed twenty-five thousand dollars (\$25,000).

Section 14.4. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Amended & Restated Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 14.5. Notices and Demands. Except as otherwise expressly provided in this Amended & Restated Agreement, a notice, demand, or other communication under the Amended & Restated Agreement by any Party to the other shall be sufficiently given or delivered upon receipt if personally delivered or three (3) days after dispatched by U.S. registered or certified mail, postage prepaid, return receipt requested; and

- (a) in the case of Target, is addressed to or delivered personally to:
 Target Corporation
 Property Development – TPN 12H
 Attn: Real Estate Portfolio Management/Amended & Restated Development Agreement/T-0591, Brooklyn Park, MN
 1000 Nicollet Mall,
 Minneapolis, Minnesota 55403
 with copies to:
 Target Corporation Property Development
 Attn: Corporate Real Estate
 1000 Nicollet Mall, Mail Stop TPN 1202
 Minneapolis, Minnesota 55403
 and to
 Target Corporation
 Law Department, TPS-3155
 1000 Nicollet Mall
 Minneapolis, Minnesota 55403
- (b) in the case of the Authority and the City, is addressed to or delivered personally to the Authority and/or the City, as the case may be, at 5200 85th Avenue North, Brooklyn Park, Minnesota 55443-4300

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

Section 14.6. Counterparts. This Amended & Restated Agreement is executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 14.7. Law Governing. This Amended & Restated Agreement will be governed and construed in accordance with the laws of Minnesota.

Section 14.8. Severability. If any provision of this Amended & Restated Agreement is declared invalid, illegal or otherwise unenforceable by a court of competent jurisdiction, subject to the representations of the City and Authority in **Sections 2.1(f)** and **2.2(h)**, (i) that provision shall be automatically reformed in such a manner as is consistent with the remaining terms of this Amended & Restated Agreement and sufficient to comply with applicable law or (ii) if such reformation is not reasonably feasible under the circumstances, the provision shall be deemed severed from this Amended & Restated Agreement and the remainder of this Amended & Restated Agreement shall otherwise remain in full force and effect. Notwithstanding the foregoing, in the event a provision of this Amended & Restated Agreement is declared invalid, illegal or otherwise unenforceable and such provision cannot be so reformed, then the equivalent provision contained in the 2006 Development Agreement will control to the extent not itself invalid, illegal or otherwise unenforceable.

Section 14.9. Complete Agreement. This Amended & Restated Agreement supersedes the 2006 Development Agreement as of the date hereof except as otherwise specifically provided herein, but the 2006 Development Agreement is enforceable and valid from August 1, 2006 up until the date of this Amended & Restated Agreement. As of the date hereof, except as otherwise specifically provided herein this Amended & Restated Agreement will control all of the terms, conditions and understandings of the parties in connection with the Development Property and the Corporate Campus.

Section 14.10. Execution by City and Authority. Notwithstanding Board and Council approval of the terms and conditions contained herein, this Amended & Restated Agreement shall not be binding upon the Authority and City until executed by the appropriate representatives thereof.

Section 14.11. Binding Effect; Opt-Out Rights. (a) This Amended & Restated Agreement shall be binding upon the Parties hereto, their successors, heirs, and assigns and is intended to supersede and take the place of the 2006 Development Agreement except as otherwise specifically provided herein. Notwithstanding the foregoing provision or any other provision of this Amended & Restated Agreement to the contrary, Target may transfer by sale, lease or otherwise any portion of the Target Property free and clear of any obligations or encumbrances created under this Amended & Restated Agreement (with respect only to the property transferred and specifically excepting Target's obligations under **Section 3.1** hereof with respect to the Target Property not transferred, **Section 2.3**, **Section 3.3**, **Article VI**, **Sections 7.1, 7.2 7.4, 7.5**, **Sections 8.5, 8.6, 8.7, 8.8**, **Sections 9.3 and 9.8, 9.10** and **Section 10.3**), provided that neither the transferee nor the property so transferred shall be entitled to any Abatement or other rights and benefits set forth herein (the "**Target Opt-Out Right**"). The foregoing Target Opt-Out Right shall be personal to Target and shall not be available to any successors or assigns to the Target Property. Target shall in no event be deemed to have exercised the Target Opt-Out Right with respect to any transfer of Target Property unless it provides written notice to the Authority and the City in advance of such transfer expressly stating that it wishes to exercise such Target Opt-Out Right in connection therewith.

(b) If Target fails to Commence construction of Building 5 by June 30, 2012 (a **“Building 5 Default”**), then the Authority may, by written notice to Target, cancel this Amended & Restated Agreement with respect to both Building 5 and any Development Property that has not become an Abatement Eligible Property the **“Authority Opt-Out Right”**). That is, in the event of a Building 5 Default, the Authority’s cancellations rights described in the Section 14.11 of the 2006 Development Agreement are reinstated.

(c) If Target timely Commences construction of Building 5, then the Authority may exercise the Authority Opt-Out Right described in paragraph (b) above with respect to any Development Property that has not become an Abatement Eligible Property *only if* during any consecutive five-year period after the date of this Amended & Restated Agreement (i) Target or its Designated Developer has not been issued a Building Permit for any Planned Improvements and Commenced development activity with respect thereto, or (ii) material Internal Infrastructure Development has not occurred. For the purposes of the foregoing sentence, any delays constituting an Unavoidable Delay shall not be counted toward the five-year period. The effect of this paragraph is to begin a new five-year period similar to that provided in Section 14.11 of the 2006 Development Agreement, but only if there is no Building 5 Default.

(d) From and after the date of exercise of the Authority Opt Out Right (whether under paragraph (b) or (c) of this Section), Target has no further rights or interest in any Abatement that might be generated in the future from such parcel; and if improvements are subsequently constructed on such parcel, those improvements will not be treated as meeting the Minimum Construction Requirement and will not eliminate any pending Construction Reduction as described in Section 9.9. Likewise, any jobs created on such parcel will not be treated as meeting the Abatement Jobs Requirement, and will not eliminate any pending Abatement Jobs reduction as described in Section 9.9.

(e) If the Authority does not exercise the Authority Opt-Out Right under paragraph (b) after a Building 5 Default, or under paragraph (c) for any portion of the Development Property that remains undeveloped for five consecutive years, then Target remains entitled to Abatement from that property under Section 9.4 until the earlier of (i) the date the Authority exercises the Authority Opt-Out Right, or (ii) the date Target or its Designated Developer Commences construction on the relevant property. That is, the Authority Opt-Out Right expires as of the date of Commencement of construction of improvements on the relevant portion of the Development Property, provided that no action of the City or Authority will impair the Authority’s ability to exercise the Authority Opt-Out Right (in accordance with paragraph (b) or (c) of this Section, as the case may be) at any time through the date of Commencement of the relevant construction.

Section 14.12. Authority. Each of the undersigned Parties warrants that it has full authority to exercise this Amended & Restated Agreement, and each individual signing this Amended & Restated Agreement on behalf of a corporation or other legal entity hereby warrants that he or she has full authority to sign on behalf of the corporation or other legal entity that he or she represents and to bind such corporation or other legal entity thereby.

Section 14.13. Recording. The Authority shall, at its expense, record this Amended & Restated Agreement with the County Recorder's office and/or the Registrar of Titles and deliver a recorded copy of the Amended & Restated Agreement to Target.

Section 14.14. Unavoidable Delay. Whenever the terms of this Amended & Restated Agreement require an action upon or within a specified date, the obligation to perform shall be subject to any Unavoidable Delay that directly relates to such action.

