

RESOLUTION 15D-17

RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH ONE ROOF COMMUNITY HOUSING

RESOLVED, by the Duluth Economic Development Authority ("DEDA") that the proper DEDA officials are hereby authorized to enter into a First Amendment to the Development Agreement, substantially in the form of that attached hereto (Contract No. 15 865 773'), with One Roof Community Housing ("Developer"), increasing the amount payable thereunder by \$10,000 for a total amount payable in an amount not to exceed \$80,000, payable from TIF District 7, Fund 865, Agency 860, Org 8607.

Approved by the Duluth Economic Development Authority this 27th day of May, 2015.

ATTEST:



Executive Director

STATEMENT OF PURPOSE: In April 2015, DEDA approved a Development Agreement with Developer to acquire and rehabilitate two homes in Tax Increment Financing District No. 7 in order to provide work force housing for households earning up to 115% of the state median income. DEDA agreed to provide up to \$35,000 per home in acquisition costs. Afterwards, the Developer came to realize that the Development Agreement requires payment of prevailing wage rates for construction workers employed at the project worksites. The Developer had not factored these wage rates into the project budget and has asked for an increase in assistance from DEDA. The purpose of this resolution is approve an amendment to the Development Agreement increasing the amount per home by \$5,000, for a total of \$80,000.

**DEVELOPMENT AGREEMENT
ONE ROOF COMMUNITY HOUSING
FIRST AMENDMENT**

THIS FIRST AMENDMENT entered into this _____ day of _____, 2015, by and between the DULUTH ECONOMIC DEVELOPMENT AUTHORITY, an economic development authority created and existing under Minnesota Statutes (1989) Chapter 469, whose address is 402 City Hall, 411 West First Street, Duluth, MN 55802 (hereinafter referred to as "DEDA") and ONE ROOF COMMUNITY HOUSING, a Minnesota nonprofit corporation, whose address is 12 East Fourth Street, Duluth, MN 55805 (hereinafter referred to as "Developer").

WHEREAS, on May 19, 2015, Developer and DEDA entered into an agreement pursuant to which Developer agreed to acquire and rehabilitate two homes in Tax Increment Financing ("TIF") District No. 7 in order to provide work force housing for households earning up to 115% of state median income and DEDA agreed to provide \$70,000 to Developer to assist with acquisition costs of the project (the "Agreement"); and

WHEREAS, the parties desire to amend the Agreement in order to increase the amount payable thereunder.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, the parties hereto agree as follows:

1. Paragraph a. of the Fifth WHEREAS clause is hereby amended as follows:
 - a. a "gap" exists between the cost to Developer of acquiring and rehabilitating the homes and the funds presently available to or known to Developer and DEDA to finance those costs at rates that would be economically feasible. Based on the best estimates currently available to the parties, the amount of said "gap" equals \$80,000. In order to reduce this "gap", DEDA has committed to provide tax increment proceeds from TIF District No. 7.

2. ARTICLE VI, Reimbursement to Developer, is hereby amended as follows:

At closing of the sale of each of the Properties, DEDA agrees to provide to a closing agent an amount up to forty thousand and no/100ths Dollars (\$40,000) per Property for Eligible Project Costs incurred by it in accordance with this Agreement, for a total amount not to exceed eighty thousand and no/100ths Dollars (\$80,000), payable from Fund 865 Agency 860 Org 8607. DEDA shall be provided copies of the closing statements evidencing the acquisition of the Properties and such other documentation as DEDA the Executive Director shall reasonably request.

3. ARTICLE VII, Mortgage Lien, is hereby amended as follows:

Developer agrees to execute a mortgage lien in favor of DEDA on the Properties at the time of closing in the form of that attached hereto as Exhibit A (the "Mortgage Lien"). The amount of the Mortgage Lien on each Property shall be the amount provided by DEDA to Developer at closing up to the amount forty thousand and no/100ths Dollars (\$40,000) per Property. The Mortgage Lien shall be exercisable by DEDA upon a General Event of Default by the Developer as defined herein or as provided for in the Mortgage Lien. It is agreed between the parties that this Agreement and the Mortgage Lien imposed herein shall be deemed to run with the land and all of its provisions shall be enforceable by the parties' respective heirs and assigns. The Mortgage Lien on each Property shall be in force and effect until the issuance of a Certificate of Completion for that Property whereupon the Executive Director will deliver a mortgage satisfaction to Developer. Upon purchase of each Property by Developer, Developer shall record the respective Mortgage Lien in the office of the St. Louis County Recorder and shall pay all costs associated therewith. Upon recording, Developer shall immediately submit to DEDA an executed original of the Mortgage Lien showing the date and document numbers of record, or a duly certified copy of the filed original.

4. Except as provided in this First Amendment, all terms and provisions of the Agreement shall remain in force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and date first above shown.

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

By _____
Its President

By _____
Its Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF ST. LOUIS)

The foregoing instrument was acknowledged before me this ____ day of _____, 2015, by Nancy Norr and Emily Larson, the President and Secretary, respectively, of the Duluth Economic Development Authority of Duluth, an economic development authority created and existing under Minnesota Statutes, on behalf of the Authority.

Notary Public

ONE ROOF COMMUNITY HOUSING

By _____
Its _____

STATE OF MINNESOTA)
) ss.
COUNTY OF ST. LOUIS)

The foregoing instrument was acknowledged before me this ____ day of _____, 2015, by _____, the _____, of One Roof Community Housing, a nonprofit corporation under the laws of the State of Minnesota, on behalf of the corporation.

Notary Public

This instrument was drafted by:

Joan M. Christensen
Attorney for the Duluth Economic
Development Authority
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