

DEVELOPMENT AGREEMENT

among

CITY OF DULUTH

and

ONE ROOF COMMUNITY HOUSING

and

THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

Dated as of _____, 2026

DEVELOPMENT AGREEMENT

THIS AGREEMENT, effective as of the date of attestation hereof by the City Clerk, by and among the CITY OF DULUTH, a municipal corporation and political subdivision organized and existing under the laws of the State of Minnesota ("**City**"), and the HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA, a public body, corporate, and politic under the laws of Minnesota ("**Owner**") and ONE ROOF COMMUNITY HOUSING, a non-profit corporation created and existing under the laws of the State of Minnesota ("**Developer**").

RECITALS

WHEREAS, the Owner and Developer have previously entered into a Contract for Private Development (the "**Contract for Housing Development**") regarding the Development, which said Contract for Housing Development was dated February 27, 2024, and was recorded in the Office of the Registrar of Titles of St. Louis County, Minnesota, on March 26, 2024 as Document No. 1077930.0; and

WHEREAS, Owner and Developer jointly propose to create a single-family residential housing development on a 3.22-acre plat titled "Harbor Highlands First Addition" (the "**Plat**") consisting of 24 lots and one outlot located on Harbor Highlands Drive in Duluth, Minnesota (the "**Development**"); and

WHEREAS, the real property to be platted and developed with the Development is legally described on the attached Exhibit A (the "**Property**"); and

WHEREAS, the Owner will retain ownership of Lot 8, Block 1 in the Plat, which is described by metes and bounds on the attached Exhibit B (hereinafter "**Lot 8**"); and

WHEREAS, the Developer will own all other lots and the outlot in the Plat; and

WHEREAS, Developer desires to conduct site development activities at the Property, including: installation of public sidewalk adjacent to Harbor Highlands Drive; installation of private water and sanitary sewer connections to, and existing utility stubs in the lots; and certain other site improvements (the "**Project**") to facilitate the Development; and

WHEREAS, on March 27, 2025, the City Planning Commission approved the Plat hereinafter defined (file no. PLSUB-2411-0007) subject to certain conditions, one of which required Developer to enter into a Development Agreement with City; and

WHEREAS, on January 13, 2026, the City Planning Commission waived the requirements of Unified Development Chapter § 50-37.5 to permit the conveyance of the Property by a metes and bounds description, except Lot 8, prior to the recording of the Plat; and

WHEREAS, the Owner and the Developer have jointly agreed to dedicate to the public for public use the rights-of-way, Drainage Easements and Utility Easements, shown on the Plat; and

WHEREAS, the Owner and the Developer have or will have entered into a Public Housing Demolition/Disposition/Conversion Use Agreement (the “**Use Agreement**”) between Owner, Developer, and the United States Department of Housing and Urban Development (“**HUD**”) regarding the Development, to be recorded against the Property, except Lot 8; and

WHEREAS the Developer has agreed to construct the Sidewalks, and the Stormwater Improvement as described in the hereinafter-referenced Plans; and;

WHEREAS, Developer has agreed to make certain other improvements to the Property and contributions to the City as a condition attached to the City’s approval of the Plat.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter contained, the parties covenant and agree for themselves and their successors and assigns as follows:

AGREEMENT

1. Definitions. The following term and phrases shall have the meanings hereinafter ascribed to them:
 - A. Contract for Housing Development: shall mean that certain Contract for Housing Development dated February 27, 2024, and recorded in the Office of the Registrar of Titles of St. Louis County, Minnesota, on March 26, 2024, as Document No. 1077930.0.
 - B. Declarations of Trust: shall mean that certain Declaration of Trust dated and recorded September 25, 1952 in the Office of the St. Louis County Registrar of Titles as an attachment to an Order recorded as Document Number 221691; that certain Declaration of Trust (Comprehensive Grant Projects), dated December 10, 1996 and recorded in the Office of the St. Louis County Registrar of Titles on May 15, 1997 as Document Number 628757 and in the Office of the St. Louis County Recorder as Document Number 686725; and that certain Declaration of Trust (Grant Projects), dated June 27, 1989 and recorded in the Office of the St. Louis County Registrar of Titles on July 20, 1989 as Document Number 512867.
 - C. Developer: shall mean One Roof Community Housing, a Minnesota nonprofit corporation.
 - D. Director: shall mean the City's Director of Planning and Economic Development or their designee.
 - E. Drainage Easements: shall mean the drainage easements as shown on the Plat and those required to be conveyed by this Agreement, if any.
 - F. Easements: shall mean, collectively, the rights-of-way as shown on the Plat, the Drainage Easements, Utility Easements, and those required to be conveyed by this Agreement, if any.
 - G. HUD: shall mean the United States Department of Housing and Urban Development.
 - H. Lots: shall mean the lots as shown and legally described on the Plat.
 - I. Plans: shall mean the plans and specifications for the construction and installation of all elements of the Required Improvements approved by the Director and City

Engineer and incorporated into this Agreement by reference.