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

**BROOKLYN PARK ECONOMIC
DEVELOPMENT AUTHORITY**

(seal) By _____
Its Executive Director

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2011, by Robert Schreier, the Executive Director of the Brooklyn Park Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota, on behalf of such public body.

Notary Public

CITY OF BROOKLYN PARK, MINNESOTA

(seal) By _____
Jeffrey Lunde
Its: Mayor

By _____
Jamie Verbrugge
Its: City Manager

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2011,
by Jeffrey Lunde and Jamie Verbrugge, the Mayor and City Manager, respectively, of the City of
Brooklyn Park, a Minnesota municipal corporation , on behalf of such municipal corporation.

Notary Public

TARGET CORPORATION

By: _____
Its: _____

STATE OF MINNESOTA)
) ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2011,
by _____, the _____ of TARGET CORPORATION, a Minnesota corporation,
on behalf of the corporation.

Notary Public

City of Brooklyn Park Request for EDA Action

Agenda Item No:	6.2	Meeting Date:	December 12, 2011
Agenda Section:	General Action Items	Prepared By:	Kim Berggren, Development Project Manager
Resolution:	X	Presented By:	Kim Berggren, Development Project Manager
No. of Attachments:	1		
Item:	CONSIDER MODIFYING THE RESTRICTIVE COVENANT RELATED TO EDA-ASSISTED HOME REHABILITATIONS TO TERMINATE THE RENTAL RESTRICTION IN THE CASE OF FORECLOSURE		

Acting Executive Director's Proposed Action

MOTION _____, SECOND _____ MODIFYING THE RESTRICTIVE COVENANT RELATED TO EDA-ASSISTED HOME REHABILITATIONS TO TERMINATE THE RENTAL RESTRICTION IN THE CASE OF FORECLOSURE.

Overview:

At its November meeting, the EDA requested a review of the restrictive covenants that are used when the EDA rehabilitates single-family homes. The covenants currently are recorded against every EDA-assisted property, restricting the buyers and all future homeowners from renting the property for a period of 30 years.

To comply with the U.S. Department of Housing and Urban Development (HUD) policy that impacts buyers' ability to obtain FHA-insured loans, staff recommends that the EDA consider modifying the restrictive covenant requirement to automatically and permanently terminate the covenant upon foreclosure, deed-in-lieu of foreclosure or assignment of the insured mortgage to HUD. Attached is an example of the recommended modified covenant that could be used for all projects going forward.

Primary Issues/Alternatives to Consider:

- **What is FHA's policy and why does it matter?**

According to FHA policy, a buyer can obtain a FHA-insured mortgage on a home where a local government imposed restrictions as part of low or moderate-income housing program; however, the restrictions must automatically and permanently terminate upon foreclosure, deed-in-lieu of foreclosure or assignment of the insured mortgage to HUD.

The FHA policy affects all FHA-insured loans. Most of the buyers purchasing the EDA-assisted remodeled homes are using FHA financing because of their need for more flexible standards and favorable terms. While this FHA rule has been in place since 1994, it seems that brokers and lenders are only recently aware of and enforcing this rule. The rule has come up a number of times with recent re-sales and has prohibited at least one buyer from moving forward with the purchase of a recovered home in Brooklyn Park. Staff anticipates this rule to continue to be an issue for buyers if the EDA's restrictive covenant requirement is not modified.

- **What other options are there for modifying the restrictive covenants?**

A few buyers have decided not to purchase EDA-assisted homes recently because they were not willing to accept the restrictive covenants, expressing a fear of not being able to rent out the property if they experience a job transfer or similar life event. In addition to making the covenants terminate at foreclosure, the EDA could consider additional changes to lessen the impact of the restrictive covenants on future buyers, such as:

- a. Reduce the term of the covenants from 30 years to 15 or 20 years

A few of the EDA's developers indicated a shorter term would appeal to buyers.

- b. Provide for a hardship waiver process

A hardship waiver process could be modeled after the EDA's CDBG Home Improvement Loan Program Early Forgiveness Policy, which was adopted on November 16, 2009. The process would assure buyers that the EDA would consider a potential hardship situation. Difficulty with administration is a drawback to this change.

- c. Eliminate the covenants and rely on the City's rental licensing program, rental conversation fee and other program requirements to promote homeownership.

The City charges fees for conversion to rental and rental licenses, which might deter buyers from choosing to rent their homes. In addition, the EDA's programs often have additional elements that promote homeownership. For example, all NSP-funded buyers are required to take a second mortgage in the amount of the direct buyer assistance, which is typically \$7,500. This mortgage requires the repayment of the buyer assistance in full if the home is resold within 5 years.

The motion in this report is to modify the restrictive covenant to terminate the rental restriction in the case of foreclosure. If the EDA wants to consider other modifications, such as reducing the term of the covenant to 15 years, the motion will need to be modified accordingly.

- **What are the budget implications?**

Changing the restrictive covenant will have no impact on the EDA's budget. However, if a waiver process were to be included, it would likely require additional staff time to administer waivers.

Recommendation

The Acting Executive Director of the Economic Development Authority recommends approval.

Attachments:

6.2A EXAMPLE MODIFICATION TO RESTRICTIVE COVENANTS

DECLARATION

THIS DECLARATION OF RESTRICTIVE COVENANTS ("Declaration") dated as of this ____ day of _____, 2011 (the "Effective Date"), by _____, a Minnesota _____, its successors and assigns (the "Declarant"), is given to the **Brooklyn Park Economic Development Authority**, a Minnesota public body corporate and politic ("Authority").

RECITALS

WHEREAS, the Declarant is the fee owner of the premises located in the City of Brooklyn Park, County of Hennepin, State of Minnesota, legally described on Exhibit A attached hereto (the "Property"); and

WHEREAS, the Declarant entered into a Public Assistance Agreement with the Authority dated as of _____ (the "Agreement"); and

WHEREAS, pursuant to the Agreement, the Declarant has received financial assistance from the Authority in connection with acquisition and rehabilitation of the Property; and

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

1. For a period of thirty (30) years from and after the Effective Date the Property shall serve as the primary residence of the owner thereof and shall not be let, rented or leased to any other party or entity.
2. This Declaration and the covenants set forth herein regulating and restricting the use and occupancy of the Property (i) shall be and are covenants running with the Property, encumbering the Property for the Declaration Term, and binding upon all current and future owners, (ii) are not personal covenants of the Declarant and (iii) may be enforceable by the Authority through the equitable remedy of specific performance or any other judicial remedy against the owner of the Property. If in the enforcement of any term of this Declaration the Authority shall employ attorneys or incur other expenses, the violating owner shall, upon demand therefor, pay to the Authority the reasonable fees of such attorneys and such other expenses so incurred by the Authority.
3. That any and all requirements of the laws of the State to be satisfied in order for the provisions of this Declaration to constitute deed restrictions and covenants running with the land shall be deemed to be satisfied in full, and that any requirements or privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the land. For the Declaration Term, each and every contract, deed, or other instrument hereafter executed conveying the Property or portion thereof shall expressly provide that such conveyance is subject to this Declaration, provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Property or portion thereof provides that such conveyance is subject to this Declaration.

4. That the invalidity of any clause, part or provision of this Declaration shall not affect the validity of the remaining portions thereof.
5. That this Declaration shall terminate (i) in accordance with the terms set forth above, (ii) or upon the recording of a termination agreement executed by the Authority, or (iii) upon foreclosure, transfer of title by deed-in-lieu of foreclosure, or similar event, whichever occurs first.

