

PRE-DEVELOPMENT ESCROW AND REIMBURSEMENT AGREEMENT

1. **Parties and Effective Date.** The parties to this Pre-Development Escrow and Reimbursement Agreement (the "Agreement") are The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota a public politic and corporate under the laws of the State of Minnesota (the "HRA"); F&C Development, Inc., an Indiana corporation ("F&C"); and Commercial Partners Title, LLC, a Minnesota limited liability Company ("Escrow Agent"). This Agreement is dated, for reference purposes, and is effective as of July __, 2010.

2. **Recitals.**

a. The HRA owns the property legally described as Tracts A, B, C, D and E, Registered Land Survey No. 241, Anoka County Minnesota ("RLS 241"). The Property is located within the plat of Ramsey Town Center and is a part of the Ramsey Town Center Development.

b. The HRA and F&C are discussing various agreements which, if finalized and approved by the parties and their respective governing bodies, would provide for the HRA's and/or the City of Ramsey's conveyance of an approximately four acre portion of RLS 241 (the "Property") to F&C, F&C's development of an approximately 200 unit, market rate, residential rental project on the Property (the "Project") and the City of Ramsey's and/or the HRA's contribution of a public subsidy toward the cost of the Project.

c. The Northstar Commuter Rail Line runs along the southerly boundary of the Ramsey Town Center Development. Currently there is not a Northstar Commuter Rail Line station located within the Ramsey Town Center Development and the train does not stop at Ramsey Town Center. The HRA and F&C believe that, in the near future, the Metropolitan Council will approve a rail stop and the construction of a station within Ramsey Town Center, and F&C's proposal to develop the Project is based that approval and construction.

d. F&C proposes to use the proceeds of a HUD loan to finance a portion of the cost of constructing the Project, and there are various predevelopment activities that F&C must undertake to obtain the materials and information necessary to apply for the HUD loan.

e. The HRA and F&C want F&C to submit a loan application to HUD as soon as reasonably possible, but F&C is unwilling to bear the entire cost of the predevelopment activities necessary in connection with the submission of a HUD loan application in light of the fact that the Metropolitan Council has not yet approved a Northstar Commuter Rail Line stop or the construction of a Northstar Commuter Rail Line station within Ramsey Town Center.

f. The HRA and F&C are entering into this agreement to provide a mechanism whereby the HRA and F&C can initially share in the cost of the predevelopment activities necessary to allow F&C to submit a HUD loan application and

to provide for either F&C's reimbursement of the HRA's contribution or the HRA's reimbursement of F&C's contribution depending up whether the Northstar Commuter Rail Line stop and station are approved within the time period set forth herein.

g. This Agreement is an essential document in determining the terms for the sale of the Property.

3. **Contributions to Escrow Account.** Within two business days after the date the HRA, F&C and Escrow Agent have each executed this Agreement, the HRA and F&C must each wire transfer Twenty-five Thousand Dollars and No/100 (\$25,000.00) to escrow agent. The \$50,000 F&C and the HRA wire transfer to the Escrow Agent and all interest earned thereon is referred to herein, collectively, as the "Escrowed Funds."

4. **The Escrow Account.** Escrow Agent will hold the Escrowed Funds in a separate, federally insured interest bearing account, and will disburse the Escrowed Funds pursuant to the terms of this Agreement.

5. **Escrow Agent's Fee.** Escrow Agent will charge a fee of \$500.00 for holding and disbursing the Escrowed Funds in accordance with this Agreement.