- J. Plat: shall mean the Plat of Harbor Highlands First Addition approved by Planning Commission (file no. PLSUB-2411-0007) to be recorded in the Office of the County Recorder and/or Registrar of Titles for St. Louis County, Minnesota.
 - K. Project: Shall mean the development of a residential single-family housing project, the platting of 3.22 acres into 24 lots and one outlot, and the installation of sidewalk as further described as the Required Improvements and as shown on the Plans.
 - L. Property: shall mean that property legally described on Exhibit A attached hereto and made a part hereof.
 - M. Owner: shall mean the Housing and Redevelopment Authority of Duluth, Minnesota, a public body corporate and politic under the laws of the State of Minnesota.
 - N. Required Improvements: shall mean the Sidewalks and Stormwater Improvements, all in accordance with the Plans and this Agreement.
 - O. Stormwater Improvements: shall mean the swale described in 5.B and 5.C. and the Drainage Easements.
 - P. Sidewalks: shall mean a public sidewalk along both sides of the entire length of Harbor Highlands Drive.
 - Q. Use Agreement: shall mean that certain Public Housing Demolition/Disposition/Conversion Use Agreement entered into by Owner and Developer and HUD and recorded prior to this Agreement.
 - R. Utility Easements: shall mean the utility easements as shown on the Plat, or required to be conveyed under this Agreement, if any.
2. Owner and Developer Duties:
- A. Developer's Duty and Compliance: Developer agrees to the following: development of the Lots must be in compliance with all applicable ordinances, rules, regulations and laws of the City and State of Minnesota. Developer shall be responsible for obtaining all approvals and permits of any kind required to implement the Project from any governmental agency having jurisdictions with regard thereto, including but not limited to roadway access permits, wetland

permits, storm water management permits, utility construction permits, fill and grading permits, erosion and sediment control permits, and building permits.

B. Owner Lake Avenue Connection Condition: The Property is subject to the Declarations of Trust in favor of HUD. Within (2) years of the recording of the Plat, Owner shall use its best efforts, acting in good faith and in a commercially reasonable manner, to make a reasonable written inquiry and/or application to HUD requesting confirmation as to whether and under what conditions HUD would consider releasing, waiving, or modifying the Declarations of Trust to achieve the condition of the City's preliminary plat approval in Planning File PLSUB 2406-003 that Developer provide space for right of way to be dedicated for future connection of Lake Avenue in the Plat (the "Condition"). If appropriate, actions to be taken by the Owner include, without limitation (i) cooperate with the City to achieve an understanding as to what conditions must be met for HUD to release its Declarations of Trust that limit the lake avenue connection; and (ii) reasonably consider an offer from the City that comports with any conditions required by HUD for the same. Owner shall give reasonably prompt notice of communications or actions taken in pursuant of achieving the Condition, and any final determinations made by HUD regarding the Condition, to the City and to the Developer.

For purposes of this Section 2.B, "best efforts" means that Owner shall: (a) timely prepare, submit, and pursue formal request or application to HUD to release, waive, or modify the Declarations of Trust to achieve the Condition over and across Lot 8; (b) reasonably respond to HUD's requests for additional information or clarification; and (c) participate in meetings or communications with HUD as reasonably requested by HUD.

Notwithstanding the foregoing, Owner shall have no obligation to: (i) challenge, appeal, escalate, supplement, or otherwise pursue the achieving the Condition with HUD beyond such inquiry; (ii) incur any unbudgeted costs, including payments in lieu of replacement housing or other HUD-imposed financial obligations; (iii)

pursue administrative appeals, litigation, or resubmission following a denial of any necessary approval by HUD; or (iv) accept conditions that Owner reasonably determines, in good faith, would materially delay or impair the feasibility, timing, or value of the Project.

In addition, Owner shall be deemed to have complied with its obligations under this Agreement in the event that Owner submits the request(s) and/or application(s) required by this Section 2.B and such request(s) and/or application(s) is/are denied by HUD, or in the event that the request(s) and/or application(s) is/are ignored or disregarded by HUD and/or no response is received from HUD.