IN WITNESS WHEREOF, the Declarant has caused this Agreement to be signed by its duly authorized representatives, as of the day and year first above written.

DEVELOPER

By _____
Its _____

STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 2011, by _____, the _____ of _____, a Minnesota, named in the foregoing instrument, on behalf of the company.

Notary Public

This Document was drafted by:
Holmes & Associates, Ltd.
601 Carlson Parkway, Suite 1050
Minneapolis, MN 55305

**EXHIBIT A
TO
DECLARATION OF RESTRICTIVE COVENANTS**

Legal Description

City of Brooklyn Park Request for EDA Action

Agenda Item No:	6.3	Meeting Date:	December 12, 2011
Agenda Section:	General Action Items	Prepared By:	Kim Berggren, Development Project Manager
Resolution:	X	Presented By:	Kim Berggren, Development Project Manager
No. of Attachments:	2		
Item:	CONSIDER APPROVING A COST PARTICIPATION AGREEMENT WITH HENNEPIN COUNTY FOR VILLAGE CREEK PUBLIC IMPROVEMENTS		

Acting Executive Director's Proposed Action

MOTION _____, SECOND _____ APPROVING A COST PARTICIPATION AGREEMENT WITH HENNEPIN COUNTY FOR VILLAGE CREEK PUBLIC IMPROVEMENTS.

Overview:

To assist Brooklyn Park in improving the Zane Avenue corridor, Hennepin County set aside \$4 million in its 2006 Capital Budget. The funds, which are often referred to as the Stable Neighborhood Action Plan (SNAP) funds, can only be used for public improvements and expenditure of the funds requires approval by the Hennepin County Board. To date, \$2.63 million has been spent.

At its October meeting, the EDA approved the Stable Neighborhood Action Plan (SNAP) Implementation Schedule, which outlines a spending plan for the remaining \$1.37 million. The schedule was developed over several months in coordination with staff in other departments and after soliciting input from the community to determine a use for the remaining funds that will have the greatest impact on the livability of the Village Creek area.

Staff presented the Implementation Schedule to representatives from Hennepin County and a cooperative agreement was drafted. The purpose of this action is to consider approval of the Cooperative Agreement with Hennepin County that will allow the EDA to receive \$1,366,874 from Hennepin County for public capital expenditures related to the Village Creek project to include pedestrian lighting, sidewalks and pedestrian connections, fencing, flood mitigations and public enhancements.

Primary Issues/Alternatives to Consider:

- **Are there any changes since the EDA reviewed this project in October?**

Hennepin County representatives encouraged the EDA to consider alternative funding sources for the public art elements outlined in the Implementation Schedule. Public art has not been included in the Cooperative Agreement as an eligible expense.

Staff is exploring other options for funding the public art component of the SNAP Implementation Schedule. Possible funding sources might include CDBG, TIF or available EDA funds.

- **What are the budget implications?**

The EDA and the City will incur some administrative expenses to utilize the SNAP funds for public improvements in Village Creek. The SNAP Team, which is comprised of staff from various City departments, will work together to implement the improvements. If the EDA desires to pursue the public art component of the Implementation Schedule, another source of funding will be required.

- **What is the timeline for the funds?**

The Hennepin County board will consider the Cooperative Agreement in early 2012. After the agreement is approved and signed by both agencies, the EDA can begin receiving funds to reimburse documented eligible costs. The SNAP funds will be spent between 2012 and 2015 in accordance with the Implementation Schedule. As stated in the resolution, the EDA or the City would review and approve individual projects as they proceed.

Recommendation

The Acting Executive Director of the Economic Development Authority recommends approval.

Attachments:

6.3A RESOLUTION

6.3B COST PARTICIPATION AGREEMENT FOR VILLAGE CREEK AREA PUBLIC IMPROVEMENTS

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK

RESOLUTION #2011-__

APPROVING A COST PARTICIPATION AGREEMENT WITH
HENNEPIN COUNTY FOR VILLAGE CREEK PUBLIC IMPROVEMENTS

WHEREAS, the Authority is a public body corporate and politic organized and existing pursuant to the Constitution and laws of the State of Minnesota and is governed by the Board of Commissioners of the Authority (the "Board"); and

WHEREAS, the Authority was created by the City Council of the City of Brooklyn Park (the "Council") by its adoption of an Enabling Resolution Number 1988-273, dated October 24, 1988, whereby the Authority was granted all of the powers, rights, duties, and obligations as set forth in *Minnesota Statutes*, Sections 460.001 through 469.047 and 469.090 through 469.1081; and

WHEREAS, pursuant to *Minnesota Statutes*, Section 469.028 the City of Brooklyn Park (the "City") is authorized to establish redevelopment projects in order to provide for the redevelopment of the City; and

WHEREAS, despite the significant improvements that have been made in Village Creek, continued investment is needed to create safe and stable neighborhoods in and around the Village Creek area and along the Zane Avenue corridor; and

WHEREAS, with input from the community, the Authority outlined a plan for public improvements in the Village Creek area that will improve the quality of life for community members; and

WHEREAS, Hennepin County is considering contributing \$1,366,874 (the "Contribution") toward project-related public improvements in Village Creek as described in the Cost Participation Agreement (the "Agreement");

WHEREAS, pursuant to *Minnesota Statutes*, Section 469.012, Subd. 1o and 469.101, Subd. 9, the Authority is authorized to accept contributions, grants, gifts, services, or other assistance from public or private sources in furtherance of redevelopment projects;

WHEREAS, the Authority desires to accept the Contribution as set forth in the Agreement.

NOW, THEREFORE, BE IT RESOLVED, by the Brooklyn Park Economic Development Authority Board of Commissioners that:

1. The Contribution is hereby accepted and the Agreement approved;
2. The President or the Acting Executive Director for the Authority is hereby authorized to execute the Agreement for and on behalf of the Authority and to approve such modifications to the Agreement as shall not, in his opinion, substantially alter or impair the rights and obligations of the Authority as set forth in the Agreement presented to the Board for approval; and
3. The EDA or the City of Brooklyn Park may approve the use of the Contribution funds for specific projects.

Hennepin County Contract No. A111903

**COST PARTICIPATION AGREEMENT FOR
VILLAGE CREEK AREA PUBLIC IMPROVEMENTS**

This Agreement made and entered into by and between the County of Hennepin, a public body corporate and politic, hereinafter referred to as the "COUNTY", A-2300 Government Center, Minneapolis, Minnesota 55487, on behalf of the Hennepin County Department of Housing, Community Works and Transit, 701 Fourth Avenue South, Suite 400, Minneapolis, Minnesota 55415-1843, and the Brooklyn Park Economic Development Authority, a public body corporate and politic, hereinafter referred to as the "EDA", 5200 85th Avenue, Brooklyn Park, Minnesota 55443.

