



**Meeting Location: Municipal Center
7100 147th Street West
Apple Valley, Minnesota 55124**

September 25, 2025

Economic Development Authority Meeting Tentative Agenda

7:30 PM

1. Call To Order
2. Approve Agenda
3. Consent Agenda
Consent Agenda Items are considered routine and will be enacted with a single motion, without discussion, unless a councilmember or citizen requests to have any item separately considered. It will then be moved to the regular agenda for consideration.
 - A. Approve Minutes of January 23, 2025, Regular Meeting
 - B. Approval of Planned Development Agreement and Development Agreement for Valley Station Apartments (The Gaslight Site) - 15584 Gaslight Drive
4. Regular Agenda
5. EDA Items And Communications
6. Staff Updates
7. Adjourn

Next Regularly Scheduled Meeting Date: Tuesday, December 23, 2025



ITEM:
MEETING DATE:
SECTION:

3.A.
September 25, 2025
Consent Agenda

Description: Approve Minutes of January 23, 2025, Regular Meeting	
Staff Contact: Christina Scipioni, City Clerk	Department / Division: Community Development

Action Requested:

Approve minutes of regular meeting on January 23, 2025.

Summary:

The minutes of the regular Economic Development Authority meeting are attached for your review and approval.

Background:

State statute requires the creation and preservation of meeting minutes which document the official actions and proceedings of public governing bodies.

Budget Impact:

N/A

Attachments:

1. 2025-01-23 EDA Minutes

ECONOMIC DEVELOPMENT AUTHORITY
City of Apple Valley
Dakota County, Minnesota
January 23, 2025

Minutes of the Meeting of the Economic Development Authority of Apple Valley, Dakota County, Minnesota, held January 23, 2025, at 6:30 p.m., at Apple Valley Municipal Center.

PRESENT: President Tom Melander, Commissioners John Bergman, Lisa Hiebert, Clint Hooppaw, and Jodi Kurtz

ABSENT: Commissioners Ruth Grendahl and Ken Johnson

City staff members present: City Administrator Lawell, Community Development Director Benetti, City Attorney Hills, City Clerk Scipioni, and City Planner Sharpe

APPROVAL OF AGENDA

President Melander asked staff if there were any changes to the agenda. Mr. Lawell stated there were no changes.

MOTION: of Bergman, seconded by Kurtz, approving the agenda. Ayes – 5 - Nays - 0.

CONSENT AGENDA

MOTION: of Kurtz, seconded by Hiebert, approving the minutes of the special meeting on October 24, 2024. Ayes – 5 – Nays – 0.

REGULAR AGENDA

2025 BOARD OFFICERS

It was the consensus of the Commissioners to reappoint the Board Officers who served in 2024:

President: Tom Melander
Vice-President: Ruth Grendahl
Secretary: Christina M. Scipioni
Treasurer: John Bergman
Assistant Treasurer: Christina M. Scipioni

MOTION: of Hooppaw, seconded by Kurtz, to adopt Resolution Approving the 2025 Board Officers. Ayes – 5 - Nays – 0.

Economic Development Authority
City of Apple Valley
Dakota County, Minnesota
January 23, 2025
Page 2

2025 EDA Budget

Mr. Benetti provided an overview of the proposed 2025 budget.

MOTION: of Hooppaw, seconded by Bergman, to adopt Resolution Approving the 2025 EDA Budget. Ayes – 5 - Nays – 0.

STAFF UPDATES

There were no staff updates.

ADJOURNMENT

MOTION: by Hooppaw, seconded by Bergman, to adjourn at 6:40 p.m. Ayes – 5 - Nays – 0.

Respectfully Submitted,

Christina M. Scipioni, City Clerk

Approved by the Apple Valley Economic
Development Authority on _____.

Thomas O. Melander, President



ITEM:
MEETING DATE:
SECTION:

3.B.
September 25, 2025
Consent Agenda

Description: Approval of Planned Development Agreement and Development Agreement for Valley Station Apartments (The Gaslight Site) - 15584 Gaslight Drive	
Staff Contact: Tim Benetti, Community Development Director	Department / Division: Community Development

Action Requested:

Approve and Authorize the Execution of a Planned Development Agreement and Development Agreement between Apple Valley AH I, LLLP and the Apple Valley Economic Development Authority (EDA)

Summary:

Prior to this scheduled EDA meeting, the City Council is expected to consider the Valley Station Apartments project, a five-story, 144-unit affordable workforce housing development at 15584 Gaslight Drive. The 3.10-acre parcel, generally referred to as *The Gaslight Site*, is located at the southeast corner of 155th Street West and Gaslight Drive.

