

EXHIBIT B

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HOW DID THE PARTIES REACH A SETTLEMENT AND WHY?

To be sure, the Lowry Grove litigation saw passionate advocacy from all sides and with little belief that the Parties could agree on a single subject. But the eventual resolution started with a simple and frank discussion that validated the Parties' positions and simultaneously sparked the search for all options that could resolve the dispute. The first discussion began shortly before the Parties participated in a court-ordered mediation with a retired federal magistrate judge. That initial discussion raised the question of what the former residents expected to receive, since the Park was closing June 30th. The mediator (as mediators often do) pushed the Parties to explore all available options including options that involved Aeon developing affordable housing within the broader project. Ultimately, a shared commitment to include affordable housing in the redevelopment was the foundation for a complicated, multi-faceted, intricately-balanced resolution, but many points of disagreement remained and the mediator was not able to close the gap. The mediator declared an impasse and the parties separated.

Following a period of post-mediation silence, a chance call led to a host of discussions that reopened the discussion about what options existed that each party may not have preferred but could accept. As the Parties' spoke, they were able to share what The Village had learned about affordable housing, what Aeon could offer in developing a separate affordable building, what the former residents could expect, and the community's broader needs.

To be clear, each party agreed that the needs of the community were an important factor. The former residents of the Park had long enjoyed the community and had seen first hand the tension that was growing within the City on so many fronts; a feeling that Aeon had come to closely share. For The Village, not only was it now a significant landowner in the City but its owners had strong ties with the City. It had made a significant investment in the Property because of the owners' passion for and history with the City. Each party had taken part in or seen the ever-growing tension at City Council meetings. Each could see that the Lowry Grove litigation was fueling the fire that risked consuming the City they loved.

All Parties pointed to the Comp Plan in making their arguments, although each found different provisions to support their position. Ultimately the Parties each concluded that steadfastly marching forward in their respective camps was not the right course and would only continue to tear apart the City they cared for so deeply. The Parties agreed that the Comp Plan could be that guide as it recognizes *both* that Lowry Grove should be redeveloped *and* that the City, working with the developer, vowed to ensure affordable housing options existed for former residents and committed to provide a mechanism to assist the displaced tenants. The Parties agreed that it was incumbent on them to find a solution that could begin the healing that the City needed.

The solution that evolved included a complex and creative agreement that allows Lowry Grove's former residents to return to the City with comparable rents and creates a fund to assist them with extraordinary expenses. The key for the Parties was a structure that makes use of various strengths to achieve a better outcome than could be achieved separately. The Village's history is developing high end, Class A market rate apartments and then

surrounding itself with the best to develop surrounding uses. From the beginning, The Village had committed to including affordable housing in any redevelopment and had hired an expert to assist in that component. As it met with its affordable housing experts, it learned the complex and unique challenges in building and financing affordable units. Among other things, the expert stressed the need for the affordable housing to be separate. With those discussions, The Village had already come to the conclusion that it should transfer the separate building to an experienced affordable housing developer. That said, it was no small step for The Village to make to accept Aeon as that developer given the level of animosity that had grown in the litigation. The Village ultimately did so because it learned about Aeon's extensive experience and commitment and believed it needed to heal the City, a City in which it intended to make a 9-figure investment.

Aeon and the LGRA had a strong focus on giving the former residents a chance to return to the community that they had been such a part of and wanted to provide immediate and short-term relief. The redevelopment provided a unique opportunity to accomplish those goals. The key for affordable housing is reducing debt, often by the use of tax increment financing (TIF) among other things. Unfortunately, affordable housing as a separate development struggles to generate the amount of TIF that housing needs to make the rent affordable, especially when the goal is deeply affordable rent.

And while the Parties strongly disagreed about the closure of the Park, there was no dispute that the City had expressly closed Lowry Grove for redevelopment by identifying the park site in the Comp Plan and that the City would "ensure that the residents of the mobile home park are assisted in their relocation to other housing that meets their needs," and to meet the City's promise it would "on its own or in cooperation with the redevelopment company," and that the replacement housing for the residents would "ideally be located in St. Anthony."¹ The Parties saw the combined development as an opportunity to assist the City in meeting the promises of the Comp Plan and to provide the "cooperation with the redevelopment company" that the City suggested.

Ultimately, the Parties were able to reach an agreement on a shared vision for the redevelopment that included at least 97 units (the number of units that were lost) of deeply-affordable housing to which the former residents could return, that could provide an immediate source of relief for the residents in the Lowry Grove Resident Fund, that allowed The Village to share its costs through the sale of land to Aeon, and that responded directly to the City's stated promises in the Comp Plan.

Interestingly, some community members have speculated that the settlement agreement's "confidential" status exposes sordid and devious intent. Those speculators miss the mark by a wide margin. Indeed, two of the Parties are private businesses and all Parties were represented by capable counsel. Strict confidentiality clauses in settlements of this sort are ubiquitous. Still, in recognition of the public's interest and involvement, the Parties agreed to share—and have, in fact, shared—many of the agreement's major terms.

¹ 2008 Comprehensive Plan at 2-24