

**DEVELOPMENT AGREEMENT
FIRST AMENDMENT
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
SATURDAY ZENITH, LLC**

THIS FIRST AMENDMENT to DEVELOPMENT AGREEMENT is entered into 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 SATURDAY ZENITH, LLC, a Minnesota limited liability company, hereinafter referred to as "Developer."

WHEREAS, on August 21, 2021, DEDA and Developer entered into a Development Agreement pursuant to which Developer agreed to acquire DEDA and State of Minnesota owned property located between Lake Avenue and First Avenue East and between Second Street and Third Street in Duluth, Minnesota and develop it into multi-family residential apartments (the "Agreement"); and

WHEREAS, the parties desire to amend the Agreement to extend certain timelines contained therein.

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

1. Except as otherwise defined in this First Amendment, terms defined in the Agreement and used herein shall have the meaning assigned to them in the Agreement.

2. Paragraph F of ARTICLE I is hereby amended as follows:

F. Eligible Project Costs: means those Project Costs set forth in Exhibit A which may be legally funded with tax increment proceeds under Minnesota

Statutes §469.174 et. seq. and case law. The current estimate of Eligible Project Costs is \$4,470,000.

3. Paragraph J of ARTICLE I is hereby amended as follows:

Project: means the redevelopment of the Building on the Property by Developer of not less than One Hundred Twenty (120) residential apartment units consisting of studio apartments, one-bedroom apartments, two-bedroom apartments, and three-bedroom apartments, Ten Percent (10%) or more of which will be held for rent to persons having an income at or below 60% 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, and common area space adequate to serve the needs of the building occupants, all at a cost of not less than Forty-six Million Dollars (\$46,000,000) including property acquisition, and all according to the plans approved by the Director pursuant to Article IV and pursuant to required City approvals. In the event that the application of the percentage calculation above results in a fractional unit, the number of units to be held for rent to persons having an income at or below 60% of the area median income shall be rounded up to the next higher number of units.

4. Paragraph A of ARTICLE VI is hereby amended as follows:

- A. Issuance of TIF Note Upon DEDA's issuance of the Certificate of Completion pursuant to Paragraph D of Article V and the submission of the audit provided for in Paragraph B below, DEDA shall execute and deliver to Developer a TIF Note in substantially the form of Exhibit D. The principal amount of the TIF Note shall be \$4,470,000 or the amount of documented Eligible Project Costs, whichever is less, and the term of the TIF Note shall be up to twenty-six (26) years, whichever occurs first; provided that in the event that the Project Costs is less than Forty-six Million Dollars (\$46,000,000) the amount of the TIF Note will be further reduced by an amount equal to one-half (1/2) of the difference

between Forty-six Million Dollars (\$46,000,000) and the amount of the Project Costs determined in the manner set forth in Paragraph B below.

5. That ARTICLE XIV of the Agreement is hereby amended by deleting therefrom the number "19" and by substituting therefore the number "26").
6. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, but all of which together shall constitute but one and the same instrument
7. Except as provided for in this First Amendment, the terms and conditions of the Agreement remain in force and effect

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This instrument was
drafted by:

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