The developer, Real Estate Equities (REE), has requested amendments to Planned Development No. 507, along with Site Plan and Building Permit Authorization to allow construction of the apartments. Because the Gaslight Site is owned by the EDA, approval of both a Planned Development Agreement and a Development Agreement is required among Apple Valley AH I, LLLP (REE), the Apple Valley Economic Development Authority, and the City of Apple Valley (as co-signatory).

Subject to City Council approval of the PD Amendment and site/building plans, the EDA will also be asked to authorize the President and Executive Director to execute the two agreements. These agreements will formalize the requested amendments and establish project-specific conditions and standards.

Note: For purposes of this action item, the EDA is being presented with the draft Planned Development Agreement and Development Agreement only. The site plans and related attachments are included in the September 26, 2025, City Council Memo Report.

Background:

- The Gaslight Site was acquired by the EDA in 1997 and leased to the Minnesota Valley Transit Authority (MVTA) for use as a park-and-ride facility, which ceased operations in early 2024.

- In 2024, the EDA issued a Request for Proposals (RFP) to redevelop the site. REE's workforce housing project was selected, and a purchase agreement was executed.
- The Planning Commission held a public hearing on July 16, 2025. Following requested building adjustments and site revisions, REE submitted a revised plan for consideration at the September 3, 2025 meeting.
- The Planning Commission subsequently recommended approval (5-1 vote) of the Planned Development amendments and Site Plan/Building Permit Authorization, subject to conditions outlined in the City Council resolution.

Budget Impact:

N/A

Attachments:

1. Planned Development Agreement - Valley Station Apartments
2. Development Agreement - Valley Station Apartments
3. Stormwater Maintenance Agreement - Valley Station Apartments

PLANNED DEVELOPMENT AGREEMENT

Valley Station Apartments

This Planned Development Agreement ("Agreement") is entered into by and between the City of Apple Valley, a Minnesota municipal corporation (hereinafter the "City"); Apple Valley Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota, (hereinafter the "EDA") and APPLE VALLEY AH I, LLLP, a Minnesota limited liability limited partnership (hereinafter the "Developer"). The City, EDA and Developer are collectively the "Parties."

WHEREAS, the EDA is the fee owner of real property in Dakota County, Minnesota, legally described as Lot 1, Block 2, Carroll Center 4th Addition (the "Property"), which is governed by this Agreement and depicted on the plat shown on **Exhibit A**; and

WHEREAS, the Developer has made an application for development of the property as depicted on plans attached hereto as **Exhibit B**; and

WHEREAS, the Developer's applications have been approved by the City, subject to conditions set forth on **Exhibits C** (which conditions are approved by the City) and the EDA and Developer entering into this Agreement; and

WHEREAS, the Parties desire to provide for development of the Property in accordance with Planned Development Designation No. 507, to allow construction of a 144-unit apartment development; and

WHEREAS, the Parties hereby acknowledge that this Agreement and the plans and specifications submitted by Developer and approved by the EDA constitute the Planned Development Agreement for the Property.

NOW, THEREFORE, it is hereby agreed by and between the Parties as follows:

1. This Agreement applies to the development and use of the Property.
2. The Developer agrees that the development and use of the Property shall, in all material respects, comply with Apple Valley City Code Chapter 155, Appendix F Article 18, governing Planned Development Designation No. 507, and the following Exhibits attached hereto and incorporated herein:

Exhibit B	Development Plans
Exhibit C	Conditions of Building Permit Authorization (Lot 1, Block 2, Carroll Center 4 th Addition)

The Developer further agrees that the development and use of the Property shall comply with all plans and specifications submitted by the Developer and approved by the EDA, which are incorporated herein by reference. All the plans and specifications are available for inspection in full-size format at the Apple Valley Municipal Center.

3. Minor deviations from the above plans may be accepted by the City provided that the Community Development Director makes a written determination that the revised plans are in general conformance with the above-listed plans.

4. This Agreement may be amended from time to time as the Parties may agree. Any such amendment must be in writing and signed by both Parties. Furthermore, the development plans may be amended upon application by the Developer and approval of the City, pursuant to Apple Valley City Code. Amendments to the development plans, once approved, shall become Exhibits hereto and shall be fully binding upon the Parties as if fully set forth herein.

5. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

6. This Agreement shall run with the Property and shall be recorded in the Office of the Dakota County Recorder or Registrar of Titles.

7. This Agreement shall be governed by and construed under the laws of the State of Minnesota. Notwithstanding the foregoing, the Parties recognize that as of the date hereof, the Developer has not yet purchased the Property, and is party to that certain Sale and Purchase Agreement dated as of October 25, 2024, by and between the EDA and Real Estate Equities, LLC, a Minnesota limited liability company (the "Original Buyer"), as assigned by Original Buyer to Developer pursuant to that certain Assignment and Assumption of Purchase and Sale Agreement dated as of September 4, 2025 (collectively, the "Purchase Agreement"). The Parties agree that if the Purchase Agreement is terminated for any reason or the Developer does not purchase the Property from EDA, this Agreement shall automatically terminate, and Developer shall have no further obligations hereunder.