Notwithstanding its general obligation to endeavor to meet the Condition, Owner's failure to meet the Condition, including the failure of HUD to approve, consider, respond to, or grant any requested release, waiver, or modification shall not be construed as default of this Agreement or final plat approval, and shall not give rise to any damages, termination rights, or other remedies in favor of the City, provided that this waiver shall not be construed as a waiver of default of any other obligation under this Agreement or final plat approval. The City acknowledges that whether or not the Condition may be achieved is subject to approval by HUD and is not under Owner's control. Owner shall not assign this obligation without written consent of the City, which may be withheld in the City's discretion.

If Owner demonstrates to the City that it has used its best efforts under this Section 2.B to achieve the Condition but was unable to do so, the Owner may (with the consent of HUD) convey Lot 8 to the Developer, who may then develop Lot 8, in a manner consistent with the terms of this Agreement.

3. Pre-conditions to Issuance of Permits for Site Work: Prior to the issuance of any

permits needed to implement development of the Property in the Plat as permitted under the Plat and this Agreement and prior to the commencement of any construction work of any kind, including but not limited to site work having the purpose of implementing the development of said Lots, the following actions shall be taken by the City and the Developer:

- A. Recording of the Agreement: At Developer's expense, the City shall have caused this Agreement to have been recorded against the Property in the Office of the Registrar of Titles for St. Louis County, Minnesota. Developer agrees not to convey any interest in the Property or encumber the Property until the City has recorded the Agreement. Developer agrees to reimburse the City for any and all costs, including staff time, incurred by the City that result if the Developer conveys or encumbers any portion of the Property prior to the recording of this Agreement.
- B. Plans: Developer shall present the Plans to the City Engineer for approval as to compliance with City ordinances and current City standards on file with the City Engineer for sidewalks and utilities.

4. Pre-conditions to Issuance of Building Permits: Developer agrees that prior to the issuance of any building permits for the construction of any structure on the Property, the following shall have been completed:

- A. Recording of Plat: Prior to Developer causing the printing of the Plat on mylar medium, Developer shall provide a copy of the Plat to the City for final review. Upon receiving final approval from the City, Developer shall provide to the City copies of the Plat for its signatures and the City agrees to sign the plat in an expeditious manner. At Developer's expense, Developer shall cause the recording of the fully-executed Plat with the St. Louis County Recorder and/or Registrar of Titles. After recording of the Plat, Developer shall provide to the City Engineer two copies of the Plat on mylar medium along with evidence of recording of the Plat.
- B. Plans: Developer shall present the Plans to the Director for approval as to

compliance with this Agreement and applicable City ordinances.

5. Stormwater, utility services and driveway Conditions to Development. Developer agrees that prior to development on the subject lots, the following conditions shall be met.:

- A. No development shall be permitted on Lot 7 or Lot 8 of Block 1 until a public easement is conveyed to the City over the existing stormwater utilities located generally within Lot 7, or the utilities are relocated within another public easement, with said easement being ten feet on either side of the utilities.
- B. Developer shall improve the utility easement located on Lot 13, Block 1, to create a swale from the storm sewer inlet located at the northwestern part of the easement (the portion furthest from Harbor Highlands Drive) to the street, Harbor Highlands Drive, for the purpose of allowing runoff from rain or snowmelt to safely reach the street in the event the inlet is obstructed, frozen, or insufficient in capacity for a precipitation event. No development shall be permitted on Lots 13 and 14 of Block 1, or Lots 12 and 15, Block being adjacent thereto, until such improvement is complete. This improvement is to protect the adjacent homes from potentially flooding during the scenarios described above. Developer shall cause this utility easement to be protected from construction activity on Lots 13, 14 and the adjacent lots, Block 1.
- C. Developer shall protect and maintain the existing swale, running parallel to Harbor Highland Drive, and found at the toe of the rock slope located on the northwestern portion of all lots in Block 1 to allow runoff from rain or snowmelt and ground water seeps from upgradient, to flow to one of the two storm sewer inlets. The inlets are located in the utility easement in Lot 13, Block 1 and in Lot 7, Block 1 in the utility easement contemplated by 5.A above.
- D. Developer shall utilize the existing sewer and water service stubs located outside of the roadway of Harbor Highland Drive for any and all new construction. Developer agrees to not negatively impact the existing nearby roadways, including Harbor Highland Drive and Lake Avenue, by Developer's connection to any new utility service.
- E. If the alignment of an existing curb cut does not work for the proposed

Development, Developer agrees any new curb cut must be installed with a proper concrete driveway aprons per City standards, on file with the Office of the City Engineer. Developer agrees that any unused driveway curb cut shall be removed and replaced with a full height curb and gutter to align with the adjacent curb and gutter section, per City standards.