WHEREAS, the Economic Development Authority wishes to complete certain public improvements as part of the Village Creek Redevelopment Project (the "Project"); and

WHEREAS, the Project is consistent with the recommendations of the Stable Neighborhood Action Plan approved by the City of Brooklyn Park in 2005; and

WHEREAS, the COUNTY has designated funds for the Stable Neighborhood Action Plan in the 2006 Capital Budget; and

WHEREAS, the EDA has secured sufficient funds to complete the Project; and

WHEREAS, the COUNTY wishes to contract with the EDA for completion of said Project; and

WHEREAS, the COUNTY has the authority to continue to contribute to the Project pursuant to Minn. Stat. Ch. 163 and §§ 471.85, 471.59 and other applicable law;

NOW, THEREFORE, in consideration of the mutual undertakings and agreements hereafter set forth, the COUNTY on behalf of the Department and the EDA agree as follows:

1. Term and Cost of the Agreement. The EDA agrees to furnish the public improvements described in Section 2 during the period commencing February 1, 2012 and terminating December 31, 2015, for an amount not to exceed \$1,366,874. The COUNTY agrees to reimburse the EDA for such public improvements up to \$1,366,874 as further set forth in this Agreement.
2. Public Improvements to be Provided. The EDA shall use all funds received under this Agreement as detailed in Attachment A. The EDA shall be solely responsible for securing all additional funds needed for completion of the Project. The EDA will be responsible for all phases of the Project-related public improvements.

3. Payment for Public Improvements. Payment for public improvements shall be made directly to the EDA after completion of the public improvements upon the presentation of a claim in the manner provided by law governing the COUNTY'S payment of claims and/or invoices. The EDA shall submit invoices for public improvements rendered on forms which may be furnished by the COUNTY. Payment shall be made within forty-five (45) days from receipt of the invoice.

4. Independent Contractor. The EDA shall select the means, method, and manner of completing the Project. Nothing is intended or should be construed in any manner as creating or establishing the relationship of co-partners between the parties hereto or as constituting the EDA as the agent, representative, or employee of the COUNTY for any purpose or in any manner whatsoever. The EDA is to be and shall remain an independent contractor with respect to all work or services performed under this Agreement. The EDA represents that it has or will secure at its own expense all personnel required in completing the Project. Any and all personnel of the EDA or other persons while engaged in the performance of any work or services required by the EDA under this Agreement shall have no contractual relationship with the COUNTY, and shall not be considered employees of the COUNTY. Any and all claims that may or might arise under the Minnesota Economic Security Law or the Workers' Compensation Act of the State of Minnesota on behalf of said personnel, arising out of employment or alleged employment, including, without limitation, claims of discrimination against the EDA, its officers, agents, contractors, or employees shall in no way be the responsibility of the COUNTY. The EDA shall defend, indemnify, and hold harmless the COUNTY, its officials, officers, agents, volunteers, and employees from any and all such claims irrespective of any determination of any pertinent tribunal, agency, board, commission, or court. Such personnel or other persons shall neither require nor be entitled to any compensation, rights, or benefits of any kind whatsoever from the COUNTY, including, without limitation, tenure rights, medical and hospital care, sick and vacation leave, Workers' Compensation, Re-employment Compensation, disability, severance pay, and retirement benefits.

5. Data Privacy. The EDA, its officers, agents, owners, partners, employees, volunteers and subcontractors agree to abide by the provisions of the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, and all other applicable state and federal laws, rules, regulations and orders relating to data privacy or confidentiality, and as any of the same may be amended. The EDA agrees to defend, indemnify and hold harmless the COUNTY, its officials, officers, agents, employees, and volunteers from any claims resulting from the EDA's officers', agents', owners', partners', employees', volunteers', assignees' or subcontractors' unlawful disclosure and/or use of such protected data. The terms of this paragraph shall survive the cancellation or termination of this Agreement.

6. Records – Availability/Access. Subject to the requirements of Minnesota Statutes Section 16C.05, Subd. 5 (as may be amended), the EDA agrees that the County, the State Auditor, the Legislative 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 the EDA and involve transactions relating to this Agreement. Such materials shall be maintained and such

access and rights shall be in force and effect during the period of the contract and for six (6) years after its termination or cancellation.

7. Liability. It is further understood that neither the COUNTY, nor its elected officials, officers, agents and employees, either in their individual or official capacity, shall be responsible or liable in any manner to the EDA for any claims, demands, judgments, fines, penalties, expenses, actions or causes of actions of any kind or character arising out of or by reason of negligent performance of the herein described work by the EDA, or arising out of the negligence of any contractor under the contract let by the EDA for the performance of said work; and the EDA agrees to defend, save and keep said COUNTY, its elected officials, officers, agents and employees harmless from all claims, demands, judgments, fines, penalties, expense, action or causes of actions and expenses (including, without limitation, reasonable attorneys' fees, witness fees, and disbursements incurred in the defense thereof) arising out of negligent performance by the EDA, its officers, agents or employees.

8. Merger and Modification.

- a. It is understood and agreed that the entire Agreement between the parties is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof. All items referred to in this Agreement are incorporated or attached and are deemed to be part of this Agreement.
- b. Any alterations, variations, modifications, or waivers of provisions of this Agreement shall only be valid when they have been reduced to writing as an amendment to this Agreement signed by the parties hereto.
- c. Notwithstanding anything to the contrary, if this Agreement is cancelled by the COUNTY for any reason other than a material default by the EDA after notice and a 90 day opportunity to cure, the COUNTY shall be obligated to reimburse the EDA for all Project-related expenditures (up to the \$1,366,874 not to exceed amount in Section 1) made in reliance on this Agreement.

9. Default and Cancellation.

- a. If the EDA fails to perform any of the provisions of this Agreement or so fails to administer the work as to endanger the performance of the Agreement, this shall constitute a default. Unless the EDA's default is excused by the COUNTY, the COUNTY may upon written notice immediately cancel this Agreement in its entirety. Additionally, failure to comply with the terms of this Agreement shall be just cause for the COUNTY for delaying payment until the EDA's compliance.
- b. The COUNTY's failure to insist upon strict performance of any provision or to exercise any right under this Agreement shall not be deemed a relinquishment or waiver of the same, unless consented to in writing. Such consent shall not

constitute a general waiver or relinquishment throughout the entire term of the Agreement.

- c. This Agreement may be canceled with or without cause by either party upon thirty (30) days' written notice.

10. Contract Administration. In order to coordinate the work or services of the EDA with the activities of the Hennepin County Department of Housing, Community Works and Transit so as to accomplish the purposes of this contract, Andrew Gillett, or his successor, shall manage this contract on behalf of the COUNTY and serve as liaison between the COUNTY and the EDA. Jason Aarsvold, or his successor, shall be the contact person for the EDA.

11. Notices. Any notice or demand which must be given or made by a party hereto under the terms of this Agreement or any statute or ordinance shall be in writing, and shall be sent registered or certified mail. Notices to the COUNTY shall be sent to the County Administrator with a copy to the originating Department at the address given in the opening paragraph of the Agreement. Notice to the EDA shall be sent to the Assistant Executive Director at the address stated in the opening paragraph of the Agreement.

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COUNTY BOARD APPROVAL

EDA, having signed this Agreement, and the Hennepin County Board of Commissioners having duly approved this Agreement on the ____ day of _____, 2012 and pursuant to such approval, the proper County officials having signed this Agreement, the parties hereto agree to be bound by the provisions herein set forth.