8. Should any provision of this Agreement be held to be void, invalid, unenforceable, or illegal by a court, the validity and the enforceability of the other provisions shall not be affected thereby. Failure of either Party to enforce any such provision shall not act as a waiver by the non-defaulting Party.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

[SIGNATURE PAGES TO FOLLOW]

PLANNED DEVELOPMENT AGREEMENT

Valley Station Apartments

(Signature page of Developer)

APPLE VALLEY AH I, LLLP, a Minnesota limited liability limited partnership


By: Apple Valley AH I, LLC, a Minnesota limited liability company
Its: General Partner

Dated: September 17, 2025

By: 
Patrick Ostrom
Its: Vice President

STATE OF MINNESOTA)
) ss.
COUNTY OF Ramsey)

The foregoing instrument was acknowledged before me this 17 day of September, 2025, by Patrick Ostrom, the Vice President of Apple Valley AH I, LLC, a Minnesota limited liability company, as the General Partner of Apple Valley AH I, LLLP, a Minnesota limited liability limited partnership, on behalf of said limited liability limited partnership.


Notary Public



PLANNED DEVELOPMENT AGREEMENT

Valley Station Apartments

(Signature page of EDA)

Apple Valley Economic Development
Authority, a body corporate and politic under
the laws of the State of Minnesota

Dated: _____, 2025

By: _____
Tom Melander
Its: President

By: _____
Tom Lawell
Its: Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF DAKOTA)

The foregoing instrument was acknowledged before me this _____ day of _____, 2025, by Tom Melander and Tom Lawell, the president and Executive Director of the Apple Valley Economic Development Authority, a body corporate and politic under the laws of the State of Minnesota, on behalf of the body corporate and politic.

Notary Public

PLANNED DEVELOPMENT AGREEMENT

Valley Station Apartments

[Signature Page of City]

City of Apple Valley, a Minnesota municipal Corporation

Dated: _____, 2025 By: _____
Clint Hooppaw
Its: Mayor

By: _____
Christina M. Scipioni
Its: City Clerk

STATE OF MINNESOTA)
) ss.
COUNTY OF DAKOTA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by Clint Hooppaw and Christina M. Scipioni, the Mayor and City Clerk of the City of Apple Valley, a Minnesota municipal corporation, on behalf of the municipal corporation.

Notary Public

This instrument was drafted by:

Dougherty, Molenda, Solfest, Hills & Bauer P.A.
14985 Glazier Avenue, Suite 525
Apple Valley, Minnesota 55124
(952) 432-3136
RBB: 42736

DEVELOPMENT AGREEMENT

Between

CITY OF APPLE VALLEY

And

APPLE VALLEY AH I, LLLP

And

APPLE VALLEY ECONOMIC DEVELOPMENT AUTHORITY

For

VALLEY STATION APARTMENTS

On

LOT 1, BLOCK 2, CARROLL CENTER 4TH ADDITION

DAKOTA COUNTY, MINNESOTA

A G R E E M E N T

WHEREAS, the City of Apple Valley, Dakota County, Minnesota, (“City”), has been requested by Apple Valley AH I, LLLP, a Minnesota limited liability limited partnership (“Developer”) and Apple Valley Economic Development Authority, a body corporate and politic under the laws of the State of Minnesota (“Owner”) (City, Developer and Owner are collectively referred to as the “Parties”) to approve development of Lot 1, Block 1, Carroll Center 4th Addition (hereinafter the “Property”), as shown on **Exhibit “A”** attached hereto and incorporated herein; and

WHEREAS, the Developer intends to develop the Property into a new 144-unit apartment development known as “Valley Station Apartments” (the “Development”) as depicted on the site and civil plans attached hereto and incorporated herein; and

NOW, THEREFORE, in consideration of the mutual agreements of the Parties, it is hereby agreed by and between the Parties as follows:

1. Subject to the terms and conditions of this Development Agreement (“Agreement”), the City hereby approves the issuance of a building permit and any related permits for the Development.
2. The Property is governed by the terms and conditions of the City’s Zoning Ordinances (the “Ordinance”). Any use of the Property shall be in accordance with the provisions of the Ordinance.
3. The Developer shall comply with the conditions of Building Permit Authorization set forth in City of Apple Valley Resolution No. 2025-_____, a copy of which is attached hereto as **Exhibit “B”** and incorporated herein.