6. **Reimbursable Costs.** F&C may contract with unrelated third parties ("Third Party Vendors") for some or all of the services specified in **Exhibit A** ("Third Party Services"). F&C shall remit payment to the Third Party Vendors for the Third Party Services when and as due (each such payment a "Third Party Payment"). At any time on or before the Termination Date, as defined in Section 8, F&C may seek a disbursement of Escrowed Funds to reimburse for Third Party Payments. F&C may seek reimbursement only once. To seek reimbursement, F&C must submit to the HRA and Escrow Agent, (1) copies of Third Party Vendors' invoices for Third Party Services; (2) receipts from the Third Party Vendors or other evidence reasonably satisfactory to the HRA demonstrating that F&C has paid the amount set forth on the Third Party Invoices F&C has submitted for reimbursement. F&C must also submit, along with each invoice, an executed, acknowledged and recordable mechanic's lien waiver whereby the Third Party Vendor acknowledges and agrees that the Property is owned by the HRA and, under Minnesota law, may not be subjected to mechanic's liens. Within five (5) business days of the HRA's receipt of copies the documentation described in this Section 6, the HRA will notify Escrow Agent and F&C, in writing, either that (i) the HRA authorizes Escrow Agent to disburse Escrowed Funds from the Escrow Account to reimburse F&C for all of the amounts the documentation F&C submitted indicates F&C has paid to Third Party Vendors; (ii) the HRA authorizes Escrow Agent to disburse Escrowed Funds to reimburse F&C for a specified portion of the amounts the documentation F&C submitted indicates F&C has paid to Third Party Vendors; or (iii) the HRA does not authorize the Escrow Agent to disburse any Escrowed Funds to reimburse F&C amounts the documentation F&C submitted indicates F&C has paid to Third Party Vendors. The Escrow Agent shall disburse Escrowed Funds to the extent authorized by the HRA in its notice. If the HRA does not authorize the Escrow Agent to disburse Escrowed Funds from the Escrow Account to reimburse F&C for all of the amounts the documentation F&C submitted indicates F&C has paid to Third Party Vendors, the HRA must include, in its notice, a statement of its reasons for refusing to authorize the Escrow Agent to fully reimburse F&C. If the HRA and F&C are unable to reach agreement regarding the disbursement of Escrowed Funds

within thirty (30) days after the HRA notifies F&C and Escrow Agent that the HRA does not authorize the Escrow Agent to fully reimburse F&C, either the HRA or F&C may commence an action in Anoka County District Court to determine if F&C is entitled to full reimbursement under the terms of this Agreement, and in any such action the prevailing party shall be entitled to recover its reasonable attorney's fees and costs.

7. **Excess Reimbursable Costs.** F&C is responsible for the payment of any Third Party Services in excess of the amount of the Escrowed Funds, and if the Escrowed Funds are exhausted, neither F&C nor the HRA is obligated to deposit additional funds into the Escrow Account.

8. **Termination of the Escrow.** As used in this Agreement, the term "Termination Date" means the earlier of August 1, 2012 or the date the governmental entity responsible for the construction of the Ramsey Station in Ramsey Town Center accepts bids and orders construction of the station. On the first business day after the Termination Date Escrow Agent shall disburse any amounts remaining in the Escrow Account as follows :

a. If the governmental entity responsible for the construction of the Ramsey Station in Ramsey Town Center does not accept bids and order construction of the station before August 1, 2012 and there are undisbursed Escrowed Funds remaining in the escrow account, Escrow Agent shall disburse one-half of the then remaining Escrowed Funds to F&C and the remaining one-half to the HRA; and

b. If the governmental entity responsible for the construction of the Ramsey Station in Ramsey Town Center accepts bids and orders construction of the station before August 1, 2012, Escrow Agent shall disburse the first \$25,000 in the Escrow Account to the HRA and the balance, if any, to F&C.

Notwithstanding the foregoing, if, as of the Final Distribution Date, the HRA or F&C have commenced an action in Anoka County District Court to resolve a dispute under Section 6, Escrow Agent shall not disburse any amounts remaining in the Escrow Account until directed to do so by the Court or by the mutual agreement of the parties.

9. **Final Payments.** If the governmental entity responsible for the construction of the Ramsey Station in Ramsey Town Center does not accept bids and order construction of the station before August 1, 2012, this Agreement will terminate upon the later of August 1, 2012 or the date the escrow agent makes the disbursements described in Section 8(a) above. If the governmental entity responsible for the construction of the Ramsey Station in Ramsey Town Center accepts bids and orders construction of the station before August 1, 2012, F&C shall pay to the HRA an amount equal to the difference between \$25,000 and the amount, if any, that the HRA receives from the Escrow Agent pursuant to Section 8(b) and this Agreement will terminate upon the later of the date the governmental entity responsible for construction of the Ramsey Station accepts bids and orders the construction of the station or the date the Escrow Agent completes the disbursements described in Section 8(b).