COUNTY OF HENNEPIN**ATTEST:**

By: _____ By: _____
 Deputy Clerk of the County Board Chair of Its County Board
 Date: _____ Date: _____

APPROVED AS TO FORM:

By: _____ And: _____
 Assistant County Attorney Assistant/Deputy/ County Administrator
 Date: _____ Date: _____

And: _____
 Assistant County Administrator, Public Works
 Date: _____

APPROVED AS TO EXECUTION:

By: _____
 Assistant County Attorney
 Date: _____

RECOMMENDED FOR APPROVAL

By: _____
 Director, Department of Housing,
 Community Works & Transit
 Date: _____

**BROOKLYN PARK ECONOMIC
DEVELOPMENT AUTHORITY**

By: _____
 Its: Acting Executive Director

Hennepin County Contract No. A111903

BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
VILLAGE CREEK AREA IMPROVEMENTS

ATTACHMENT A
Eligible Activities

Item

Pedestrian Lighting Improvements

Sidewalks and Pedestrian Connections

Creek Crossing Improvements – north side of Brooklyn Boulevard

Modifications to Mitigate the Impacts of Flooding – Village Creek Park

Old Town Hall Square Enhancements to include gazebo, street furniture and signage

Total Cost

Not To Exceed \$1,366,874

City of Brooklyn Park Request for EDA Action

Agenda Item No:	6.4	Meeting Date:	December 12, 2011
Agenda Section:	General Action Items	Prepared By:	Jason Aarsvold, Economic and Redevelopment Director
Resolution:	X	Presented By:	Jason Aarsvold, Economic and Redevelopment Director
No. of Attachments:	1		
Item:	CONSIDER APPROVING TERMINATION AND RELEASE OF ASSESSMENT AGREEMENT FOR CREEKSIDE GABLES		

Executive Director's Proposed Action

MOTION _____, SECOND _____ TO WAIVE THE READING AND ADOPT RESOLUTION #2011-____ APPROVING TERMINATION AND RELEASE OF ASSESSMENT AGREEMENT FOR CREEKSIDE GABLES.

Overview:

In 2001, the EDA made a loan to Lang-Nelson Associates using housing-restricted Tax Increment Financing (TIF) funds from TIF districts 15 and 17 to rehabilitate the former Parkwood Apartments, located at 7601 Zane Avenue North and convert it to a senior complex. The \$3 million loan helped pay for renovations that included: adding a gabled roof to the main building and garages, screening in all the balconies, constructing new garages, constructing a new community building, reconstructing the parking lot, upgrading the landscaping and completely renovating the interior units and common areas.

The EDA undertook this project with the following goals and objectives:

- Convert existing apartments to senior complexes to decrease the oversupply of market rate apartments in the city
- Further the goals and objectives of The Village Master Plan/Shingle Creek Corridor Plan
- Physically rehabilitate an aging building
- Stabilize and increase property values
- Utilize funding sources the EDA has created to complete apartment rehabilitation

The primary goals and objectives for this project have been met. The financial performance, while stable, has not been as good as expected. The ownership of Creekside Gables has been working on a plan to ensure the long-term sustainability of the project and has made two requests. The first was to consider consenting to refinancing the mortgage. The second request was to consider altering the minimum assessment agreement that was part of the original. The reason for the second request is that the current assessed value (the minimum assessment) is significantly higher than the property's true market value.

Lang Nelson recently completed its refinancing of the property. The purpose of this action is to consider termination of the assessment agreement.

Primary Issues/Alternatives to Consider:

- **How does terminating the assessment agreement affect the EDA?**

The agreement states that repayment of the loan is to come from three sources: (1) cash flow from the project, (2) TIF funds generated by the project and (3) any proceeds from the sale or refinancing of the property. Because the property has not performed as expected, there have not been any cash flow payments. The property does, however, generate some tax increments. Because of this, there has been a total of approximately \$718,000 paid on the loan from the increments generated.

This property is located in TIF district 17. The district, as it relates to this parcel, is scheduled to terminate at the end of 2012. Therefore, the minimum assessment agreement will automatically terminate at that time and no TIF funds will be received beyond that date.

The valuation for taxes payable in 2012 is already set based on the minimum assessment agreement and the EDA will continue to receive TIF funds through the end of 2012. The reason for terminating the agreement now is to ensure the value resets to its true market value in time for taxes payable in 2013. According to the City's Assessor, if the EDA waits until the agreement expires on its own the taxes for that property in 2013 will still be based on value set in the minimum assessment agreement until the following tax year.

Terminating the minimum assessment agreement now means the property owner will not have an unnecessarily inflated tax bill in 2013 that the EDA cannot capture as increment anyway. Going forward, the reduced assessment will help the project's cash flow and improve the chances of the EDA receiving payments on its loan from cash flow.

Recommendation:

The Acting Executive Director of the Economic Development Authority recommends approval.

Attachments

6.4A RESOLUTION

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK

RESOLUTION #2011-

APPROVING TERMINATION AND RELEASE OF ASSESSMENT AGREEMENT FOR
CREEKSIDE GABLES

BE IT RESOLVED by the Board of Commissioners of the Brooklyn Park, Economic Development Authority ("Authority") as follows:

1. Background.

1.01. The Authority entered into an Assessment Agreement and Assessor's Certification between the Brooklyn Park Economic Development Authority, a public body, corporate and politic (the "Authority") and BP Partners, a Limited Partnership, a Minnesota limited partnership, dated September 10, 2001 (the "Assessment Agreement"), which Assessment Agreement specifies a minimum market value for certain property (the "Property") within Tax Increment Financing District No. 17 (the "TIF District").

1.02. The Authority will receive tax increment from the Property through December 31, 2012, which increment is based upon market values determined as of January 2, 2011.

1.03. The Authority has determined to terminate the Assessment Agreement so that the minimum market value will not be effective beginning with the January 2, 2012 valuation (for taxes payable in 2013).

1.04. To that end, the Authority has caused to be prepared a Termination and Release of Assessment Agreement (the "Termination") in a form on file in City Hall.

2. Approval of Termination.

2.01. The Authority approves termination of the Assessment Agreement, and authorizes and directs the Authority President and Acting Executive Director to execute the Termination, and to obtain the signature of the City Assessor acknowledging the Termination.

2.02. Authority officials (including the Acting Executive Director, the Assistant Executive Director, or any other person designated by the Authority to act on behalf of the Authority are authorized to take any other actions and execute any documents required to implement termination of the Assessment Agreement.



MEMORANDUM

DATE: December 5, 2011

TO: EDA Commissioners

FROM: Michael Sable, Acting Executive Director

SUBJECT: Status Update

Business Development

- **Primrose School** held a ground breaking ceremony on November 14 for the new 11,000 square foot daycare/preschool facility under construction at 10051 Xenia Ave N. The center plans to open in late spring/early summer 2012.
- **Discount Tire** is now open at Park Place Promenade.
- **Brooklyn Park Development Corporation** held a meeting on December 1 to consider a loan request for the Integra Group through its Fixed Asset Loan Fund. The board approved the \$250,000 loan request and also discussed modifying the loan terms for the Fixed Asset Loan Fund and requesting additional funds from the EDA to replenish the pool of funds available to local businesses.
- **Business Forward** applications have been reviewed and 12 business representatives have been selected to serve on the task force. Staff continues to work with the facilitator to formulate the topics that will be discussed by the task force, based on the input received at the café events. The task force will begin meeting starting after January 1, 2012.
- **Metro Mold and Design** is now moving into their newly renovated location at 6835 Winnetka Circle North. Staff is coordinating the distribution of funds from the Minnesota Department of Employment and Economic Development for the Minnesota Investment Fund loan awarded to the company and will be coordinating the disbursement of these funds as well as those approved by the EDA through the Construction Assistance Program. Metro Mold is planning a grand opening event for later in the winter.
- Amy Baldwin, Business Developer will be participating in **Grow Minnesota!** visits with the Twin West Chamber of Commerce again in the coming year. Grow Minnesota! is a program coordinated by the Minnesota Chamber that is focused on job retention and creation through visits to local businesses.