Developer Improvements

4. Subject to the provisions hereunder, the Developer shall, in a manner acceptable to the City Engineer, install the utility improvements and grade the Property and install improvements within the Property, in accordance with and under the following conditions:

A. To complete all improvements in conformance with the plans and specifications submitted by the Developer and approved by City, including but not limited to the following plans (the “Plans”), and any subsequent revisions as required by the City Engineer:

- C2-1 Site Plan
- C3-1 Grading Plan
- C3-2 and C3-3 SWPPP
- C4-1 Utility Plan
- C4-2 Storm Sewer Plan
- C8-1 and C8-2 Details
- L1-1 and L2-1 Landscape Plan and Details
- Exhibit A – Valley Station Apartments Sanitary Sewer Improvements Project (Project 2026-112) (Final Plans and Specifications to be prepared by the City Engineer.)

B. To construct sidewalk(s) and driveways with concrete or bituminous material in accordance with the City’s construction standards.

C. To seal or cause to be sealed any wells that may exist on the Property in accordance with State, County, and local laws.

D. To install a protective box and cover over each sewer cleanout and water shutoff, to the City’s specifications.

E. To install all lot monuments for the Development upon or before one year from the date of this Agreement.

F. To install and maintain all materials (trees, shrubs, and sod) identified in the City approved landscape plan.

G. The Developer agrees to comply with all requirements of the Natural Resources management regulations as set forth in Chapter 152 of the Apple Valley City Code prior to, during and after the development of the Property. The Developer further agrees to submit to the City for its approval a Natural Resources Management Plan prior to any construction or land-disturbing activity in connection with the development of the Property. The Developer shall implement and comply with all terms and conditions of the approved Natural Resources Management Plan prior to and during any construction or land-disturbing activity, including, but not limited to, maintaining the performance security required in Chapter 152 of the Apple Valley City Code.

H. To install each item noted in this Section 4 at the Developer's sole cost and expense, in accordance with all plans reviewed and approved by the City.

I. To attend a preconstruction meeting with representatives of the City and to require the attendance of all contractors and subcontractors, prior to commencement of construction.

J. The Developer will not bury any pipe, install bituminous surface, nor pour concrete pursuant to implementing the Plans, without the specific approval of the City Inspector, prior to the work being performed.

K. All "on-site" inspections by the City will be done at the sole cost and expense of the Developer.

L. The Developer shall repair all damage to City streets, curbs, gutters, utilities, and other municipal improvements caused by or resulting from the development of the Property, at the Developer's sole cost and expense.

M. Prior to issuance of Final Certificate of Occupancy for the Development, The Developer shall provide the City Engineer as-built plans that demonstrate that all constructed sanitary, water, and storm water conveyance structures and management facilities sub-surface infiltration practice) conform to design and/or construction plans, as approved by the City. As-built volumes (for detention and retention) shall be provided for the subsurface infiltration practice. The Developer shall submit to the City Engineer certification that the storm water management facilities have been installed in accord with the approved plans and specifications. This certification shall be provided by a Professional Engineer licensed in the State of Minnesota. Notwithstanding the foregoing, a Temporary Certificate of Occupancy may be issued to allow occupancy of the building prior to the above plans and specifications being delivered and approved by the City Engineer, so long as all other conditions for occupancy have been met to the Satisfaction of the City Engineer.

N. To pay the City's reasonable costs related to this Agreement, including but not limited to administration, engineering, legal fees, inspection, and enforcement. The City shall submit invoices to the Developer, or its successors or assigns with detailed descriptions of the services rendered by the City in accordance with this Agreement. The Developer shall deposit the sum of **Seventy Thousand Five Hundred and no/100 Dollars (\$70,500.00)** with the City toward payment of such costs. If the City's reasonable costs exceed the deposit, the Developer, or its successors or assigns shall reimburse the City within thirty (30) days of billing. Should the actual costs be less than the amount of the deposit, upon completion of the improvements described in this Section 4 and receipt of written notice from the Developer requesting return of the remaining funds, the amount remaining on deposit shall be returned to the Developer.

O. Other than in the case of an emergency, if the Developer causes any material violation of the terms of this Agreement to occur, the City shall give written notice to the Developer with a copy to the City of such violation and the Developer shall have 20 business days, or a different period of time as may be set forth in the City's notice to Developer if the violation cannot be cured within 20 business days, to cure such violation. Failure of the Developer to complete such cure shall allow the City to stop and enjoin all construction on the Property until authorization to proceed is given by the City. The Developer shall hold the City harmless from any damages, causes of action, or claims related to the construction being stopped by the City.