10. **Notices.** Any notice required to be given to the HRA, F&C or Escrow Agent pursuant to this Agreement shall be in writing and shall be deemed duly given: (i) on the date of

personal delivery; (ii) one business day following dispatch by Federal Express or equivalent; or (iii) three (3) business days after mailing certified or registered mail, postage prepaid, return receipt requested, to the respective addresses of the parties set forth below:

HRA: The Housing and Redevelopment Authority in and for
the City of Ramsey, Minnesota
Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, Minnesota 55303

with a copy to: Briggs and Morgan, P.A.
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402
Attn: Thomas L. Bray

F&C: F&C Development, Inc.
8900 Keystone Crossing, Suite 1200
Indianapolis, Indiana 46240
Attention: Jim Crossin

Escrow Agent: Commercial Partners Title, LLC
200 S. 6th Street, Suite 1300
Minneapolis, MN 55402
Attention: David Hillert

Any party, by notice given as aforesaid, may change the address to which subsequent notices are to be sent to such party.

11. **Escrow Agent's Duties.** The sole duties of Escrow Agent shall be those described herein, and Escrow Agent shall be under no obligation to determine whether the other parties hereto are complying with any requirements of law or the terms and conditions of any other agreements among said parties. Escrow Agent may conclusively rely upon and shall be protected in acting upon any notice, consent, order or other document believed by it to be genuine and to have been signed or presented by the proper party or parties, consistent with reasonable due diligence on Escrow Agent's part. Escrow Agent may consult the advice of counsel with respect to any issue concerning the interpretation of its duties hereunder. **HRA** and **F&C** each hereby acknowledge such fact and indemnify and hold harmless Escrow Agent from any action taken by it in good faith in reliance thereon. Escrow Agent shall have no duty or liability to verify any such notice, consent, order or other document, and its sole responsibility shall be to act as expressly set forth in this Agreement. Escrow Agent shall be under no obligation to institute or defend any action, suit or proceeding in connection with this Agreement. If any dispute arises with respect to the disbursement of any monies included within the Escrow Funds, Escrow Agent may continue to hold the same or until directed by written instructions from the **HRA** and **F&C**, or a final judgment of a court with jurisdiction, or Escrow

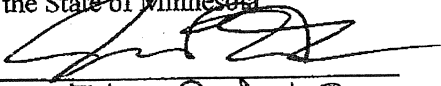
Agent may commence an action in interpleader and in connection therewith remit the same to a court of competent jurisdiction pending resolution of such dispute.

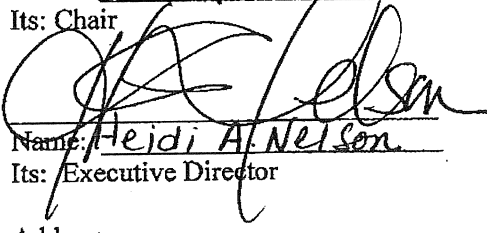
7. The HRA and F&C undertake to hold Escrow Agent harmless from all claims for damages arising out of this Agreement and do hereby agree to indemnify Escrow Agent for all costs and attorney's fees, except for claims for damages, costs and attorney's fees resulting from Escrow Agent's failure to account for the funds held hereunder, or actions in conflict with the terms hereof.

[Remainder of page intentionally left blank; signature pages follow.]

HRA:

THE HOUSING AND
REDEVELOPMENT AUTHORITY
in and for the City of Ramsey,
Minnesota, a public body
politic and corporate under the laws
of the State of Minnesota


Name: John P. Dehen
Its: Chair


Name: Heidi A. Nelson
Its: Executive Director

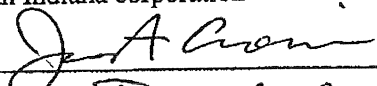
Address:

Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, Minnesota 55303

Taxpayer Identification Number
or Social Security Number: 41-0910467

F&C:

F&C DEVELOPMENT, INC.,
an Indiana corporation


Name: James A. Crossin
Its: V.P.

Address:

8900 Keystone Crossing, Suite 1200
Indianapolis, Indiana 46240

Taxpayer Identification Number
or Social Security Number: 20-4119758

Escrow Agent hereby acknowledges receipt of this Agreement and the Escrow Funds,
and to hold and disburse the Escrow Funds as above specified.

Dated this 10th day of August, 2010.

ESCROW AGENT:

COMMERCIAL PARTNERS TITLE, LLC



Name: David A. Hillert
Its: AVP / Senior Counsel

EXHIBIT A
THIRD PARTY SERVICES

[Market study]

[Phase I Environmental]

[Geotechnical]