

**DEVELOPMENT AGREEMENT SUPPLEMENT
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
MERGE LLC
URBAN DULUTH PROJECT**

THIS DEVELOPMENT AGREEMENT SUPPLEMENT ("Agreement"), effective as of the date of execution thereof by the parties hereto as shown below, by and between the DULUTH ECONOMIC DEVELOPMENT AUTHORITY, an economic development authority created and existing under Minnesota Statutes (1989) Chapter 469, hereinafter referred to as "DEDA", and MERGE, LLC, D/B/A/MERGUE URBAN DEVELOPMENT GROUP, LLC , an Iowa limited liability company, hereinafter referred to as "Developer".

WHEREAS, Developer has acquired certain property located at West Superior Street and 20th Avenue West in the Lincoln Park neighborhood of Duluth and has entered into an agreement with DEDA for the development of the Project described in the development agreement dated August 9, 2021, and bearing DEDA Contract No. 21 860 121 hereinafter referred to as the "Development Agreement", for the development of a not less than 40 unit apartment building, all of which will be affordable, all as further hereinafter described; and

WHEREAS, City, through DEDA, wishes to provide funding to further ameliorate the shortage of affordable housing to persons of low and moderate income and has agreed to provide additional funding to DEDA for this purpose; and

WHEREAS, DEDA and Developer have agreed, subject to the provision of such additional assistance by City and subject to the terms and conditions of this Agreement, that Developer will provide additional units of affordable housing in the Project, as the Project is defined in the Development Agreement; and

WHEREAS, DEDA and the Developer have agreed that the provision of the additional affordable housing shall be provided under the terms and conditions of the Development Agreement except to the extent that inconsistent with this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree that the Development Agreement is hereby amended and supplemented as follows:

1. Development Agreement

The parties hereto agree that the Development Agreement between DEDA and Developer dated August 9, 2021 and bearing DEDA Contract NO. 21 860 121 is hereby adopted by reference and shall be deemed to be a part of this Agreement except to the extent that any of the terms or conditions of this Agreement are explicitly contrary to the terms or conditions hereof in which case this Agreement shall be deemed to be controlling as to such terms and conditions.

2. Additional Affordable Housing

Upon the issuance of the Certificate of Completion provided for in Paragraph D of Article V of the Development Agreement, Developer agrees that it will commence holding and will hold during the Term of this Agreement all of units of housing which will be held for rent to persons having an income at or below 70% of the area median income at rental rates determined by the United States Department of Housing and Urban Development to be affordable to such persons. The reporting requirements of the Development Agreement shall specifically apply to the housing so provided.

3. Additional Assistance

In consideration of the Developer meeting the requirements of Paragraph 2 above for the Term of this Agreement, DEDA agrees that on upon the issuance of the Certificate of Completion provided for in Paragraph D of Article V of the Development Agreement, DEDA will pay to Developer the sum the of Seven Hundred Eighty-four Thousand, Two Hundred Forty Dollars (\$784,240.00), payable from Fund 860-860-8640-_____.

4. Term

The term of this Agreement shall run from the Effective Date hereof until a date Ten (10) Years from and after date of the issuance of the Certificate of Completion provided for in Paragraph D of Article V of the Development Agreement unless sooner terminated as provided for herein or in the Development Agreement; provided that any of the terms and conditions of this Agreement or of the Development Agreement which by their nature shall need to extend beyond the Term hereof in order to give them effect shall be deemed to continue through the time necessary to give them full force and effect.

5. Development Agreement Confirmed

That except as hereinbefore provided for, the Development Agreement, together with all of its terms, covenants and conditions is hereby Confirmed in its entirety.

(remainder of this page intentionally left blank)

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 _____, 2022, by Matt Cartier, the President, 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

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

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by Ellie Just, the Secretary, 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

Merge, LLC, D/B/A MERGE URBAN DEVELOPMENT GROUP
An Iowa limited liability company

By: _____
Name: _____
Its: _____

STATE OF IOWA)
) SS
COUNTY OF BLACK HAWK)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by _____, the _____ of Merge, LLC, d/b/a Merge Urban Development Group, a, Iowa limited liability company, for and on behalf of the company.

Notary Public

This instrument was drafted by:

Robert Asleson
Attorney for the Duluth Economic
Development Authority
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