5. The Building Permit for the Development shall not be released by the City until the Developer has deposited with the City cash or one or more letters of credit in the total amount of **One Million One Hundred Twenty-One Thousand, Eight Hundred Seventy-Five and no/100 Dollars (\$1,300,000.00)** (the "Financial Security") securing the full performance of this Agreement. The bank or financial institution issuing a Financial Security is subject to the reasonable approval of the City Attorney. The form of the Financial Security shall be either a cash deposit or a letter of credit issued to the City as the beneficiary. Upon issuance of the Final Certificates of Occupancy any such Financial Security (other than the Landscape Security) will automatically terminate and letters of credit automatically released without any further documentation or communication needed from the City. The Developer shall be required to maintain the Financial Security with the City, until it is released as provided for in this Agreement. The amount of the Financial Security was calculated as follows:

DEVELOPER IMPROVEMENTS

<u>Item</u>	<u>Amount</u>
Lot 1, Block 2, Carroll Center 4th Addition:	
Private Infrastructure Improvements (street and utility removals, sidewalk/trail repairs).....	\$35,000.00
Public Infrastructure Security (connections to public utilities pavement replacement approx. 115 tons on Gaslight Drive sanitary sewer replacement)	\$185,000.00
Subdivision Monuments and As-builts (Record Plans)	\$7,500.00
Landscaping 2.5% of \$26,800,000 building value	\$670,000.00
Subtotal Public and Private Improvements	\$897,500.00
Subtotal Security (125%) of Estimated Private Improvements	\$1,121,875.00
Total Financial Guaranty Lot 1 (Valley Station Apts)	\$1,121,875.00

This breakdown is for historical reference only. It is not a restriction on the use of the Financial Security.

(i) **Financial Security under Default.** In the event of a default by the Developer which is not cured within twenty business (20) days after written notice from the City or within a different period as may be set forth in the City’s notice, the City may draw down the Financial Security to pay for all reasonable costs and expenses incurred by the City to enforce this Agreement including the costs incurred by the City in connection with the collection of the Financial Security. The City’s cost may include any remediation or completion of the Developer’s obligations under this Agreement. The City may draw on the Financial Security, without further notice, after a default has occurred under this Agreement, which has not been cured within any applicable cure period.

(ii) **Claims to Financial Security.** If the City receives claims from subcontractors or materialmen for work performed in or intended for easements dedicated to the public as required by this Agreement and money due has not been paid, the City shall give notice to the Developer of such claim and the Developer shall have ninety (90) days to make payment or provide the City with documentation showing such claim to be unwarranted and its intent to take legal action to remove such claim. If the Developer fails to provide such written notice to the City, the Developer hereby authorizes the City, at the City's discretion, to commence an Interpleader action pursuant to Rule 22 of the Minnesota Rules of Civil Procedure for the District Courts at the expense of the Developer, to include court costs and reasonable attorney fees. The Developer further authorizes the City to draw upon the Financial Security in the amount of one hundred twenty-five percent (125%) of the claim together with attorneys' fees and court costs, and to deposit the funds in compliance with the Rule.

(iii) **Reduction of Financial Security.** So long as the Developer is not in default of the terms and conditions of this Agreement, upon a written request by the Developer and the City's verification of satisfactory compliance at the time of inspection or acceptance by the City of any installed Developer Improvements, as described in Section 5 of this Agreement (the "Developer Improvements"), which should not be unnecessarily delayed, a like percentage of that portion of the Financial Security covering those specific completed Developer Improvements (Section 4) shall be released to the Developer; except however the final twenty percent (20%) of the Financial Security shall be held by the City until a final acceptance by the City of all Developer Improvements and the receipt by the City of all as-builts required under this Agreement. At the time of final inspection of all Developer Improvements, if it is determined by the City that the plans and specifications for the Developer Improvements were not strictly adhered to or that work

was done without the City inspection, the City may require that the Developer post a cash escrow equal to one hundred twenty-five percent (125%) of the estimated amount necessary to correct the deficiency or to protect against deficiencies arising therefrom. Such additional cash escrow shall remain in force until the corrective work is completed and accepted by the City which shall not exceed three (3) years.

6. No occupancy of any building located upon the Property shall occur until water, sanitary sewer, and a paved driving surface are available for use to the new building.