6. Financing. Developer assumes all risks and agree to bear all costs and fees related to the design and construction of all sidewalks, utilities including the Required Improvements, and other public improvements as shown on the Plat.

7. Property Conveyance and Easements. Developer agrees to dedicate to the City in trust for the general public all easements for streets, sidewalks, storm water management, and utilities as shown on the Plat. Subject to the Contract for Housing Development and the Use Agreement and any reversionary interests therein in favor of Owner and/or HUD, Developer warrants and represents to City that it has marketable fee title to the Property, less and except Lot 8, free and clear of all mortgages, liens and other encumbrances and that it has the right to dedicate the easements to the City free and clear of any encumbrances or shall have established to the satisfaction of the Director and City Engineer, in the exercise of each of their discretion that Developer has the right to so convey and dedicate such interests. The City acknowledges, however, that the Contract for Housing Development and Use Agreement each contain a reversionary clause which shall operate to revert the fee title of the Property, except the Lot 8, to the Owner, in the event Developer fails to comply with the terms and conditions therein, and that until released, such reversionary clauses shall be superior and have priority over any conveyance of any easement by Developer, and that if such reversionary are excised by Owner or HUD, any conveyance of any easement by Developer to City shall be terminated, null, void, and of no effect. In the event Owner exercises the reversionary clause and fee title of the Property reverts to Owner, Owner agrees to assume all Developer obligations under this Agreement and agrees to rededicate to the City in trust for the general public all easements for streets, sidewalks, storm water management, and utilities shown on the Plat.

8. Inspections. All Required Improvements shall be made in accordance with applicable City construction design standards and specifications and shall be subject to the inspection by and approval of the City. Developer hereby grants City, its agents, employees and contractors a limited license to enter the Property and perform all inspections which the Director or the City Engineer in the exercise of each of their reasonable discretion deems appropriate in connection with this Agreement.

9. Developer's Default. In the event Developer fails to comply with or perform any terms, conditions, undertakings, or obligations under this Agreement, which is not cured following thirty (30) days' written notice from the City, or such longer period of time as may be reasonably required to cure such default provided the defaulting party is proceeding with diligence to cure such default, the parties hereto agree that no award of damages to City could constitute an adequate remedy for such default, Therefore, City may, in addition to and not in lieu of any other remedies or rights available to it by law or equity:

- A. Institute an action for specific enforcement to compel the defaulting party to perform any or all of its obligations under this Agreement. Developer acknowledges that the rights of City to performance of the obligations Developer pursuant to this Agreement are special and unique, and that, in the event Developer violates, fails or refuses to perform any condition, agreement or provision herein, City may be without an adequate remedy at law.
- B. At its option, at Developer's cost, perform the work to complete the Required Improvements, provided the defaulting party is first given written notice of the default not less than seven (7) days in advance. This Agreement is a limited license for the City to enter onto any portion of the Property necessary to perform said work, and it shall not be necessary for the City to seek a Court order for permission to enter the land. Developer agrees to reimburse the City for all costs of said work within sixty (60) days of invoice from the City and/or by assessment determined at the City's discretion.

- C. Refuse to issue building permits for construction on the Project.
- D. Exercise any other remedy available to the City in law or in equity. No remedy conferred in this Development Agreement is intended to be exclusive. The election of any one or more remedies shall not constitute a waiver of any other remedy. City may, but is not obligated to, exercise any of the remedies referred to in this paragraph.

10. Insurance. Developer agrees to purchase and maintain, during the term of this Agreement, insurance in the form of Workers Compensation and Employers Liability, Commercial General Liability and Automobile Liability covering operations associated with the Required Improvements and the Project, and Property insurance covering real and personal property interests at or near the Property, with the following limits:

Workers' Compensation	Statutory (MN)
Employers' Liability	\$1,500,000
Auto Liability (owned, hired and non-owned)	\$1,500,000
Commercial General Liability (including Contractual Liability)	
Each Occurrence	\$2,000,000
Aggregate	\$4,000,000
Property Insurance	To Replacement Value

Prior to commencement of construction, Developer agrees to deliver to the City a Certificate of Insurance, naming the City as an Additional Insured, as evidence that the above coverages are in full force and effect.

11. General Indemnity. Owner and Developer agree that it shall defend, indemnify and hold harmless City and its officers, agents, servants and employees from and against any and all claims, demands, suits, judgments, costs and expenses asserted by any person or persons, including agents or employees of City, Owner, or Developer, by reason of death of or injury to person or persons or the loss of or damage to property arising out of Owner or Developer's performance of its obligations under this Agreement, except to the extent caused exclusively by the willful misconduct or negligence of the City,

or someone acting on its behalf, or a breach of this Agreement by the City. On ten (10) days written notice from City, the indemnifying party will appear and defend all lawsuits against City relating to or arising from such injuries or damage.