- The City has received permit applications for three new tenant build-outs in the **Shops at Village Creek** building at Zane Avenue and Brooklyn Boulevard. A small pharmacy plans to locate next to Diva's Avenue on the ground floor. A small barber shop and a chiropractic office plan to locate on the second floor. The Beard Group is also planning to build out a small number of executive office suites that will be for lease to individual users.
- Staff received notification that the Hennepin County Housing and Redevelopment Authority has approved Brooklyn Park's request for matching grant funding in the amount of \$5,000 for the **Open to Business program**.
- **Finance & Commerce** featured the Brooklyn Park Economic Development Division in the November 30 issue. Attached is a copy of the article.

Housing

- The EDA partnered with the Center for Energy and Environment in hosting an Energy Workshop for Brooklyn Park residents. Certified residential energy auditor Neely Crane-Smith presented a wealth of practical and easily implemented low-cost projects to save money and enhance comfort level. Information on rebates and energy loans for larger projects was provided.

7.1A FINANCE & COMMERCE ARTICLE

City as concierge: a case study in Brooklyn Park

by Matt M. Johnson

Published: November 29th, 2011

When it comes to creating jobs in a city, Bill Blazar says there is one crucial element separating the winners from the whiners: customer service.

Blazar, senior vice president for public affairs and business development with the [Minnesota Chamber of Commerce](#), said that while the state's cities are regularly lauded for being great places to live, they do not rank as well as great places to do business. When they do rate highly, he said, it's because they treat business owners and developers more like partners.

Business owners and developers "are looking for places that are self-reliant," he said. "I think facilitating the permitting process, that's an indication of a well-run city."

Even as Blazar and the state chamber label Minnesota as being unfriendly to business overall, more cities are doing the nuts and bolts work to create jobs. They offer loans to new businesses, set up tax increment financing districts, provide technical assistance in planning departments and even lobby the Legislature.

Like observant hotel concierges, some city community planning and development departments are doing their best to anticipate the needs of their business guests.

[Brooklyn Park](#) is one city with long experience in the concierge model. Its 20-year-old, eight-person department specializes in redevelopment, business development and housing. Jason Aarsvold, the department's director, said that on a typical day, members of his staff may do anything from securing a city-backed loan for a redevelopment project to seeking out companies that may want to locate their corporate headquarters in the city.

"What we're trying to do is identify the shortcomings in resources available to businesses," he said.

These services are a departure from the old "ministerial" process of running a development or business project through a planning department, said Tom Musil, a professor of real estate at the University of St. Thomas. Cities that invest time or other resources in projects are considered to be on the progressive edge of public-private development.

"We've made more of a transition to an approach that is more marketing based," Musil said. "There's no question that there's a public benefit to it."

At the same time, city officials must be careful to avoid the problems that can come with "the tyranny of the majority," Musil said. While most people will get behind business activity that creates jobs, the perspectives of those living next to a proposed factory or condominium development cannot be discounted for the sake of good customer service to the business community.



(Left to right) Amy Baldwin, Kim Berggren, Jason Aarsvold and Alisha Strowbridge, employees of Brooklyn Park's economic development agency, say they treat developers and business owners as partners when they bring proposals to the city. (Staff photo: Matt M. Johnson)

A discounted viewpoint can quickly become fatal to a project, if it incites opposition.

"Business developers are becoming increasingly aware of community dynamics," Musil said. "Ultimately, the citizen has the final say."

Securing the deal

Brooklyn Park, a second-ring suburb, offers diverse land uses and a diverse business community. Largely ringed by Interstate 694 and Highways 169, 252 and 610, the city is a place where it's not unusual to see a bustling mall, an open field and a high-volume warehouse within a few blocks of one another.

It is the state's sixth-largest city, according to the 2010 census, with a population of 75,781. That population is experiencing one of the highest unemployment rates in the past 20 years — 7.6 percent in 2010. According to the Minnesota Department of Employment and Economic Development, the number of jobs in Brooklyn Park is down 3.83 percent since 2006, standing at 25,152 in 2010.

The goal for the economic development team — which is part of the city's community development department — is to bring as many new jobs to Brooklyn Park as possible. To do that, new business sites need to be developed, while older sites often require redevelopment.

When the Hennepin County Medical Center wanted to locate a new clinic in a redeveloped Village Creek mall in 2007, a last-minute equity requirement from a lender almost killed the deal. With no other lender willing to help, the city lent \$1.3 million to the mall developer [Beard Group Inc.](#) to satisfy the equity requirement.

The city estimates that the project created 160 jobs at the height of the recession. It promises to create up to 100 more.

"We've been able to react when that sort of project comes along," Aarsvold said.

In another recent move, the city brought in a 100,000-square-foot medical manufacturing facility when it extended \$600,000 in tax increment financing to pay for renovations to a building. The facility [created another 80 jobs](#).

Greg Heinemann, the chief financial officer for Metro Mold, said the city's economic development staff gave his medical manufacturing company good reason to stay in Minnesota.

"We're there because of Brooklyn Park's willingness to invest in businesses in their community," Heinemann said as his company prepared to renovate the facility earlier this year.

Finding a new use for an old property is a key approach in the city's redevelopment strategy.

"We've been really aggressive in wholesale redevelopment," Aarsvold said.

While the big job-creation projects are gratifying, Aarsvold's department does most of its work with small businesses. In the past two years, the city has lent \$547,000 to seven business enterprises, including a Primrose School that broke ground in Brooklyn Park last week.

But the city is not quite a business and development mecca. Corey Koskie, a franchisee who operates [Planet Fitness](#) athletic clubs in Brooklyn Park and Bloomington, said the city's biggest challenge is in developing its workforce. While he said the assistance he received from city staff before opening a gym in the Park Place Mall in 2010 was the best he has experienced, he has had little luck attracting good employees who live in Brooklyn Park.

"It's a battle," said Koskie, who employs eight people in Brooklyn Park.

The view from outside

Brooklyn Park is not the only city rolling out the red carpet. Bruce Nustad, president of the [Twin West Chamber of Commerce](#), said many metro area cities, including New Hope, Plymouth, Hopkins, Golden Valley and St. Louis Park, are doing progressive work in economic development.

"I call it a fairly significant investment in human capital and other resources related to economic

development," Nustad said.

From the customer side, that investment gives a city a desirable profile. Brent Masica, a senior associate specializing in industrial property with the Bloomington office of Cushman & Wakefield/NorthMarq Real Estate Services, said potential tenants want to be in a city that develops business parks in locations that make sense. Brooklyn Park, he said, has done this.

"No one wants to go to a hodgepodge," he said. "They reach out to the brokerage community and buyers looking in the market and evangelize."

At the Minnesota chamber, Blazar said cities can be the most flexible government agency when it comes to building business. The movement toward customer-oriented service is welcome, but he said it will make a bigger impact if larger units of government support it.

"Even when you have a community that rolls out a red carpet for a new business, they can't change Minnesota laws or environmental regulations," he said.

The state is making changes felt by developers on the local level. This year, the Legislature passed a bill that limits the Minnesota Pollution Control Authority to 150 days of consideration when ruling on permit applications. Gov. Mark Dayton has listed reducing red tape as one of the areas where he wants to spur job growth.

For their part, Brooklyn Park economic development staffers push specific legislative items with their state representatives, including advocating for the Angel Investor Tax Credit.

"I don't know how many cities actually prepare a legislative agenda," said Amy Baldwin, Brooklyn Park's business developer.