7. Prior to the release of the building permit for the Development, the Developer shall:

A. Deliver to the City the Financial Security (Section 4 – noted above and herein).

B. Deposit the funds to the City (Section 4 - noted above and herein).

C. Pay the following trunk charges for the Property outlined in (i), (ii) and (iii)

in the total amount of **\$104,757.20**:

<u>Item</u>	<u>Calculation</u>	<u>Amount Due</u>
(i) Sanitary Sewer Connection Fees (Trunk Charge):	$\$395.00/\text{SAC Unit} \times 147 \text{ SAC} =$	\$58,065.00
(ii) Water Utility Connection Fees (Trunk Charge):	$\$3,455.00/\text{acre} \times 3.10 \text{ acres} =$	\$10,710.50
(iii) Storm Sewer Connection Fees (Trunk Charge):	$\$11,607.00/\text{acre} \times 3.10 \text{ acres} =$	\$35,981.70
TOTAL		\$104,757.20

8. In addition to the trunk charges noted herein, upon submission of a building permit application, the Developer agrees to pay the City for the public services furnished to the Development, in an amount as determined below upon the basis of units (per building) as determined by the City Engineer, which amount shall be paid in the following manner:

A. Sewer Availability Charge - The rate per unit is based on the year in which the building permit is issued per Sanitary Availability Charge (SAC) SAC unit in an amount due and owing to the Metro Waste Control as determined by it, together with \$446.00 due and owing to the City per SAC unit. The person who applies for a building permit shall pay, at the time of the issuance of the permit, an amount equal to the rates times the number of units. This fee is subject to change if the obligation of the City to the Metropolitan Waste Control Commission changes.

B. Water System, Supply and Storage Charge - The rate per unit is based on the year in which the building permit is issued (presently \$1,209.00 per SAC unit). The person who applies for a building permit shall pay, at the time of the issuance of the permit, an amount equal to the rate times the number of units.

9. Park Dedication. The Developer shall pay a cash contribution of **Five Hundred Seventy-four Thousand Eight Hundred Thirty-three and 60/100 Dollars (\$574,833.60)** in satisfaction of the City's park dedication requirements as provided for by the City Code. The charge is calculated as follows:

144 apartment units x 1.9 persons per unit = 273.6
273.6 x .00955 = 2.61 acres land dedication
2.61 x \$220,00.00 for multi-family = **\$574,833.60**

This contribution shall be payable to the City at the time the building permit is issued.

10. The Developer agrees to install all utilities underground in the Development, specifically including electrical, communications and gas services. The Developer shall extend sanitary, storm sewer and water main connections to the Property with stub-outs for future service connection to the Property. The Developer hereby represents that all utility services will be available for a building prior to occupancy of any dwelling in that respective building.

11. The Developer agrees to install and pay for a public (or private) street lighting system for the Development, in accordance with City and Dakota Electric Company standards.

12. The Developer agrees to provide the City with as-built surveys for any building constructed within the Development on the Property, prior to the issuance of the Final Certificate of Occupancy for that building. Notwithstanding the foregoing, a Temporary Certificate of Occupancy may be issued to allow occupancy of the building prior to the above plans and specifications being delivered and approved by the City Engineer, so long as all other conditions to occupancy have been met to the satisfaction of the City Engineer.

13. The Developer shall deliver to the City copies of the recorded documents to evidence that the Developer has complied with its recording obligations under this Agreement.

14. The Developer hereby specifically release the members of the City Council from any personal liability in connection with handling funds pursuant to the terms of this Agreement, and further agrees to indemnify and hold the members of the City Council harmless from any claim, of any and every nature whatsoever, because of this Agreement, the Plat, and the development of the Property.

The Parties mutually recognize and agree that all terms and conditions of this Agreement shall run with the Property and shall be binding upon the respective heirs, administrators, successors and assigns of the Developer.

Notwithstanding the foregoing, the Parties recognize that as of the date hereof, the Developer has not yet purchased the Property, and is party to that certain Sale and Purchase Agreement dated as of October 25, 2024, by and between the Owner and Real Estate Equities, LLC, a Minnesota limited liability company (the "Original Buyer"), as assigned by Original Buyer to Developer pursuant to that certain Assignment and Assumption of Purchase and Sale Agreement

dated as of September 4, 2025 (collectively, the “Purchase Agreement”). The Parties agree that if the Purchase Agreement is terminated for any reason or the Developer does not purchase the Property from Owner, this Agreement shall automatically terminate, and Developer shall have no further obligations hereunder.

16. Requested Release. The Developer may request a release from this Agreement in writing. The City will consider the request only after all Developer Improvements are completed and accepted, and all terms of this Agreement are satisfied

17. Notices. All notices required or desired to be given under this Agreement shall be in writing and may be delivered by deposit in the United States mail, postage prepaid, as certified mail, return receipt requested, or sent by overnight courier, and addressed as follows:

To Owner: Apple Valley Economic Development Authority
Attn: Tim Benetti, Community Development Director
7100 147th Street West
Apple Valley, MN 55124
Email: Tim.Benetti@applevalleymn.gov

To City: City of Apple Valley
Attn: Brandon Anderson, City Engineer
7100 147th Street West
Apple Valley, MN 55124
Email: Brandon.Anderson@applevalleymn.gov

With a copy to: Dougherty, Molenda, Solfest, Hills & Bauer P.A.
Attn: Robert B. Bauer
14985 Glazier Avenue, Suite 525
Apple Valley, MN 55124
Email: rbauer@dmslb.com

To Developer: Apple Valley AH I, LLLP
Attn: Patrick Ostrom
579 Selby Avenue
St. Paul, MN 55102-5510
Email: abisanz@reeapartments.com

With a copy to: Winthrop & Weinstine, P.A.
Attn: Jeffrey S. Drennan
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402
Email: jdrennan@winthrop.com

Any notice delivered by overnight courier or delivered by United States certified mail shall be deemed given as of the time it is deposited with the overnight carrier or United States mail. The addresses to which notices are to be delivered may be changed by giving notice of such change in accordance with this notice provision.