12. Environmental Indemnity. Owner and Developer, agrees that it shall defend, indemnify and hold harmless City and its officers, agents, servants and employees from and against any liability, loss, damage, fine, judgment, penalty, fee, cost, interest, or expense arising out of any condition existing on the Property prior to Developer's acquisition of the Property relating in any way to the environment, preservation or reclamation of natural resources, the presence, management, release or threatened release of any Hazardous Material (any and all explosive or radioactive substances or wastes and hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any environmental law) or to health and safety matters.

13. Notices. Any notice, demand or other communication under this Agreement by either party to the other shall be deemed to be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid to:

In the case of the City: City of Duluth
Attn: Director of Planning and Economic Development
411 West First Street, Room 160
Duluth, MN 55802

With copy to the City Engineer

In the case of Developer: One Roof Community Housing
12 East 4th Street
Duluth, MN 55805

With a copy to:
Hanft Fride, A Professional Association
Attn: William Burns
1000 US Bank Place

130 W. Superior Street
Duluth, MN 55802

In the case of Owner: The Housing and Redevelopment Authority of Duluth
222 E. 2nd Street
Duluth, MN 55805
ATTN: General Counsel

With a copy to:
James B. Aird
Fryberger Law Firm
302 W. Superior St., Suite 700
Duluth, MN 55802
jaire@fryberger.com

14. Binding Effect. This Agreement shall be deemed to run with the land and shall inure to the benefit of the parties hereto and to their successors and assigns.

15. Term. The term of this Agreement shall commence upon the date of attestation by the City Clerk and shall continue until (i) the Director and City Engineer have certified in writing that all Required improvements required under this Agreement have been constructed in accordance with the requirements herein contained, and (ii) Developer has dedicated the Easements as are required hereunder.

At Developer's request, City will issue a written certificate of completion in recordable form acknowledging that the Required Improvements have been completed. Any obligations and duties which by their nature extend beyond the expiration or termination of this Agreement shall survive the expiration or termination of this Agreement.

16. Assignment. Developer may not assign this Agreement without the written approval of the City, which approval shall not be unreasonably withheld, conditioned or delayed, provided, however, that Developer may assign this Agreement to an entity controlling, controlled by or under common control with the Developer or its owners and shall provide the City with notice thereof. Except as otherwise stated in this Agreement, Owner may assign Owner's rights and obligations to Developer.

17. Governing Law, Jurisdiction, and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota, and all questions concerning the meaning, intention or validity of the terms of this Agreement, as well as the performance of the parties hereto, shall be determined and resolved in accordance therewith. The Parties agree to submit to the exclusive jurisdiction of the State and Federal Courts sitting in St. Louis County, Minnesota, and waive any objections to such location based on jurisdiction, venue or inconvenient forum.

18. Construction of Agreement. Owner, Developer and City have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement is to be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

19. Severability. In the event any provision herein shall be deemed invalid or unenforceable, the remaining provision shall continue in full force and effect and shall be binding upon the parties to this Agreement.

20. Counterparts. This Agreement may be executed, acknowledged and delivered in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

[Signature pages follow]

Exhibit A

Legal Description of Property

Tract B, Registered Land Survey No. 82

Torrens Property.
St. Louis County, Minnesota

Exhibit B

Metes and Bounds Legal Description of Lot 8

That part of Tract B, Registered Land Survey No. 82, legally described as follows:

Commencing at the Southwest corner of said Tract B; thence on an assume bearing of North 18 degrees 46 minutes 31 second East, along the Westerly line of said Tract B 353.68 feet to the point of beginning of the parcel herein described; thence continue North 18 degrees 46 minutes 31 seconds East, along said Westerly line 58.69 feet; thence North 00 degrees 33 minutes 43 seconds East, along said Westerly line 7.71 feet; thence South 70 degrees 46 minutes 57 seconds East 92.74 feet to the Westerly right of way line of Harbor Highlands Drive; thence South 11 degrees 05 minutes 06 seconds West, along said Westerly right of way line 28.47 feet; thence South 19 degrees 13 minutes 03 seconds West, along said Westerly right of way line 37.82 feet; thence North 70 degrees 46 minutes 57 seconds West 93.85 feet to the point of beginning. Said parcel contains 6,163 square feet or 0.14 acres.

Said land being designated on Plat of Harbor Highlands First Addition as "Lot 8, Block 1, HARBOR HIGHLANDS FIRST ADDITION"