

PROMISSORY NOTE

\$1,420,000.00

Ramsey, Minnesota
_____, 2011

FOR VALUE RECEIVED, F&C Ramsey, LLC, an Indiana limited liability company ("Borrower") promises to pay to the order of the City of Ramsey, Minnesota, a home rule charter city organized and existing under the constitution and laws of the State of Minnesota ("Lender") the principal sum of ONE MILLION FOUR HUNDRED TWENTY and 00/100 Dollars (\$1,420,000.00), or so much thereof as Lender has actually advanced to Borrower pursuant to the terms of that certain City Loan Agreement between Lender and Borrower of even date herewith (the "City Loan Agreement"), together with interest thereon as provided for in this Promissory Note. Borrower shall make payments to Lender at Ramsey Municipal Center, 7550 Sunwood Drive, Ramsey, Minnesota 55303, or at such other place as Lender may from time to time designate, in writing, in lawful money of the United States of America. Borrower, Lender and The Housing and Redevelopment Agreement Authority in and for the City of Ramsey, Minnesota, a public body politic and corporate under the laws of the state of Minnesota (the "HRA") are also parties to a Development Agreement dated _____, 2010 and recorded in the office of the Anoka County Registrar of Titles on _____, 2010, as Document No. _____ (the "Development Agreement"). Capitalized terms used in this Promissory Note and not defined herein have the meanings established for such terms in the Development Agreement.

Absent a default by Borrower in the timely payment of amounts due under this Promissory Note, no interest shall accrue on the outstanding amounts due under this Promissory Note until April 1, 2024. In lieu of non-default interest prior to April 1, 2024 and as consideration for the extension of credit, Lender is charging Borrower a one-time fee of \$120,000.00 as set forth in the City Loan Agreement. Commencing on April 1, 2024 simple interest will accrue on the unpaid principal balance of this Promissory Note at the rate of 6.25% per annum until this Promissory Note is paid in full. If, at any time, Borrower defaults in the timely payment of any amounts due under this Promissory Note, Lender gives Borrower notice of the default and Borrower does not cure the default within ten (10) business days of Lender's Notice, interest shall accrue on the outstanding principal balance of this Promissory Note from the date of the default through the date Borrower cures all defaults under this Promissory Note at the rate of twelve percent (12%) per annum.

Commencing on April 1, 2014 and continuing on each April 1 thereafter until April 1, 2029, Borrower must pay to Lender, in certified or wire transferred funds and for application to the outstanding principal and interest, if any, due under this Promissory Note, an amount equal to 20% of the Net Cash Flow, as defined in the Development Agreement, for the immediately preceding calendar year. Commencing on April 1, 2014 and continuing on each April 1 thereafter until April 1, 2029, Borrower must also provide Lender with a statement from a certified public account setting forth the "Net Cash Flow," "Net Operating Expenses" and "Operating Expenses," as defined in the Development Agreement, for the immediately preceding calendar year and with such back-up documentation regarding income, expenses and debt service as Lender may reasonably request to confirm the certified public accountant's (who may be an

employee of an affiliate of Borrower) calculation of “Net Cash Flow,” “Net Operating Income,” and “Operating Expenses.”

In addition to the annual payments described in the preceding paragraph, if and each time Developer refinances a “Construction Loan,” as defined in the Development Agreement, Developer must make an additional payment to the City, for application to the outstanding principal and accrued, unpaid interest, if any, due under this Promissory Note, in an amount equal to 20% of the difference between the principal amount of the new Construction Loan and the amount of the outstanding principal and accrued, unpaid interest under the Construction Loan that is being refinanced. Notwithstanding the foregoing, if Developer refinances a Construction Loan to obtain additional funds that are necessary to complete the initial construction of the Minimum Improvements, Developer is not obligated to pay the City 20% of the amount of the new loan that Developer uses to pay costs of completing the initial Construction of the Minimum Improvements.

The entire outstanding principal amount of this Promissory Note and all accrued interest, if any, is due and payable in full upon the earlier of April 1, 2029 or the date there is a “Sale of the Development Property,” as defined in the Development Agreement.

Borrowers may prepay this Promissory Note, in whole or in part, at any time and, if in part, from time to time, during the entire term of this Promissory Note. All payments shall be applied first to the payment of accrued, unpaid late charges then to and accrued, unpaid interest, if any, with the balance, if any, applied to the reduction of principal.

This Promissory Note is the note referred to as the "City Note" in the Development Agreement and in the City Loan Agreement and is subject to the additional terms and conditions set forth in the Development Agreement, the City Loan Agreement and each of the “Loan Documents,” as defined in the City Loan Agreement.