IN WITNESS WHEREOF, the Parties have hereunto set their hands.

[Signature Pages Follow]

DEVELOPMENT AGREEMENT

Valley Station Apartments

[Signature Page of Owner]

Apple Valley Economic Development
Authority, a body corporate and politic under
the laws of the State of Minnesota

Dated: _____, 2025

By: _____

Tom Melander
Its: President

By: _____

Tom Lawell
Its: Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF DAKOTA)

The foregoing instrument was acknowledged before me this _____ day of _____, 2025, by Tom Melander and Tom Lawell, the president and Executive Director of the Apple Valley Economic Development Authority, a body corporate and politic under the laws of the State of Minnesota, on behalf of the body corporate and politic.

Notary Public

STORMWATER MAINTENANCE AGREEMENT

This AGREEMENT is made between APPLE VALLEY AHI, LLLP, a Minnesota limited liability limited partnership, (the “Developer”), in favor of the City of Apple Valley, a Minnesota municipal corporation (the “City”). The Developer and the City shall jointly be referred to as the “Parties.”

WHEREAS, the Developer intends to develop real property legally described as follows:

Lot 1, Block 2, Carroll Center 4th Addition, according to the recorded plat thereof, Dakota County, Minnesota (the “Property”).

WHEREAS, the Property, in accordance with the City Code, requires the Developer to install and maintain an underground infiltration system (the “Structure”) on portions of the Property as depicted on the Storm Sewer Plan; and

WHEREAS, the purpose of installing and maintaining on-site stormwater management systems is to promote the water quality and volume control of the City's water bodies; and

WHEREAS, the City requires the Developer to install pre-treatment devices such as multiple SAFL Baffles in accordance with the approved plans and specifications, including but not limited to the following plans prepared by Kimley Horn, (Exhibits A – B), together with Operation & Maintenance Manual (Exhibit C) (collectively the Exhibits are referred to as the "Specifications"):

Exhibit A	Sheet C4-2	Storm Sewer Plan
Exhibit B	Sheet C8-2	Civil Details
Exhibit C	O&M Manual	O&M Manual

WHEREAS, the Developer and the City desire to make certain mutual provisions to memorialize the allocation of responsibilities and obligations for the construction and maintenance of the Structure, as between the Parties, on the terms and conditions hereinafter set forth; and

NOW, THEREFORE, in consideration of the foregoing recitals, and the covenants and agreements on the part of each Party to the other, as hereinafter set forth, the Parties agree as follows:

1. **Construction and Maintenance.**

1.1 **Construction Requirements.** The Structure shall be constructed and maintained in accordance with the Plans and Specifications.

1.2 **Maintenance Obligation.** The Developer shall maintain and repair, when necessary, the Structure in accordance with the terms and conditions set forth in this Agreement. If at any time the Structure fails to conform to the standards and the Specifications set forth herein, the Developer shall immediately correct the non-conformance in accordance with a City-approved remediation plan and schedule. The Developer shall submit to the City a proposed remediation plan and schedule to repair the stormwater structure to the standards set forth herein. If the City approves the proposed remediation plan and schedule, the Developer shall perform the remediation in compliance therewith.

1.3 **Snow and Leaves Removal and Prohibited Storage.**

The Developer shall sweep clean the driveway and parking area on the Property in April or May each year to remove from the Property all sand and salt deposited on the driveway and parking area. The Developer shall remove all tree leaves from the Property after they fall to the ground in October or November each year.

1.4 **Maintenance Costs.** The Developer shall incur and pay all costs associated with maintaining and repairing the stormwater basins.

2. **Inspections.**

2.1 **Annual Inspections.** The Developer shall conduct annual inspections of the Structure, at the Developer's sole cost and expense, to ensure the Structure is maintained. If necessary, the Developer shall repair the Structure if it is not in conformance with the standards set forth herein. The Structure shall have excess sediment removed upon inspection reporting the existence of an excess in sediment.