Complete URL: <http://finance-commerce.com/2011/11/city-as-concierge-a-case-study-in-brooklyn-park/>



MEMORANDUM

DATE: December 5, 2011

TO: EDA Commissioners

FROM: Kim Berggren, Development Project Manager
Abby Shafer, Economic Development Specialist II

SUBJECT: Foreclosure Recovery Update

Foreclosure Recovery Summary

To date, the EDA has recovered 140 properties through its foreclosure recovery initiative (Attachment A and B).

The EDA's foreclosure recovery development partners have 96 homes at various stages in the rehabilitation process as follows:

- 63 homes have been remodeled, sold, and re-occupied by owner-occupants
- 16 homes are under rehabilitation
- 4 homes are under contract for acquisition
- 1 property is landbanked
- 12 homes are remodeled and for sale on the market. For information about the homes for sale, go to www.ownahomemn.org and search in Brooklyn Park.

A total of \$8,447,510 was allocated for the acquisition, rehabilitation, and resale of foreclosed homes. Approximately fifty percent of those funds have been permanently spent. Please see the table below for a summary of the funds spent by program.

Funding Source	\$ Amount Allocated	Permanent Funds Spent	Percentage of Funds Spent
MN Housing	\$ 1,255,000	\$ 1,255,000	100%
NSP1	\$ 2,830,000	\$ 1,539,214	54%
NSP2	\$ 2,034,760	\$ 974,006	52%
NSP3	\$ 1,327,750	\$ 240,000	18%
TIF	\$ 1,000,000	\$ 180,000	18%
Total	\$ 8,447,510	\$ 4,188,221	50%

An additional 44 foreclosed homes have been recovered through the Homebuyer Assistance Program. The Homebuyer Assistance Program is administered by Hennepin County. For details visit www.hennepin.us/hba. In total, 140 homes have been recovered by the EDA since 2008

with the rehabilitation and homebuyer assistance programs. Through its partners, the EDA plans to recover 243 homes by 2014.

Foreclosure Recovery Results and Plans:

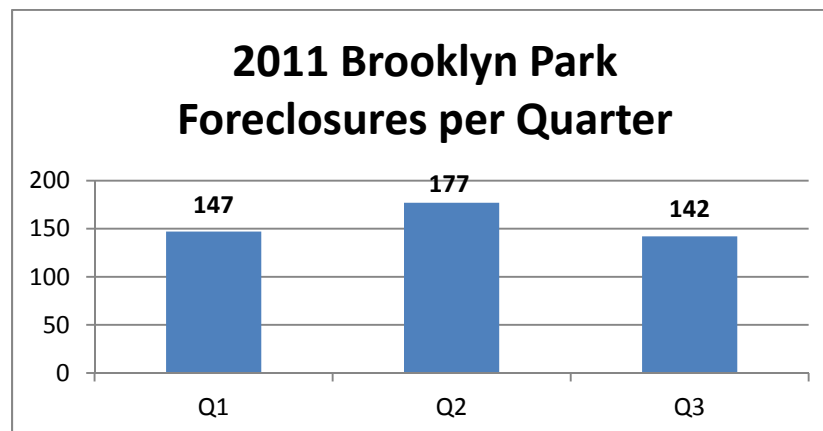
	Results to Date	Planned Results
Homes Rehabilitated	96 homes	173 homes
Homebuyer Assistance	44 homes	70 homes
Total Homes	140 homes	243 homes
Total Cost	\$5.4 million	\$9.7 million

LEED® Home for Sale

The new single family LEED® certified home at 7816 Shingle Creek Drive was listed for \$199,900. This home was constructed in partnership with the Hennepin Technical College Carpentry Program using innovative building technologies and materials. A LEED® home is designed to maximize fresh air indoors, minimize exposure to airborne toxins and pollutants, and is 20-30% more energy efficient than a home built to the International Energy Code of 2006.

Foreclosure Data

It is estimated that there will be 155 foreclosures in the fourth quarter (October-December) for a total of 621 foreclosures in Brooklyn Park in 2011. According to the Code Enforcement and Public Health division, there are currently 540 vacant properties.



Source: Sales Extract, Hennepin County's Sheriff Office

Attachments:

- 7.2A LIST OF FORECLOSED HOMES RECOVERED
- 7.2B MAP OF FORECLOSED HOMES RECOVERED

Foreclosed Homes Recovered with EDA Assistance					
#	Address	Who?	What?	Status	Funding
1	7701 Noble Ave N	Engstrom	Rehab	Reoccupied 8/28/09	Mn Housing
2	1601 Meadowwood Dr N	Engstrom	Rehab	Reoccupied 7/30/09	Mn Housing
3	7309 Beard Ave N	Engstrom	Rehab	Reoccupied 8/28/09	Mn Housing
4	8308 Morgan Ave N	Engstrom	Rehab	Reoccupied 10/7/09	Mn Housing
5	3700 83rd Ave N	Engstrom	Rehab	Reoccupied 10/30/09	Mn Housing
6	8033 Xenia Ave N	Engstrom	Rehab	Reoccupied 12/16/09	Mn Housing
7	5517 84th Ave N	Engstrom	Rehab	Reoccupied 11/16/09	Mn Housing
8	7724 Arlington Ave N	Engstrom	Rehab	Reoccupied 11/29/09	Mn Housing
9	7717 Unity Ave N	Engstrom	Rehab	Reoccupied 1/29/10	Mn Housing
10	5024 81st Ln N	Engstrom	Rehab	Reoccupied 1/29/10	Mn Housing
11	7356 Beard Ave N	Engstrom	Rehab	Reoccupied 4/30/10	Mn Housing
12	6709 75th Ave N	Engstrom	Rehab	Reoccupied 12/21/09	Mn Housing
13	7957 Louisiana Ave N	Engstrom	Rehab	Reoccupied 5/12/10	Mn Housing
14	3616 80th Ave N	Engstrom	Rehab	Reoccupied 5/24/10	Mn Housing
15	5527 84th 1/2 Ave N	Engstrom	Rehab	Reoccupied 3/11/10	Mn Housing
16	7917 Irving Ave N	Engstrom	Rehab	Reoccupied 3/15/10	Mn Housing
17	8415 Adair Ave N	Engstrom	Rehab	Reoccupied 4/30/10	Mn Housing
18	6909 Hartkopf Ln N	Engstrom	Rehab	Reoccupied 5/24/10	Mn Housing
19	7432 Noble Ave N	Engstrom	Rehab	Reoccupied 11/22/10	Mn Housing
20	6601 76th Ave N	Engstrom	Rehab	Reoccupied 5/26/11	Mn Housing
21	7748 Beard Ave N	Engstrom	Rehab	Reoccupied 9/30/10	Mn Housing
22	6908 Dutton Ave N	Engstrom	Rehab	Reoccupied 2/28/11	Mn Housing
23	3441 75th Ave N	Engstrom	Rehab	Reoccupied 12/3/10	Mn Housing
24	1009 74th Ave N	Engstrom	Rehab	Reoccupied 11/18/10	Mn Housing
25	4609 Brookdale Dr N	Engstrom	Rehab	For Sale by WHAHLT	Mn Housing
26	7832 Shingle Creek Dr N	Engstrom	Rehab	Reoccupied 11/23/10	Mn Housing
27	2016 Sugarloaf Tr N	Engstrom	Rehab	Resale Closing 11/07/11	Mn Housing
28	2660 77th Blvd N	Engstrom	Rehab	Reoccupied 3/29/11	Mn Housing
29	3309 84th Ave N	Engstrom	Rehab	Reoccupied 3/25/11	Mn Housing
30	6901 65th Ave N	Engstrom	Rehab	Reoccupied 5/26/11	Mn Housing
31	2649 78th Ave N	Engstrom	Rehab	Resale Closing 11/11/11	Mn Housing
32	8132 Hampshire Ct N	Engstrom	Rehab	Resale Closing 11/3/11	Mn Housing
33	3140 Pearson Pkwy N	Engstrom	Rehab	Reoccupied 8/31/11	Mn Housing
34	3600 80th Ave N	Engstrom	Rehab	For Sale	Mn Housing