If a payment due hereunder is not made within five days after the date when due, Borrower shall pay to Lender a late payment charge of 5% of the amount of the overdue payment to compensate Lender for a portion of the cost related to handling the overdue payment. Failure to exercise any option provided herein shall not constitute a waiver of the right to exercise the same in the event of any subsequent default. Borrower agrees that if, and as often as, this Note is given to an attorney for collection or to defend or enforce any of Lender's rights hereunder, Borrower will pay to the Lender Lender's reasonable attorneys' fees together with all court costs and other expenses paid by Lender.

Borrower waives presentment, protest and demand, notice of protest, demand and of dishonor and nonpayment of this Promissory Note and any lack of diligence or delays in collection or enforcement of this Note. Borrower agree that this Promissory Note, or any payment hereunder, may be extended from time to time, and Borrowers consent to the release of any party liable for the obligation evidenced by this Promissory Note, the release of any of the security for this Note, the acceptance of any other security therefore, or any other indulgence or forbearance whatsoever, all without notice to any party and without affecting the liability of Borrowers.

Borrowers represent and warrant to Lender that Borrower will use the proceeds of the loan evidenced by this Promissory Note solely for business purposes.

If Borrower defaults on the performance of one or more of Borrower's obligations under this Promissory Note or upon the occurrence of any other "Event of Default" (as defined in the Development Agreement or the City Loan Agreement), the entire outstanding principal balance hereof and all accrued interest and other amounts due hereon shall, at the option of the Lender, become immediately due and payable, without notice or demand, provided, however that if an Event of Default described in Section 8.1(h) of the City Loan Agreement occurs, all sums outstanding on this Note shall become immediately due and payable in full without notice or demand whatsoever.

THIS NOTE SHALL BE CONSTRUED UNDER AND GOVERNED BY THE LAWS OF THE STATE OF MINNESOTA, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS OR PRINCIPLES THEREOF. WHENEVER POSSIBLE, EACH PROVISION OF THIS NOTE AND ANY OTHER STATEMENT, INSTRUMENT OR TRANSACTION CONTEMPLATED HEREBY OR RELATING HERETO, SHALL BE INTERPRETED IN SUCH MANNER AS TO BE EFFECTIVE AND VALID UNDER SUCH APPLICABLE LAW, BUT, IF ANY PROVISION OF THIS NOTE OR ANY OTHER STATEMENT, INSTRUMENT OR TRANSACTION CONTEMPLATED HEREBY OR RELATING HERETO SHALL BE HELD TO BE PROHIBITED OR INVALID UNDER SUCH APPLICABLE LAW, SUCH PROVISION SHALL BE INEFFECTIVE ONLY TO THE EXTENT OF SUCH PROHIBITION OR INVALIDITY, WITHOUT INVALIDATING THE REMAINDER OF SUCH PROVISION OR THE REMAINING PROVISIONS OF THIS NOTE OR ANY OTHER STATEMENT, INSTRUMENT OR TRANSACTION CONTEMPLATED HEREBY OR RELATING HERETO.

AT THE OPTION OF LENDER, THIS NOTE MAY BE ENFORCED IN MINNESOTA STATE COURT SITTING IN ANOKA COUNTY; AND BORROWERS CONSENT TO THE JURISDICTION AND VENUE OF SUCH COURT AND WAIVE ANY ARGUMENT THAT VENUE IN SUCH FORUM IS NOT CONVENIENT. IN THE EVENT BORROWERS COMMENCE ANY ACTION IN ANOTHER JURISDICTION OR VENUE UNDER ANY TORT OR CONTRACT THEORY ARISING DIRECTLY OR INDIRECTLY FROM THE RELATIONSHIP CREATED BY THIS NOTE, LENDER AT ITS OPTION SHALL BE ENTITLED TO HAVE THE CASE TRANSFERRED TO THE JURISDICTION AND VENUE ABOVE-DESCRIBED, OR IF SUCH TRANSFER CANNOT BE ACCOMPLISHED UNDER APPLICABLE LAW, TO HAVE SUCH CASE DISMISSED WITHOUT PREJUDICE.

EACH OF THE BORROWERS AND LENDER IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE OR ANY OF THE LOAN DOCUMENTS (AS DEFINED IN THE LOAN AGREEMENT) OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Time is of the essence of this Note and each of the provisions hereof.

IN WITNESS WHEREOF, Borrowers have executed this Note as of the date first above written.

F & C RAMSEY, LLC

By: _____
Its: Chief Manager