2.2 **City Notification and Independent Inspection.** The City shall be notified at least 48 hours prior to the annual inspections or any maintenance of the device and, at the sole cost of the City, a representative of the City may observe any inspection or maintenance. The City shall have right of entry onto the Property to inspect the device at any time, but the City shall use reasonable efforts to notify the Developer of its intent to enter the Property to inspect.

2.3 **Inspection and Maintenance Report.** The owner shall submit a report to the City, no later than two (2) weeks after any annual inspection or maintenance of the Structures, providing the following information:

- a. Date and time of inspection
- b. Log of findings
- c. Date and time of maintenance
- d. Log of maintenance performed.

3. **Remediation and Waiver of Rights.**

3.1 **Remediation Plan.** If the City determines that the Structures do not conform to the requirements of the Specifications or this Agreement, the City shall notify the Developer of the deficiency in writing. The Developer shall submit a proposed remediation plan and schedule to the City within thirty (30) days after receipt of such notice. If the proposed remediation plan and schedule are not acceptable to the City, the City shall notify the Developer of the deficiency, and the Developer shall submit a revised plan to the City within fourteen (14) days after receipt of such notice.

3.2 **Failure to Repair.** If the Developer fails to submit a proposed remediation plan and schedule to the City as prescribed above, or fails to implement a City-approved remediation plan to bring the Structures into compliance with the Specifications, then at the sole cost and expense of the Developer, the City shall have the right, but no obligation, to prepare a remediation plan for the Structures and complete all work necessary to correct the Structure so as to bring it into compliance with the Specifications.

3.3 **Reimbursement to the City.** The Developer shall reimburse the City within thirty (30) days after receipt of an invoice from the City for all costs incurred by the City in connection with preparing a remediation plan for the Structures and all work completed by the City to bring the Structures back into compliance with the Specifications.

3.4 **Waiver of Rights.** If the Developer does not timely reimburse the City, the City may recover its costs by levying a special assessment against the Property. The Developer, on behalf of itself and its successors and assigns, hereby acknowledges the benefit of such maintenance to the Property and waives any rights to hearings or notice of hearings relating to the levying of any City assessments or the right to contest the assessments under Minnesota Statutes § 429.081.

3.5 **Right of Entry.** The City shall have the right to enter the property to inspect and to implement the terms of this Paragraph 3. The City shall not be subject to or liable for any claims of trespass by the Developer.

4. **Standards for Performance.** Any act of construction, maintenance, or repair to be performed under this Agreement shall be performed in a good and workmanlike manner pursuant to sound engineering practices and in compliance with all applicable governmental requirements.

5. **Amendment, Release or Termination.**

Notwithstanding anything herein to the contrary, no amendment, release, or termination of any of the provisions of this Agreement shall be effective or may be filed of record unless the City

consents to the amendment, release, or termination. Such consent must be evidenced by a resolution duly approved by the City Council, or successor body. The Developer, on behalf of itself and its successors and assigns, expressly acknowledges, and agrees that the City has no obligation whatsoever to approve or act upon any proposed amendment, release, or termination, may withhold or delay consent for any reason or no reason whatsoever, any may condition consent upon such terms as the City deems desirable. The Developer, on behalf of itself and its successors and assigns, further agrees, and covenants, consistent with this acknowledgment, not to institute any legal proceedings against the City on the grounds that the City failed to respond appropriately to a proposed amendment, release, or termination and to indemnify the City against any expense, including litigation costs, which the City incurs as a result of any violation by that party of this covenant. The City may, at any time, give up the right to approval granted hereunder, said action to be evidenced by City Council resolution or other format approved by the City Attorney.

Notwithstanding the foregoing, the Parties recognize that as of the date hereof, the Developer has not yet purchased the Property, and is party to that certain Sale and Purchase Agreement dated as of October 25, 2024, by and between Apple Valley Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota (“EDA”) and Real Estate Equities, LLC, a Minnesota limited liability company (the “Original Buyer”), as assigned by Original Buyer to Developer pursuant to that certain Assignment and Assumption of Purchase and Sale Agreement dated as of September 4, 2025 (collectively, the “Purchase Agreement”). The Parties agree that if the Purchase Agreement is terminated for any reason or the Developer does not purchase the Property from EDA, this Agreement shall automatically terminate, and Developer shall have no further obligations hereunder.

6. **Duration**. This Agreement shall constitute a covenant running with the land and shall be binding upon and inure to the benefit of the Parties, and their successors and assigns.

7. **Recording Agreement**. The City shall record this Agreement against the Property with the Dakota County Recorder's Office within thirty (30) days of full execution and shall provide the Developer with verification of recording within ninety (90) day of full execution of this Agreement.

8. **Governing Law**. The laws of the State of Minnesota shall govern the interpretation, validity, performance, and enforcement of this Agreement.

[Signature page to follow.]