7.2A LIST OF FORECLOSED HOMES RECOVERED Page 4

#	Address	Who?	What?	Status	Funding
35	7325 James Ave N	Engstrom	Rehab	Reoccupied 9/28/11	Mn Housing
36	7324 Douglas Dr N	Engstrom	Rehab	For Sale	Mn Housing
37	7724 Chowen Ave N	Engstrom	Rehab	Reoccupied 11/1/11	Mn Housing
38	7472 Abbott Ave N	Engstrom	Rehab	Rehabilitation	Mn Housing
39	7916 Louisiana Ave N	Engstrom	Rehab	Rehabilitation	TIF
40	1709 84th Ave N	Engstrom	Rehab	Rehabilitation	TIF
41	5208 82nd Ave N	Engstrom	Rehab	Rehabilitation	TIF
42	6624 Flag Ave N	Engstrom	Rehab	Rehabilitation	TIF
43	4001-05 83rd Ave N	EDA	Demo	Landbanked	CDBG
44	7816 Shingle Creek Dr N	EDA	Redev	For Sale	NSP
45	8217 Kentucky Ave N	Habitat	Rehab	Reoccupied 6/14/11	NSP
46	7916 Orchard Ave N	Habitat	Rehab	Reoccupied 6/28/11	NSP
47	2917 83rd Ave N	Habitat	Rehab	Reoccupied 5/31/11	NSP
48	7517 N Meadowwood Ct	Habitat	Rehab	Reoccupied 6/28/11	NSP
49	8032 Georgia Ave N	Habitat	Rehab	Rehabilitation	NSP2
50	7834 Xerxes Ct N	Habitat	Rehab	Rehabilitation	NSP2
51	8001 Ewing Ave N	PRG	Rehab	Reoccupied 12/22/09	NSP
52	8256 Newton Ave N	PRG	Rehab	Reoccupied 1/22/10	NSP
53	8186 James Ave N	PRG	Rehab	Reoccupied 5/7/10	NSP
54	2725 79th Ct N	PRG	Rehab	Reoccupied 9/28/10	NSP
55	3500 82nd Ave N	PRG	Rehab	Reoccupied 7/22/10	NSP
56	8108 Sierra Pkwy N	PRG	Rehab	Reoccupied 9/3/10	NSP
57	7824 Colorado Ave N	PRG	Rehab	Reoccupied 10/1/10	NSP
58	7364 Logan Ct N	PRG	Rehab	For Sale	CDBG/NSP
59	4416 82nd Ave N	PRG	Rehab	For Sale	NSP
60	8032 France Ave N	PRG	Rehab	Reoccupied 7/15/11	NSP
61	8008 Hampshire Ave N	PRG	Rehab	Reoccupied 8/31/11	EDA/NSP
62	8216 Logan Ave N	PRG	Rehab	For Sale	EDA/NSP
63	7532 Imperial Dr N	PRG	Rehab	For Sale	EDA/NSP
64	8117 Brandywine Pkwy N	PRG	Rehab	For Sale	NSP
65	3332 75th Ave N	PRG	Rehab	'First Look' Price Accepted	EDA/NSP
66	1524 84th Ave N	Rains	Rehab	Reoccupied 5/5/10	NSP
67	6701 Brunswick Ave N	Rains	Rehab	Reoccupied 11/19/10	CDBG/NSP
68	8017 Zane Ave N	Rains	Redev	Reoccupied 9/8/11	NSP

7.2A LIST OF FORECLOSED HOMES RECOVERED Page 5

#	Address	Who?	What?	Status	Funding
69	7500 N Meadowwood Ct	Rains	Rehab	Reoccupied 5/31/11	NSP
70	4324 82nd Ave N	Rains	Rehab	Reoccupied 9/16/11	NSP
71	7824 Shingle Creek Dr N	Rains	Rehab	Reoccupied 5/13/11	NSP
72	8325 Jersey Ave N	Rains	Rehab	Reoccupied 9/16/11	NSP
73	7372 Logan Ct N	Rains	Rehab	Reoccupied 9/9/11	EDA/NSP
74	6708 Edgewood Ave N	Rains	Rehab	Rehabilitation	NSP
75	7740 Kentucky Ave N	MHS	Rehab	Reoccupied 8/19/11	NSP2
76	8400 Rhode Island Dr N	MHS	Rehab	Reoccupied 7/29/11	NSP2
77	8257 Irving Ave N	MHS	Rehab	Reoccupied 6/30/11	NSP2
78	8348 Newton Ave N	MHS	Rehab	Reoccupied 8/3/11	NSP2
79	8225 Hampshire Ct N	MHS	Rehab	Rehabilitation	EDA/NSP2
80	8125 College Park Dr	MHS	Rehab	For Sale	EDA/NSP3
81	7426 Aldrich Ct N	MHS	Rehab	Rehabilitation	EDA/NSP3
82	7508 Dupont Ave N	MHS	Rehab	Reoccupied 10/31/11	NSP2
83	1809 Meadowwood Ct	MHS	Rehab	For Sale	NSP2
84	2636 77th Blvd	MHS	Rehab	Rehabilitation	NSP2
85	7301 Candlewood Dr N	MHS	Rehab	Rehabilitation	NSP2
86	2025 Laramie Trail	MHS	Rehab	Acquistion Closing 11/28/11	NSP3
87	8717-8719 63rd Ave N	MHS	Rehab	'First Look' Price Accepted	NSP2
88	8109 Lad Pkwy N	eStore	Rehab	Reoccupied 6/29/11	NSP2
89	7533 Dupont Ave N	eStore	Rehab	Reoccupied 7/5/11	NSP2
90	6540 Cherokee Ln N	eStore	Rehab	Reoccupied 8/31/11	NSP2
91	8248 Hampshire Ave N	eStore	Rehab	For Sale	NSP2
92	8309 Abbott Ave N	eStore	Rehab	Rehabilitation	EDA/NSP2
93	1109 81st Ave N	eStore	Rehab	Rehabilitation	EDA/NSP3
94	8217 Brandywine Pkwy N	eStore	Rehab	Rehabilitation	NSP2
95	7348 Douglas Dr N	eStore	Rehab	Rehabilitation	NSP2
96	* 1909 Meadowwood Ct	eStore	Rehab	'First Look' Price Accepted	EDA/NSP3
44 additional foreclosed homes were acquired by homebuyers who received NSP funds					
Last updated: November 23, 2011					
* Indicates recent addition to list					

Status	Description
'First Look' Price Accepted	The developer has accepted the adjusted price offered by the bank
Initial PA Signed	Purchase agreement between bank and EDA or bank and Developer has been signed
Acquisition Closing - DATE	Closing date for initial acquisition
Rehabilitation/Demolition	The rehabilitation or demolition process is underway
For Sale	Rehabilitation complete, home being marketed for re-sale
Resale PA signed - DATE	Purchase agreement between a new homebuyer and the Developer has been signed
Resale closing - DATE	Closing date for re-sale to homebuyer
Reoccupied - DATE	Acquisition, rehab and re-sale complete or acquisition, demo and land bank complete

Foreclosed Homes Recovered Using EDA Assistance

